CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

SECOND SESSION—TWENTY-FOURTH PARLIAMENT

7-8 ELIZABETH II

VOLUME III, 1959

COMPRISING THE PERIOD FROM THE TENTH DAY OF APRIL, 1959
TO THE TWENTIETH DAY OF MAY, 1959, INCLUSIVE

INDEX ISSUED IN A SEPARATE VOLUME

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1959

HOUSE OF COMMONS

Friday, April 10, 1959

The house met at 11 a.m.

TRADE

URANIUM—PROPOSED VISIT BY MINISTER TO UNITED STATES

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Minister of Trade and Commerce whether he contemplates a visit to Washington in the near future to discuss with the United States government the taking up of the options with respect to uranium which are of such great importance to Canada and to our relations with the United States both economically and politically.

Hon. Gordon Churchill (Minister of Trade and Commerce): Yes, there is no question about the importance of that contract to our uranium industry and to our economy, and during the last two months I have endeavoured to make arrangements to meet with the appropriate people in Washington concerning this matter. There was some delay, due to the illness of some of the people concerned in the United States, but I expect to have a chance to confer with the authorities in Washington very soon.

IMMIGRATION

REQUEST FOR REVOCATION OF RECENT AMENDMENTS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): In the absence from the house of the Minister of Citizenship and Immigration, I should like to direct a question to the Acting Prime Minister and ask him whether, in view of the fact that the recent amendments to the immigration regulations obviously serve no public purpose and are causing great hardship to many families, he will urge his colleague to admit her mistake and recommend that the order be revoked.

Hon. Howard C. Green (Acting Prime Minister): That is not a question; that is a political speech.

FINANCE

STEEL—TARIFF INCREASE ON IMPORTS FROM WEST GERMANY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to direct a question to the Minister of Finance. Have any persons representing the steel industry in Canada asked the government to increase the tariff on steel entering Canada as a protection against imports from West Germany?

Hon. Donald M. Fleming (Minister of Finance): Not within the last ten months.

BUSINESS OF THE HOUSE

INQUIRY AS TO AMENDMENTS TO UNEMPLOYMENT INSURANCE ACT

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Minister of Labour whether in view of the statement made in the white paper presented by the Minister of Finance two days ago with regard to the position of the unemployment insurance fund he would not agree that it is desirable that amendments to the Unemployment Insurance Act should be placed before the house at the earliest possible moment, so that we may be in a position to appreciate the relation of the state of the fund to the financial situation of the country as presented by the Minister of Finance in his happy manner but gloomy results last night.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I have felt that it is desirable to bring these amendments before the house much sooner than the hon. member probably proposes in his question. I have urged that this be expedited as much as possible, and everything is being done toward that end.

REFERENCE OF CANADA ELECTIONS ACT TO STANDING COMMITTEE

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of Public Works in his capacity as house leader and ask him when we might expect the carrying out of one of the provisions in the throne speech, namely the referral of the elections act to the standing committee on privileges and elections.

Inquiries of the Ministry

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, consideration has been given to that question and I hope it will be possible to make a motion to that effect at a very early date.

UNEMPLOYMENT INSURANCE

REPORTED PRINTING OF APPLICATION FORMS IN UNITED STATES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Labour arising out of complaints I have received from unemployed persons to the effect that certain application forms for unemployment insurance are printed in the United States. Would the minister comment as to whether or not that is correct, and as to whether any steps have been taken to have these forms printed in our own country?

Hon. Michael Starr (Minister of Labour): That is correct, Mr. Speaker, and it is no surprise to me. We have recently installed a mechanical processing system in our prairie regional office located in Winnipeg. This office processes all claims for the prairie provinces, and the object of putting in a mechanical punch card system was to eliminate delays.

After some early difficulties were experienced the system is now beginning to operate satisfactorily, and it is estimated that it will result in a considerable saving of time. The system is a Remington Rand installation, and unfortunately the forms necessary for its operation are not as yet being made in Canada. Therefore they must be obtained in the United States. It is expected that when the system has achieved more widespread acceptance in this country these forms will be produced in Canada. I, as much as the hon. member for Assiniboia or any other hon. member of this house, am very conscious of the desirability of endeavouring to have as many as possible of our forms printed in Canada.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO MEETING ON R.C.M.P. AGREEMENT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I wonder if the Acting Minister of Justice is now in a position to reply to the question I asked him on Wednesday regarding the proposed and now postponed meeting between the Minister of Justice and the attorneys general of the provinces in regard to contracts with the Royal Canadian Mounted Police?

[Mr. Howard.]

Hon. Leon Balcer (Acting Minister of Justice): Mr. Speaker, the Minister of Justice will be back on Monday, and as he has taken this decision himself he will be in a position to give an answer upon his return.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Administration branch—

1. Departmental administration, including advisory committee on agricultural services, $747,531.

Mr. Peters: Mr. Chairman, when speaking on this item yesterday I was trying to ascertain why there exists a discrepancy between the views of a western delegation which recently visited Ottawa and the views of certain western members.

The situation of agriculture in Ontario is not favourable. The farm union in a brief presented just a few weeks ago pointed out that the position has deteriorated again this year in terms of net income. By using dominion bureau of statistics figures they point out that in the last year the net income of the farmer increased by only $9 over the previous year, while at the same time the gross income increased by something over $1,000. Therefore when we hear the Minister of Agriculture quoting gross figures for western Canada as the total Canadian farm income, in terms of net income I think we can be sceptical about the farmer's position being anything near what it was in previous years.

One of the problems which face agriculture in eastern Canada is this matter of vertical integration. I would suggest that one of the reasons vertical integration has become so important is the fact that farm credit has been restricted in recent years. A few years ago a small farmer who was in the mixed farming industry would go to the bank and borrow enough money to buy a carload of feeder cattle from western Canada, or he would go to the feed company and make arrangements for a year's supply or six months' supply of feed on credit. He now finds this impossible. He cannot borrow the money from the bank to buy feeder cattle because the bank maintains this is not a stable investment, that it is quite a risk, and the banks are not willing to lend money at a reasonable rate of interest on that type of loan. When he goes to the feed company he also finds that the feed company is under this tight money policy that the banks have instituted, and it cannot get enough money to carry its credit and therefore it will not extend this type of credit to the farmer.

In my opinion this is why we find farmers going into contract farming and eventually finding themselves under complete vertical integration. Co-operatives have found themselves in a somewhat similar position. They have found that they also have to borrow money from the banks. They are borrowing money at higher and higher interest rates, and this must be passed on to their members when they in turn try to buy something from the co-operatives. This has happened to people who are raising large numbers of hogs, or who are in the broiler industry. The co-operatives have been able to advance money or feed only on the same basis that many of the small feed companies are advancing it, namely entering into a contract on a contract farming basis.

Therefore one of the problems the farmer faces today is this matter of short term credit. The government could give a great deal of assistance if they were to consider this matter of short term credit to the farmers in terms of maintaining the family farm. It is all very well to talk about long term credit, credit of $20,000, extended over a period of 30 years. Unless the farmer can see that he is going to be able to realize something from his farming operation by borrowing this large sum of money on a long term basis he would be well advised not to undertake the obligation. If he finds—and he has had this happen over the last few years—that the price of his product is going to continue to drop he would be very silly, in my opinion, to make a long term loan at a very high rate of interest if he cannot immediately apply it to his production cycle so that he can at least get enough money out of his borrowing to make it worth his while to do so. The fact that he gets $20,000 today to pay off a large number of bills is not sufficient justification for borrowing the money.

Therefore in many instances I think the farmer would be well advised not to borrow on a long term basis unless he can see in the future a stable market for his agricultural products.

In my opinion there is quite a difference between long term and short term credit. Short term credit is what will revitalize and maintain what Ontario farmers like to call the family farm. The family farm depends entirely upon the community, and in return most of the rural communities depend upon the family type of farm. If contract farming is extended through vertical integration, whereby a company runs the farm and the farmer is only a hired man, then obviously the community is going to disappear; because the individual farmer when in an advantageous purchasing position buys from the local grocery store, hardware store, feed store and automobile dealer. These are the people who maintain small communities and rural agricultural life as we have known it. These are the people who support the schools and maintain the communities. On the other hand, when farms grow very rapidly we find that these people buy from the wholesale outlets. They always have the advantage of wanting 20 tractors instead of one. They do not want to buy one carload of feed at a time but 20 carloads, and they tend to deal outside of the rural communities as we know them.

I think the minister should give serious consideration to making short term credit available to the farmer so the farmer can deal within the community, so he can continue to purchase enough products to be able to expand and operate efficiently and not have to go outside the normal credit procedure he has used for many years. I do not think this matter has been given any consideration at all, and in my opinion it is one that should be given consideration.

I have heard some people say that vertical integration may not be a bad thing, and economically this may be true. Vertical integration means automation in agriculture. I am quite sure it will mean a lessening of production costs, but if this takes place I suggest it will not mean that people will be able to buy food cheaper or will receive any of the advantages of the lower cost of production. Rather it will mean that consumers will have to pay more and more for food products because their production will be controlled by a very few people.

We find that in Ontario the production of broilers has been vertically integrated. I am quite sure that some of the western members will say "So what?", but I suggest that if one segment of the economy becomes controlled by the packing companies or the feed companies it will immediately affect the rest of the meat industry across Canada. If they are going to control the broiler industry completely and they dump a large number of broilers on the market, there will be no meat sold in Canada. Such a situation would be developing very rapidly at the present time if it were not for the great impetus to the meat industry brought about by the export to the drought areas of Texas of a large number of feeder cattle.

I believe western farmers had better give very close consideration to the problem of vertical integration, because while they are not now affected to any great extent with respect to the meat industry I am quite sure they will be. Members from farming constituencies who do not agree should visit a local Loblaw store or any chain store in the city of Ottawa. They will find that the housewives

of Ottawa are buying a great many more broilers than steaks or roasts of beef. I do not think this market in the United States is a normal market; it is not a market that can be considered as permanent. Eventually when these Texas grazing lands return to production we are going to have to return to our previous methods of selling beef.

In so far as pork is concerned, I might say that 30 per cent of the pork industry in Ontario is under vertical integration. This is an industry that can be easily extended, because it does not take as long to raise pork as it does to raise beef. These big companies that have gone into the broiler industry have done so because the buildings will remain and they do not have to be operated in any one year. It is very easy for these big companies to get into the broiler industry on a three-month basis and then get out of it. With these companies controlling this segment of the farmers' economy, it behooves all farmers to take a very close look at what is happening in that field.

I would suggest that the way in which the minister could deal with this condition is not by legislating against vertical integration but by making credit available to the rural population in the way it was available to them before the Liberal government put their tight money policy into operation. This tight money policy is still in effect in so far as agriculture is concerned.

In my particular area a farmer has almost no opportunity to get any money. If he applies to the farm loan board he is told that the board is not able to make loans in northern Ontario because of land values. They value the land in northern Ontario at as low as $25 an acre. Anyone who has been connected with agriculture in northern Ontario knows that it costs at least $50 an acre to clear this land, so when the board make this type of valuation they are being completely unrealistic. The truth of this statement is even more evident when you consider that the price of a 160-acre farm is around $20,000 or $30,000 in that particular area. The land upon which loans are sought is probably not of this high calibre, but it certainly is in a much higher price class than $25 per acre. The farmers find that they are unable to borrow from mortgage companies or from banks. Unfortunately there is only one way in which a farmer can get enough money to carry on his farm. He leaves the farm and goes into the labour field, leaving his wife and children at home to run the farm.

This method of operation contributes to the creation of surplus agricultural products, because if the husband gets enough money through his labour to pay the expenses then the products produced as a result of the work of the family are really surplus products. This in turn makes it much more difficult for the full time farmer to dispose of his products at reasonable prices.

I had hoped that the agriculture committee would give some consideration to the whole matter of short term as well as long term credit. I suggest to the minister that in my experience the short term credit the farmer uses to operate his business from month to month is causing much more difficulty in rural Ontario than the matter of long term loans. That is because farmers looking at the markets they have today, understanding the problems they have, the rising costs of production and a falling market, will not be stupid enough to borrow money on a 30-year basis at a fairly high rate of interest. What they want to do is operate the farms they have today so they can make a decent living, while hoping that in the near future the government will make some change to allow them to plan on a long term basis.

Mr. Horner (Jasper-Edson): Mr. Chairman, I feel very strongly with regard to the question of agriculture. Yesterday the hon. member who has just sat down made some remarks about the western members who had been home over the Easter recess and had had an opportunity to talk to some of their farmer constituents. Well, Mr. Chairman, I did that. I attended several meetings and talked to all the farmers I could get hold of, and I can stand up here and say that 95 per cent of the farmers in my area to whom I talked in the meetings I went to were in full support of the government's program and were not in favour of the deficiency payments as outlined by the Saskatchewan wheat pool. I will have more to say about that in a moment.

Before we take a look at agriculture in the west to see what we can do to help it, we should take a good look at what the situation is and go on from there. The problem as we all know it—

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

Mr. Horner (Jasper-Edson): If you will wait until I get through, sir.

Mr. Argue: That is not the way you behaved when we spoke.

Mr. Peters: What about the delegation?

Mr. Horner (Jasper-Edson): I will come to that. The problem, it seems to me, is one of maintaining income and increasing the share of all western farmers. I should say of all farmers; I do not want to segregate one from the other. The other problem which

has been touched on very briefly by the hon. member who has just sat down is that of vertical integration. These two problems have to be dealt with together, because no one scheme will help western agriculture. There has to be a general policy which is going to include all the factors which are important in developing our agricultural economy.

With regard to this brief which has been presented to us and to the government by the delegation of western farmers, I want first of all to say that I was very proud of the delegates who came from my area. I think they all acted like gentlemen and there was only one matter I found fault with, which was the premise which had been drilled into them by the members of the neighbouring farm unions and the Saskatchewan wheat pool that "You had better help us farmers get our deficiency payments or we'll go into livestock, and then look out." I think this is a completely false premise, because if you go over the figures you will find that the farmers in Saskatchewan have been diversified and since 1951 have been increasing the numbers of livestock on their farms, and these are the people this brief discriminates against and would not take into consideration. The points they raise are good, but the solution they suggest is not in the best interests of agriculture in western Canada.

I wonder, sir, to what extent the instigation of this brief from this delegation, as it was undertaken by the Saskatchewan wheat pool, was to encourage the production of wheat so we would have a larger surplus and the Saskatchewan wheat pool would be able to make more money storing the grain at government expense. This point has not been raised and I think it should be, because it is certainly a factor raised by the delegation in the brief.

We in western Canada, particularly in my constituency where mixed farming is the vogue, where they have been diversified and have had the initiative to go out and raise various types of crops and livestock, are concerned that a program such as this would do nothing more than give to those people who are now driving a Cadillac also a Buick, and they certainly do not need it. I think this whole problem, not only of income to the farmers but of vertical integration, should be, as I said, dealt with as one problem.

The solution to vertical integration by meat packing companies, feed companies and such like is to put our family farms in a position where they cannot only compete but will be the ones which provide most of the produce. We can do this by the policy which this government has outlined for agriculture. We are very happy with the announcement of the Minister of Agriculture with regard to hogs, and we feel that this is one method whereby deficiency payments can be used very well. The question of when deficiency payments should be used on grain can certainly be discussed and should receive consideration, but that is not the problem which was raised or presented by this brief. So the solution to our problem is to set up the family farmer so he can compete with modern business methods and with modern technical improvements. Tto do this as the last speaker has said, we need a new credit system, crop insurance programs and an effective soil use program; and we need most of all the stabilization bill.

How do you define a family farm? The definition of a family farm is a farm on which the family is living. This is important, because it does not apply to a lot of the wheat farmers in Saskatchewan. The government is in support of the type of farmer who is working the year round, and if he is given this support he can be the most efficient type of farmer in the country and in that way can combat vertical integration from the ground. The important point in western agriculture at the moment is that we must support this family farm, the people living on the farm working 12 months of the year and who deserve our support, not only for economic reasons but also for social reasons and for the whole rehabilitation of rural agriculture.

As I said, this government has done a lot for agriculture in the last two years and the farmers in my area appreciate it. They appreciate the announcement with regard to hogs. The only addition we would like to suggest is that any deficiency payment on hogs be made on a premium basis; in other words, that no deficiency payment be made on grade C hogs. The other suggestion is that the floor price on hogs should be removed entirely and a deficiency payment system used exclusively. This does not mean that one should take over a deficiency payment scheme and use it on every product, because that would defeat the very purpose of the stabilization bill, and defeat the flexibility which is the important part of the bill. In years to come in our international relations we will have to play a part in the economic cold war, and there will be a case for the government buying up produce so they can dispose of it to the underveloped countries, or dispose of these products to an international food bank in the future.

As I have said, we all know very well the other things the government has done, but

sometimes our friends in the opposition require a little bit of memory brushing up, particularly those in the official opposition, as we realize that they are extremely weak on western agriculture at the moment. The cash advance program which they said could not work has worked tremendously well all over the west, even in our area which is not primarily a commercial grain producing area.

One other thing I should like to mention with regard to agriculture is the transport situation. We all know that this is the primary problem which faces western agriculture, because we have to pay for everything we bring in and all we ship out. We appreciated the stand taken by the government with regard to the Crowsnest pass arrangements, and I think we should point out to the president of the Saskatchewan wheat pool in this connection that he is receiving, as representative of the grain producers, a substantial subsidy from the government which livestock producers are not receiving.

We hope the commission which is now being set up with regard to freight rates will delve into the whole question of the equalization of freight rates, because this is vital to the economic life of western Canada.

I think that puts my stand clearly on record. When I spoke on the address I had some remarks to make with regard to the delegation coming to Ottawa. I have not changed my opinion in this regard. One of the western daily newspapers recently carried an editorial entitled "Horner in a Corner".

I would say that I am certainly in a corner, the corner of the family farm and of those who are making a career of agriculture, who are working at it all the time. That is the corner in which I want to be, and the corner in which I intend to stay.

Before I close I should like to make a few remarks with regard to the organization of the Department of Agriculture, and I should like also to compliment the minister on the efficient manner in which he has headed this very difficult department and supervised the work of reorganization. I should also like to say a word with regard to research, particularly into the veterinary-medical aspects of agriculture. I think sometimes all of us do not realize how important this particular aspect of agriculture is, not only to the health of our animals but also to the health of our people generally.

There is only one complaint I have to make in this regard, and that is that we are not spending enough money; we have not a large enough staff of research scientists working in the animal diseases branch. We realize that it is difficult to hold these experts, because they are highly trained men and private industry is competing strongly for their services. However, this is a vital part of the department's work and one which requires our constant help and scrutiny. I am particularly indebted to the Minister of Agriculture for including Johne's disease, or paratuberculosis in cattle, under the animal diseases act this has already helped, in my area, to give one farmer a little hope for the future. I am sure, too, that his neighbours are also very thankful that the government has enacted regulations which make more effective control of the disease possible.

As I have said previously in this house, animal diseases cost this country a tremendous amount of money. Foot-and-mouth disease alone has cost farmers something in the neighbourhood of $600 million. Any money which is spent in the eradication of these diseases and in research into their control is money well spent and will mean a saving in the long run. If 20 years ago we had tackled the problem of brucellosis and done what we are now doing, the cost of eradicating that disease would be only a fraction of what it is today. However, I can say that the department is ahead of schedule in its brucellosis program, and those responsible should be complimented on the rapid and very efficient way in which they have gone about eradicating this disease from our herds.

At this point I urge, once again, that the government should give serious consideration to setting up a veterinary college in western Canada, if not directly then through the agency of the Canada Council. This is a very pressing need not only because it would mean better treatment for our animals but because it would enable the recruiting of veterinary surgeons who would be available for the inspection of meat, its proper grading, and so on.

And now if the hon. member for Timiskaming would like to ask his question I should be happy to answer it.

Mr. Peters: I should like to ask the hon. member if he feels there was a difference between the delegation which represented the Saskatchewan area of the wheat pool and the over-all group which presented the deficiency payment brief. Did the hon. member agree with the over-all brief?

Mr. Horner (Jasper-Edson): I certainly do say there was a difference between the delegation from Saskatchewan and the delegation from Alberta. Even in Saskatchewan there was a difference in the delegation; there are those delegates who are aligned to major wheat growing, and there are the others. Incidentally, I find it paradoxical that the

hon. member who was speaking a moment ago about the evils of vertical integration should not have told us what he thinks a 5,000 acre wheat farm is. Is that not vertical integration?

Another point is that the farm union in Alberta supported this delegation as a method of demonstrating farm unity, and I commend the union for it; but they were sold a bill of goods. They were told by the Saskatchewan delegation, "If you do not support us we will go into livestock, and then look out". That is the only point they made, and it is a foolish argument, one that does not hold water.

Mr. Martin (Timmins): Did the hon. member read the brief presented by the western delegation to Ottawa and, if so, does he deny the facts they presented and the conditions on the prairies as outlined in the brief which the delegation presented?

Mr. Horner (Jasper-Edson): As I said initially, we agree on the conditions which are prevalent in western agriculture, but they affect most of all the grain growers, particularly the small grain growers who are not going to get any benefit from the measures suggested in the brief. These are the people who are in trouble, but the brief is not going to help them. The solutions proposed are not going to be of any assistance to them. As I said before, there is no point in giving a Buick to someone who already drives a Cadillac, and that is exactly what the hon. member for Timiskaming is suggesting when he says we should pay $4,500 each to the biggest farmers in western Canada.

Mr. Martin (Essex East): I can only assume from the very generous manner in which I am received as I rise to speak on these estimates that the committee generally will expect from me a contribution to this very important subject which concerns all the people of Canada.

After listening to the observations which have just been made I should like to give some political advice to the hon. member, if he would take it from one who has had a fairly long experience in this house. He said that when he went home he found that his constituents without exception fully supported the attitude of the present administration with regard to deficiency payments.

Mr. Bell (Saint John-Albert): Ninety-five per cent.

Mr. Martin (Essex East): Yes, he said 95 per cent. I would suggest to him that as a political novice he ought not to use percentages in that particular context, because it must be apparent that the farmers of western Canada are dissatisfied not to the extent of 5 per cent but, in so far as one can judge from the orderly and very significant delegation that came to Ottawa from western Canada, the farmers generally in western Canada are totally dissatisfied with the policies of this government, policies that arise out of assurances given by this administration in the course of two election campaigns.

There is no doubt that the government through the Prime Minister in particular, through the Minister of Northern Affairs and National Resources and through the Minister of Agriculture did give the farmers of western Canada and farmers throughout Canada generally the impression that if they were entrusted with the responsibility of governing this country the farmers would receive from this government a better deal either through parity prices or deficiency payments. No form of dialectics the Minister of Agriculture may use will destroy the impression these hon. gentlemen created in the country: "Entrust us with the responsibility of office and we will provide parity prices"—represented by various amendments introduced in this house by the present Prime Minister—"and we will provide deficiency payments". These characterize the observations made by hon. gentlemen opposite in the course of two election campaigns.

The recent delegation of farmers from western Canada which descended on Ottawa was one of the finest delegations that has ever come here. It was both orderly and constructive. If there was a reason for these farmers coming here it was because this government through its spokesmen gave the impression in two general election campaigns that this government was going to embark on a policy that would result in a better deal for the farmers. The delegation asked the government to pursue that policy.

When my hon. friend says that he found satisfaction in his constituency I suggest to him that he had better examine all parts of his constituency, as other hon. members from western Canada should, with a view to ascertaining whether or not the optimistic interpretation he has just given is in conformity with the facts. I was in western Canada quite recently, too, and I certainly did not find any indication of satisfaction such as the friendly and intelligent but misguided hon. member who has just spoken has described.

This government did not only promise western farmers deficiency payments; it promised the farmers of Canada generally that there would be a price support program the like of which Canadian farmers had never received, guaranteeing to those engaged in agriculture a basic and satisfactory income.

In my own constituency in the county of Essex we were told that there would be deficiency payments and floor prices not only for soya beans and sugar beets but for corn. We have not heard very much about whether or not we are going to have a floor price on corn, but from every indication arising out of statements made by the Minister of Agriculture as to the dangerous position that he sees gathering at the present time—

Mr. Horner (Acadia): Would the hon. member permit a question?

Mr. Martin (Essex East): —not only is it not likely that we will receive a floor price on corn, but we are not likely to have a continuation of the existing floor prices on other commodities. Now, having completed that sentence I shall be glad to deal with my hon. friend's question.

Mr. Horner (Acadia): Since the party of which my hon. friend is a member has not yet stated whether it is in full agreement with this brief, I wonder if the hon. gentleman would care to comment on it. I emphasize the words "full agreement".

Mr. Martin (Essex East): My hon. friend apparently has not seen the observations made by the leader of the Liberal party in the press—

Mr. Horner (Acadia): I read those observations.

Mr. Martin (Essex East): —at the time he received this delegation. The Leader of the Opposition indicated what was the position of the federal Liberal party in this matter. He referred to the resolutions which were publicized—unlike at a recent convention of the Tory party, in which that party stated its policy with regard to deficiency payments—and as the hon. member will know the delegation that met with the Leader of the Opposition and members of this party in a publicized statement expressed their deepest satisfaction with the way in which they had been received and the way in which the Liberal party had stated its position.

I have in my hand the briefs to which my hon. friend is referring. One is the submission by the interprovincial farm union council on agricultural policy generally. What is the government's reaction to this brief? Does my hon. friend say that these briefs, presented by a powerful farm organization in western Canada, are not to be treated as reflecting the state of public opinion in western Canada? Do these briefs indicate that 95 per cent of the farmers of western Canada support the policy of this government in the matter of deficiency payments? I suggest to my young and amiable hon. friend that he would be wise to make a careful assessment of public opinion among the farmers of his riding. As a result of such an inquiry he would be required to revise his position in order to return to this house as an effective voice representing the farmers of western Canada.

Mr. Horner (Acadia): I was referring specifically to the submission of the western farm delegation to the Prime Minister presented at the Chateau Laurier. The hon. member has not answered my question.

Mr. Martin (Essex East): I made mention of the fact that the farmers of southwestern Ontario had been assured of a support price for corn. As the Minister of Agriculture knows, he was requested by the corn growers a few months ago to designate corn as a commodity under the Agricultural Stabilization Act. The support price suggested was approximately $1.45, which would be the average price for the last ten years for No. 2 dried corn delivered at elevators in the corn producing areas.

When the Minister of Agriculture replies I hope he will indicate what the policy of the government is in regard to this matter. I hope he will also indicate whether we are going to be confronted this year, with regard to the floor price on soya beans, with a situation comparable to that which has developed in the United States, where the floor price on soya beans is being reduced by 25 per cent. Is that going to be the situation in Canada?

The present floor price on soya beans is $2.10. This does not mean that every farmer who grows soya beans receives $2.10. Because of the method of averaging prices many farmers will receive well below $2.10, and many who are in the position of not requiring assistance will receive the floor price. This averaging is regarded by the soya bean growers generally as not being fully in conformity with the assurances given by this government that there would be a floor price on soya beans.

Mr. Harkness: May I ask the hon. member a question? Has he asked the soya bean growers if they are willing to pool their returns? If they are willing to do this we can give them all exactly the same return, but up to date they have been unwilling to pool their returns. If they refuse to do so it is impossible to get away from the situation the hon. member describes.

Mr. Martin (Essex East): The farmers certainly are not willing to pool their returns. That is the very gist of my complaint. When hon. gentlemen opposite during the election campaign said they were going to grant a

support price they did not talk about averaging prices. They said every farmer would be guaranteed a minimum price.

Mr. Harkness: No.

Mr. Martin (Essex East): The minimum price was fixed at $2.10 by the hon. gentleman. I will say that he carried out his promise in one respect; that is, a floor price was designated, but it was never indicated that the assessment of the price the farmer would receive could mean that he would receive something less than the designated price. Then we were not told—

Mr. Harkness: That is entirely in your opinion.

Mr. Martin (Essex East): —that at the end of the season these prices would be averaged so that some farmers, instead of receiving $2.10, would receive even as low as $1.80, which did happen in some cases that I know about. When the minister deals with this question I hope he will indicate particularly what is the government's intention for the future. Are we going to follow the example of the United States and lower the floor price by 25 per cent, or anything comparable; because the lowering of the floor price in the United States is going to add to the competitive position that now prevails in Canada as a result of the very heavy importations into southwestern Ontario, particularly of United States agricultural products. Soybeans are only one example. Other examples include corn, canned tomatoes, fresh tomatoes and other products.

In the very comprehensive statement the minister made on March 6 he put on record the statistics having to do with total cash income in Canada from the sale of farm products by provinces, the figures for 1940 to 1957 being taken, I think he will agree, from the bureau of statistics, and those for 1958 from his own department. I think I am right in that.

Mr. Harkness: The figure I gave at that time was an estimate. The dominion bureau of statistics figures have come out since. I think the hon. member will find that they are almost exactly the same.

Mr. Martin (Essex East): I am glad to have that confirmed. The total for 1958, as given by the minister, was $2,869,319,000. This figure includes some $61 million of supplementary benefits paid to farmers in the provinces of Manitoba, Saskatchewan and Alberta. I think that is correct. But I suggest to the minister that the total farm cash income is a misleading yardstick to use, though undoubtedly it served the purpose of the minister in that he was able to show an increase of $276 million in 1958 over 1957. It seems to me the better course to follow would be to use farm net income, which would give a better indication, although as I say I did not know until this moment that the figures for 1958 were available.

A glance at the tables that are provided in the handbook of agricultural statistics for 1957, and those given by the minister on March 6, together with the number of farms according to the 1956 census as they appear in the Canada Year Book, gives one a very interesting picture of the state of agriculture generally in Canada which I think should be examined further at this time.

The hon. member for Timiskaming spoke of the condition of eastern agriculture, not in a way that prejudiced his view about the state of agriculture in other parts of Canada. He properly emphasized that in considering some of the developments in agriculture in Canada today one should take into consideration not sectional but national interests and present a national picture as well. It is in regard to this point that I want to say a few words, because I think an examination of the statistics taken from the various publications to which I have just referred will indicate that the average net income per farm in eastern Canada, that is to say in Quebec, New Brunswick, Nova Scotia and Prince Edward Island, is substantially below the national average.

This suggests, without in any way failing to appreciate, as I indicated I do appreciate, the importance of agriculture in western Canada and the serious economic condition that confronts the farmers of western Canada, that we in this section of the country also have a great interest in this problem. I think hon. members generally will recognize that the problems of agriculture are not divisible, and that any depressed condition in one section of the country is of the greatest concern to all parts of the country. I know that hon. members from western Canada will understand and appreciate the situation in eastern Canada, just as over the years hon. members have appreciated the problems of western Canada. For instance, in 1957 the results in eastern Canada certainly were not very encouraging and, as I say, for the purpose of my notes I did not have the latest figures for 1958 which the Minister of Agriculture says are now available.

I think it is important that we recognize that what is significant is not the net return or the gross return, but the cost of goods and services used by the farmers which, of course, places a different interpretation on the picture. The attitude of the Minister of Agriculture, as expressed in the remarks he made in this house on March 6, seems to have

undergone a great and fundamental change. When he was in the opposition he was one of the most vigorous of those who took part in agricultural debates, speaking, as he often did, on what he called cost-price squeeze. The Minister of Agriculture spoke in the house in 1959, as reported at page 1680 of *Hansard*, as follows:

> It is quite easy to see from these figures in which years the big increase in farm costs took place. It was during the years up to and including 1952. From then on the increase in costs has been nothing like as marked as it was before and, as I say, last year it amounted to only 1.2 per cent.

Despite the fact that the minister said the big increase in farm costs took place in the years up to and including 1952, a little further on in his remarks, at page 1681, he said:

> The farmer was in a severe cost-price squeeze for several years up to 1958.

He did not say this, of course, specifically, but he was obviously trying to give the impression that since he has become Minister of Agriculture the upward course of the cost of goods and services used by the farmers of Canada has been arrested.

Mr. Harkness: That is correct.

Mr. Martin (Essex East): I am going to challenge the statement of my hon. friend, and I am going to prove that it is not correct. The index prices do not bear out this statement, or the last observation of the Minister of Agriculture. The figures are given for three months of each year, and for 1954, 1955, 1956, 1957 and 1958 they are as follows. I ask the Minister of Agriculture to correct me if those—

Mr. Harkness: Where is the hon. member getting those figures?

Mr. Martin (Essex East): Those figures come from the minister's own publications, the ones to which I have already made reference.

Mr. Harkness: What publications are those figures from?

Mr. Martin (Essex East): Well, if the minister will look at the Review of Agricultural Conditions in Canada for the various years he will find what he asks. If I am wrong I want to have it pointed out. I hope my hon. friend will point it out as I go along. In 1954—

Mr. Harkness: What year's review is the hon. member on, and what page?

Mr. Martin (Essex East): I am dealing now with 1954.

Mr. Harkness: We do not want any more from the Martin bureau of statistics.

[Mr. Martin (Essex East).]

Mr. Martin (Essex East): What you do want is the truth.

Mr. Harkness: Yes.

Mr. Martin (Essex East): You want an accurate statement.

Mr. Harkness: I have given you one.

Mr. Martin (Essex East): What you do want is an accurate statement.

Mr. Harkness: I have given you that. I am asking you what page you are referring to.

Mr. Martin (Essex East): You take my figures and see whether they are correct.

The Chairman: Order. I regret to interrupt hon. members, but the present exchange and the way it is being conducted is not quite parliamentary. If the minister wishes to interrupt the hon. member for Essex East he must ask his permission to ask a question or he may raise a point of order or a question of privilege, but the Chair cannot permit the present exchange across the floor of the house.

Mr. Harkness: On a point of order, Mr. Chairman, if the hon. member is going to quote statistics purporting to be from an official publication, under the rules of the house he must give the name of that publication and the page from which he is quoting.

Mr. Martin (Essex East): Mr. Chairman, I want to thank you for your intervention, which obviously will be of great assistance as I pursue my argument.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): I appreciate your intervention, Mr. Chairman. I think the Minister of Agriculture is not unfair in part of his request. Since we are in committee I shall continue to make my observations and will come back to this point, at which time I will give him the exact page numbers which I do not have at the moment.

Mr. Harkness: Well—

Mr. Martin (Essex East): It will not destroy the basic argument. If my hon. friend wants to make my speech he is at liberty to do so, but I am going to tell him that it will not be exactly the same kind of speech I am now about to make.

Mr. Harkness: Mr. Chairman, again I must insist that the rules of the house be followed. If the hon. member is going to quote statistics purporting to be from an official publication he must give the name of the publication, the year and the number of the page from which he is quoting.

Mr. Martin (Essex East): Your request is perfectly fair and I propose to do so. I said

that I would postpone this part of my argument so that when I return to it I may be able to give the page as well as the authority.

Mr. Harkness: That is quite all right.

Mr. Martin (Essex East): But I am now challenging the statement of the minister that since he took office he has been able to arrest a rise in the cost of production. By the way, talking about the increase in the cost of production, may I point out that the government has not yet given any answer to the request of the federation of agriculture and the interprovincial farm union council for the laying down of methods and instructions by which a more accurate assessment of the cost of production can be arrived at. With all this discussion of deficiency payments, all this business of a cost squeeze and the difficulties confronting the farmer with respect to the kind of market in which he sells his goods and the situation he is faced with when he has to buy, it seems to me that in the face of the persistent demands by these farm organizations the government should provide a basis for a more accurate assessment of the factors involved in production costs than exists at the present time.

It will be no answer for the minister to ask why the government of which I was a member did not do that. That is the stock answer of the present government to every conceivable question. Perhaps it should have been done a long time ago; in fact I will qualify that and say that it should have been done, not "perhaps". But hon. gentlemen are now sitting on the ministerial benches, the farmers are asking for this kind of assessment, and in my opinion the persistent delay on the part of the administration in meeting this demand reflects the growing gap between the kind of assurances given by the administration for the purpose of winning an election and the resulting policies once the government has a secure period of tenure, happily ensconced in the seats of the mighty.

I suggest to the minister that he significantly left out of his quotations from the Current Review of Agricultural Conditions in Canada a very important paragraph. I should like to refer to the speech he made on January 23, 1959, particularly at page 255 of *Hansard*. The minister quoted from the Current Review of Agricultural Conditions in Canada, January, 1959 issue, as follows:

> Prices paid by farmers in 1958 for commodities and services used in production and for living were only slightly more than one per cent above those of 1957.

Having quoted this passage he went on to say:

> Therefore I feel it is quite apparent that the cost-price squeeze which was a cause of hardship to the farmer under the Liberal administration ever since 1951-52 has been finally halted and reversed.

Significantly, the minister left out of his quotation from the Current Review of Agricultural Conditions in Canada the remainder of the paragraph from which the cited phrase was taken. That paragraph continues:

> Higher prices were recorded for all farm business items used in the index with the exception of building materials, feed and seed.

My hon. friend talks about my bureau of statistics. My statistics may be inadequate, but I do not leave out significant or relevant passages. The minister left out the following phrase:

> The upward trend in the index is expected to continue during the coming year.

Contrast that statement with the statement of the minister in the house on March 6. I have quoted not from his speech but from one of the publications of his own department, which says that "the upward trend in the index is expected to continue during the coming year."

Mr. Harkness: I was talking about facts. That is a prophecy for 1959. I was talking about 1958.

Mr. Martin (Essex East): My hon. friend says he was talking about 1958, but I do not think that changes the situation at all.

Mr. Harkness: It changes it a great deal.

Mr. Martin (Essex East): A mere assertion is no argument. My hon. friend is only making his position untenable. I was going to say "ridiculous" but I will not.

Mr. Harkness: I was talking about facts.

The Chairman: Order. I have already mentioned that this chit-chat across the floor of the house will not be tolerated by the chair.

Mr. Argue: Ask the minister to leave. Let him take a coffee break.

The Chairman: I must ask hon. members to permit the hon. member for Essex East to carry on with his remarks. They will have ample time to make their own speeches. They cannot interrupt him in the most unparliamentary fashion they have been doing.

Mr. Martin (Essex East): I thank you once again, Mr. Chairman, for coming to my assistance, but I must assure you that these interventions on the part of the Minister of Agriculture really do not destroy my imperturbability. They do indicate the very uncomfortable position in which the minister finds himself when his argument, which

heretofore has gone unchallenged, is challenged. He gave a picture to the country of economic prosperity that really suggested to many people that the real vision for the farmers had at last come to pass under the present government. I am challenging that Utopian vision, and I can understand why it is rather disconcerting and a little irritating to the minister to have to sit here and see his fine castle of achievement and that of the Prime Minister gradually being undermined and the foundations gradually being destroyed. But I thank you, Mr. Chairman, for coming to my assistance.

Mr. Harkness: Self-delusion.

Mr. Martin (Essex East): The minister's remarks on the cost of production can only be termed surprising in the light of what he said in his speech on March 6. As found on page 1683 of *Hansard* he said:

> We have heard, Mr. Chairman, in this chamber and in other places a great deal about the cost of production of agricultural commodities. It has been taken for granted by many people, I believe, speaking on agricultural matters that the farmer was not getting the cost of production so far as many commodities were concerned. It may be true that some farmers are not getting the cost of production at the present time, and it may be true as far as some commodities are concerned that the cost of production as a whole is not being secured. But by and large that statement, from the investigation we have been able to make, is not correct.

Just examine the statement I have just quoted. Place that alongside what the hon. gentleman said this morning in his interventions, and alongside some of the other things he said in his statement in chief on March 6, and see if the minister has not put himself in a very difficult position, to put it in the mildest possible terms.

Then the minister devotes a lot of time in this speech to indicate the tremendous practical difficulties in arriving at cost of production figures. He says on page 1685 of *Hansard* for March 6, 1959:

> Yet these cost of production figures show that the cost of feed in Alberta is much higher than it is in Ontario, an indication that it is almost impossible to arrive at anything which can be considered as scientifically accurate in these cost of production figures and studies.

Compare this statement with the statement we have that as a result of this government's action, the increase in the cost of production has been arrested.

Then later on page 1685 the minister says:

> One of the reasons I mention this matter is that there is such a widespread demand for cost of production studies to be carried on and for support prices to be related to the figures produced by these studies.

What I find extraordinary about this observation by the minister is that last year when we were debating the Agricultural Stabilization Act, so much importance was attached by the hon. gentleman to the cost of production. This insistence led to section 7 of the bill as introduced being amended to include the words "cost of production". As enacted, section 7, subsection 1 of the Agricultural Stabilization Act, chapter 22, 1957-58 statutes, reads as follows:

> The board shall from time to time in accordance with this act take such action as is necessary to stabilize the prices of agricultural commodities at their respective prescribed prices, and shall take such action and make such recommendations as are necessary to ensure that the prescribed prices for an agricultural commodity in effect from time to time shall bear a fair relationship to the cost of production of such commodity.

The Chairman: Order. I regret to inform the hon. member that his time has expired.

Mr. Speakman: I wonder if the hon. member who has just taken his seat would permit a question?

Mr. Martin (Essex East): I shall be glad to answer this question if you, Mr. Chairman, will regard that as an intervention which would enable me to conclude my argument afterward.

The Chairman: The course advocated by the hon. gentleman cannot be permitted by the Chair, because we have—

Mr. Harkness: May I suggest that the committee give unanimous consent to the hon. member to conclude his remarks. When he is doing so may I ask the hon. member to read the next sentence after the one he read concerning what I said about the cost of production studies? In other words, the sentence I should like him to read is as follows:

> We have been doing our best and producing the most reliable figures we can.

Mr. Martin (Essex East): Is that the sentence that my hon. friend wanted?

Mr. Harkness: Yes.

Mr. Martin (Essex East): I am glad he added it. It only confirms what I have been saying. What my hon. friend has been arguing is that the cost of production rise has been arrested. I am not saying my hon. friend is not doing his best to minimize the mischief in the cost of production rise, but what I am saying is that my hon. friend has not arrested it.

Mr. Harkness: The hon. member has misunderstood what I was saying. He had been making the complaint that we were not using the cost of production figures in arriving at the support price, and that is not the case as indicated by the sentence I just read.

Mr. Martin (Essex East): Does my hon. friend want to ask his question now?

Mr. Speakman: I shall wait until after you complete your remarks.

Mr. Martin (Essex East): I just wanted to answer my friend's intervention, and after that I could complete my maiden speech on agriculture.

Mr. Speakman: I did not interrupt during my hon. friend's speech, because I always follow him with very close attention.

The Chairman: The situation is becoming somewhat confused. The hon. member for Essex East had exhausted the time allotted to him to make his speech, and therefore it was the duty of the chair to tell him that his time had expired. Then there was an intervention which the hon. member for Essex East refused to permit. The Minister of Agriculture asked the committee to give permission to the hon. member to continue his remarks. I believe that to restore some order it would be preferable for the chair to ask the permission of hon. members for the hon. member for Essex East to continue his remarks. If this permission is granted, then possibly the hon. member could answer the various questions which members wish to ask and in addition perhaps satisfy the curiosity of the Minister of Agriculture. Is it the pleasure of the committee to permit the hon. member for Essex East to continue his speech?

Some hon. Members: Agreed.

Mr. Martin (Essex East): I thank the committee. I just wanted the hon. member for Wetaskiwin to understand that I was not complaining about the fact that he asked a question. When I used the word "intervention" I was not using that in any offensive sense, because the hon. gentleman is always very courteous.

I followed with interest this last interpolation by the Minister of Agriculture, and as I say I do not think it really adds anything one way or another either in support of his position or denying the main observation I have made. What I wanted to point out was that by the use of section 7, to which I have referred, in the stabilization act, and the words, "shall bear a fair relationship to the cost of production of such commodity", that in itself is an argument establishing the fact that the allegation of the administration that they arrested the rise of production costs is so fallacious as to not really warrant repetition in any statement by the minister on future occasions.

Now, the words used by the minister when introducing this amendment are worthy of note. I refer to *Hansard* for 1957-58, page 3827, where the minister said:

> There is an amendment to be moved to clause 7. It is as follows:
>
> That subclause (1) of clause 7 be amended by striking out the words "base price for" in lines 42 and 43, on page 3, and substituting therefor the words "cost of production of".

The minister went on, and this is a very significant observation which I hope will put at rest this understandable but fallacious boast of the minister that his government, and he as Minister of Agriculture, have been able to arrest the rise in the cost of production that threatens the farmers of Canada:

> The purpose of this amendment is to make it certain that the board, in setting prices, will take into full consideration the cost of production and relate it to the price prescribed for any commodity rather than the base price for such commodity. This is one of the amendments which was requested by the interprovincial farm unions. I am quite happy to change the words "base price for" to "cost of production of" so it will be abundantly clear that is the determining factor to be kept in mind in setting the prescribed support price for any commodity. I would ask my colleague the Minister of National Revenue to move that amendment.

These words of the minister ought to be repeated and compared with the assertion of the so-called achievement of the government in doing something that no other Minister of Agriculture and no other government in the world has ever done in the course of human history. I find it difficult to understand how the price fixed can bear a fair relationship to the cost of production. But as the minister says, and I quote again from his remarks from the same page:

> It is almost impossible to arrive at anything which can be considered as scientifically accurate in these cost of production figures and studies.

Now, if it cannot be scientifically determined in that way, how can my hon. friend make the statement he did on March 6, as a member of the government, that the Minister of Agriculture has been able as a result of the policies of his administration to arrest the rising cost of production?

Mr. Harkness: Mr. Chairman, I wonder if I could ask the hon. member where he finds my remarks. I think the hon. member is confused over the cost of production and the cost-price squeeze. Of course he is confused over a lot of other things as well.

Mr. Martin (Essex East): I notice that the minister says I am confused. All I can say is that if I am confused the minister certainly is more confused when one places these quotations alongside other quotations, especially in the same speech made by the minister. I will leave it to this house in the exercise of

its impartial judgment to determine whether or not the statement of my hon. friend is correct.

May I conclude by saying this to the Minister of Agriculture. His present attitude and that of this administration with regard to agriculture is different from the position taken by him and by all those who spoke on behalf of the Conservative party in the two election campaigns. There was going to be a new deal for agriculture. The Prime Minister, in the action he took as leader of the opposition in the amendments which had to do with parity prices, and in the speeches which were made about the fact that agriculture was not sharing in the economic prosperity of the nation, gave the farmers of this country cause to believe that they had, in hon. gentlemen opposite, the instrument by which they would see a new heaven and a new earth. Now that has not materialized.

My hon. friend pointed to an improvement in agricultural prices. He compared one year only with the current year. The way to test the prosperity of any group is not by comparing 1958 and 1957 but by comparing the present time with a period of years which will generally indicate the situation in Canadian agriculture. If that is done it will not support the contention made by the hon. gentleman or made last night by the Minister of Finance, who said that farm income in Canada had improved by a net of 24 per cent. My hon. friend nods approval of this statement. He confirms that statement, which we are now examining, as perhaps a demonstration of the exaggerated capacity of this government. The statement of the Minister of Finance last night in the budget speech that the agricultural position of the country had improved by a net of 24 per cent will not be supported by the facts, and in the course of these estimates we hope to be able to so show.

I ask the Minister of Agriculture, then, to take what I have said in the spirit of constructive criticism, as the kind of criticism which he himself so generously and wisely, and sometimes so vigorously, gave to us when he was sitting on this side. I ask him to bear in mind the farmers not only of eastern Canada and western Canada but to think as well of the farmers of southwestern Ontario, who right now are concerned about the implementation of certain promises made by hon. gentlemen opposite, and who in the face of the coming season are worried about the cut in acreage, for instance in tomato production. As the hon. member for Middlesex West indicated the other day, they are concerned about whether or not it is true that United States producers are shipping into Canada canned goods which are later designated as Canadian, thereby enjoying the advantage of the international freight rate as opposed to the domestic freight rate with its 17 per cent increase. I ask the Minister of Agriculture to consider that situation and indicate unequivocally, whether or not the government of which he is a member is now embarking upon a policy which will eventually mean withdrawal from the program of price supports.

The hon. member has indicated that exaggerated or dangerous surpluses will encourage that situation. He did not say that two years ago, and his statement is being interpreted by farmers all over Canada as meaning that the government proposes either to reduce the percentage of price supports or to abandon the policy altogether. I trust the Minister of Agriculture will be able some time in the course of this debate to address himself to these points.

Mr. Harkness: Mr. Chairman, I think this is now the fourth day that item No. 1 of the agricultural estimates has been under debate, and perhaps I should say a few words in reply to some of the questions raised during the course of the debate. I believe this is a case in which the first shall be last and the last shall be first, because I want to deal with the remarks of the hon. member for Essex East to begin with. I would like to commend him for the research he has apparently done in connection with agriculture. I am sure it will be extremely valuable to him and will give him a better idea than he has had heretofore in connection with agricultural problems.

I regret, however, that apparently his research has not been put to better use, because whilst he said he was offering constructive criticism, I think the speech he has just made could be used as a model for a political speech, a tub-thumping speech on one of the back concessions. Of that kind it was exceptionally good and I must compliment the hon. member on the excellence of his oratory and of his tub-thumping; but from the point of view of a critical examination of agriculture the speech just will not stand up. As a matter of fact it indicates how essentially little the hon. member has gained from his research into these matters.

I doubt, of course, whether he has actually gained as little knowledge as his speech would indicate, because the hon. member's ability is well known. I have great respect for it, and I am sure the reading and research he has done into the speeches which I and other people have made, into statistics and

so forth regarding agriculture, has given him a much better picture than he has indicated to the house.

As far as some of the specific points which the hon. member for Essex East was talking about are concerned, he mentioned first of all the delegation which came down here from western Canada asking for deficiency payments on three past crops of grain. I would point out to him that two of the crops on which they were asking payment were grown and marketed during the period the Liberals were in power. The hon. member was implying that the government is responsible for that, but any deficiency they had was before the Liberals went out of office. What did the Liberals do? They did nothing in connection with that matter.

Mr. Martin (Essex East) Yes, we did.

Mr. Argue: Both the same.

Mr. Harkness: It speaks ill of the hon. member for Essex East to try to set himself up as a champion of the members of this delegation, because as I said, two of three of the crops for which they demanded payment were grown during the administration of the government to which the hon. member belonged and were their responsibility.

The next thing the hon. member mentioned was that we said the support plan we were going to put into effect would be much better than anything the Liberals had, and the hon. member was doubting that this was the case. The support plan we put into effect under the stabilization act is a great deal better than anything the Liberals had, and covers more products. For example, during the past year we had 23 products under price support. During the whole eleven years in which the Liberals operated the old agricultural prices support act they supported only 15 commodities, and never more than five or six at any one time. That is one sort of arithmetical measure of the great increase in the scope of the stabilization legislation compared with the legislation of the government to which the hon. member belonged.

In addition, the levels at which these commodities have been supported have been relatively high so far as a number of commodities are concerned, particularly dairy products which command the highest prices enjoyed by dairy farmers anywhere in the world. I think the hon. gentleman should be very happy that this has been the situation, instead of trying to condemn what has been done. He said something about the support price for corn, and was asking a support price of $1.45. I should like to point out to him how unrealistic this is, and apparently how little knowledge he has of the situation when he asks for a support price of $1.45 for corn grown in Canada, because the support price in the United States this year is $1.12.

Mr. Martin (Essex East): I was referring to the request made by the corn producers themselves, and I was asking the minister to tell us his reaction to their representations.

Mr. Harkness: We have been in touch with the corn growers on this subject on numerous occasions, and we asked them to work out some definite basis on which a support price could be founded. The great difficulty arises because of varying degrees of dryness. If the corn is mechanically dried the value of the product for making corn flour and products of that sort is immediately decreased. It cannot be used for some of these purposes and, therefore, it is an extremely difficult thing to arrive at any basis on which a support price could be put into effect. That is the sole reason why there has been any difficulty or hold-up regarding the support price, and the farmers down there know that quite well.

Mr. Martin (Essex East): They have a support price in the United States.

Mr. Harkness: Yes.

Mr. Martin (Essex East): Well, the same situation prevails.

Mr. Harkness: No, it does not.

Mr. Martin (Essex East): There is the same moisture problem.

Mr. Harkness: No. The hon. member also asked a question in connection with the support price for soybeans. It is well known that we do not follow the policy of saying some considerable time in advance that we are going to set a certain price. The price will be set after we have obtained all the information necessary from the growers and after we have received the advice of the advisory committee of the stabilization board on the matter. I am certainly not in a position to state what the support price on soybeans will be.

The hon. member went on with great dialetic to try to paint a picture of distress and desperation in the agricultural industry in eastern Canada. He said the situation was very poor, and that he was extremely concerned about it. If the hon. gentleman will look at the table I gave on March 6, which he will find on page 1679 of *Hansard*, he will see that gross income in Ontario and in Quebec was in each case considerably higher than the farmers have ever earned.

Mr. Martin (Essex East): What about net income?

Mr. Harkness: The hon. gentleman made great play on the subject of net income. Well, the net income, as indicated by the Minister of Finance last night, was just about 24 per cent better than it was in 1957. The net income has increased a great deal more, proportionately, than the gross income. Gross income was up by 10 per cent over 1957, but net income increased by almost 24 per cent.

Mr. Peters: That is just a guess.

Mr. Harkness: That is the way hon. members opposite treat statistics they do not want to believe. The hon. member who has just interrupted, when he spoke in this committee some weeks ago, quoted some statistics which I think he took entirely out of his head, because they bore no relationship whatever to any figures put out by the dominion bureau of statistics or by the Department of Agriculture. These particular figures—and I will give the committee the figures for the previous years—were put out a few days ago by the research and development division of the dominion bureau of statistics for national accounts. They are contained in a very large book, and this compilation shows that the net income in 1958 was $1,202 million. In 1957 it was $968 million. This represents an increase in net income this year as compared with last year of 23.8 per cent.

If hon. members want to get this publication from the dominion bureau of statistics and look the figures up for themselves, they are quite able to do so. Any statistics I quote are reliable statistics, and I am glad to say where they come from, unlike some hon. members apposite. If people do not like these statistics, particularly members of the C.C.F. group, they immediately challenge them and say the statistics are wrong. There is no question but that the net income of farmers in 1958 was nearly 24 per cent higher than it was in 1957.

This brings me to the point which so concerned the hon. member for Essex East, namely that I have said that 1958 was a very much better year than 1957, and a better year than any of the preceding four years.

Mr. Martin (Essex East): I did not say that. I thought I would get myself into a trap if I said that. I said "an unlimited period of years before 1958."

Mr. Harkness: I did not say that.

Mr. Martin (Essex East): I know. I said that.

[Mr. Harkness.]

Mr. Harkness: If you said that, you were incorrect. What I said, as the hon. gentleman will see if he consults my speech, was that 1958 was a better year than any year since 1952-53. That is what I said, and I gave statistics which showed this was the case. At the time I spoke I did not have the net income in 1958 as compared with 1957, but those figures came out about three days ago, and they show that net income was increased by about 24 per cent.

That is the measure of how much better 1958 was than 1957. That was what I indicated in the speech I made, and instead of the hon. member for Essex East contending that I was completely wrong in saying that the cost-price squeeze had been halted, he might have acknowledged that I was absolutely right, as shown by the fact that the net income has increased to such an extent.

The hon. member for Essex East seemed to be badly confused, as I indicated in a brief interruption, between the cost of production and the cost-price squeeze. They are not the same thing, I should like to inform him.

Mr. Martin (Essex East): I clearly indicated that.

Mr. Harkness: What I was talking about with regard to the improvement in 1958 as compared with 1957 was the fact that the cost-price squeeze had been halted. I said nothing about the rise in the cost of production having been halted. As a matter of fact I said that the cost of goods and services used by farmers had gone up in 1958 by a little more than 1 per cent. I read that from an official publication, and it is the case. It was manifestly impossible for me to say that and at the same time say that we had halted the increase in the cost of production. What we did succeed in halting in 1958 was the cost-price squeeze.

I am unable to prophecy as to whether we will be able to do so in 1959. In 1958, however, the farmer's net income increased by about 24 per cent while his gross income increased by about 10 per cent over the previous year. With respect to prophecy, or what will happen in 1959, I must say it has nothing to do with what happened in 1958. By reading from the year-end review published by the Department of Agriculture various statements with regard to their prophecies for 1959, the hon. member for Essex East attempted to show that what I had said about 1958 was incorrect.

Mr. Martin (Essex East): Is that the current review? Could you give us the page?

Mr. Harkness: I am referring to page 5 of the current review published in January. That is what the hon. member read from.

Mr. Martin (Essex East): I thought the hon. gentleman said I did not read from government publications.

Mr. Harkness: In this particular instance the hon. gentleman did. As a matter of fact the hon. gentleman said he would give us a page reference, and this was the only instance in which he was able to give us a page number. He did that with respect to this publication.

Mr. Martin (Essex East): The minister must remember that I am just a novice.

Mr. Harkness: This, of course, was a great exception. I am sure the hon. member finds the Martin bureau of statistics much more favourable for his purposes than the publications of the Department of Agriculture.

Mr. Martin (Essex East): Sometimes it is much more accurate.

Mr. Harkness: That has yet to be demonstrated, Mr. Chairman. We have seen no evidence of that as yet.

With reference to the cost of production, the hon. member made a great to-do about reading extracts from speeches I made last year when the stabilization bill was put through, and so forth. We have carried on a considerable number of cost of production studies. As a result of these studies we have attempted to determine as accurately as possible what is the cost of production for various commodities, and then on the basis of that information we have set the floor prices in relation to the cost of production, which is exactly what we said we would do when the stabilization act was introduced last year.

The hon. member for Essex East also said that I only compared 1958 with the preceding year. That is not the case. I compared it with 1957, 1956, 1955 and 1954. I pointed out that the gross income in 1958 was 10 per cent greater than in 1957, 7½ per cent greater than in 1956, 20 per cent greater than in 1955 and 20 per cent greater than in 1954. In other words the hon. member was guilty of making many inaccurate statements in referring to remarks made by me at various times in the past year.

Mr. Martin (Essex East): If I said that I was wrong.

Mr. Harkness: As a result of this the conclusions he drew were equally fallacious. When he concluded his speech the hon. member was complaining, as far as I could make out, about the fact that we were letting in a certain number of canned fruits and vegetables.

Mr. Martin (Essex East): I was wondering if that were a fact.

Mr. Harkness: I was somewhat surprised at the hon. member complaining about the fact that the tariffs and importation bans on these things were not higher or more stringent. I thought he was a low tariff or free trade advocate, but today he complained that the tariffs were not higher or that these commodities were not being excluded altogether.

Mr. Martin (Essex East): Mr. Chairman, I believe the hon. member misunderstood me, and I am sure he would not want to deliberately misunderstand my reference. I was simply inquiring of the minister if as a result of the findings of his staff he was able to ascertain whether or not the question put the other day by the hon. member for one of the Middlesex constituencies to the Minister of Trade and Commerce was as that hon. gentleman alleged. In this instance I was simply asking the Minister of Agriculture for some information. I assure him I was not making an argument.

Mr. Harkness: Certainly the implication was that we should increase these tariffs or keep these goods out. As a matter of fact the hon. member in the past made that request of me in connection with soya beans.

Mr. Martin (Essex East): Yes, that is right, and I make it now.

Mr. Harkness: The hon. gentleman wanted to have the tariff greatly increased, or he wanted an importation ban put on to keep them out altogether. In other words, I say he talks out of one side of his mouth when he is in certain localities, posing as a great exponent of free trade and low tariffs, but when it comes to talking to the farmers in his own part of the country he poses as an exponent of high tariffs, import controls, and so forth.

Mr. Martin (Essex East): Don't be too hard on me.

Mr. Harkness: So much for the remarks made by the hon. member for Essex East.

Mr. Martin (Essex East): You spend too much time on me.

Mr. Harkness: As the hon. gentleman says, perhaps I spend too much time on him, but he made so many completely inaccurate statements that I thought it worth while to set him on the right path in some of these matters since he is now going to be the chief agricultural critic of the official opposition.

Mr. Martin (Essex East): Mr. Chairman, I wonder if the minister would give me permission to leave the house. I have a luncheon appointment with his colleague the Minister of Finance.

Mr. Harkness: As the hon. member knows, he is at perfect liberty at all times as far as I am concerned.

Mr. Hodgson: The hon. member can stay out as far as you are concerned, is that it?

Mr. Harkness: I wish to deal now with the remarks made by the hon. member for Assiniboia.

Mr. Argue: Oh, good.

Mr. Harkness: The hon. member for Assiniboia complained about the fact that I did not comment on vertical integration and a considerable number of other things the details of which I have forgotten at the moment.

An hon. Member: So has he.

Mr. Harkness: As someone comments, possibly he has too. As it was, I spoke for something over an hour. It is impossible in one speech to deal with all matters concerning agriculture. It would be possible to devote a half hour to a discussion of vertical integration alone. When introducing one's estimates it is not usual to delay them by speaking for three or four hours in connection with the large number of subjects that could come up in a department such as this. For that reason I believe complaints of this nature are poorly founded.

Examination of the hon. member's speech indicates that it was chiefly characterized by the fact that he made a great deal of noise and had very little sound material at hand. That is typical of a considerable number of the speeches made by the hon. member for Assiniboia, I am afraid.

Mr. Howard: If that is so, he is not the only one.

Mr. Harkness: The hon. gentleman complained, as did the hon. member for Essex East, that this government did not fulfil its election program for agriculture. I believe we have done so, and the results of the actions taken by this government are reflected in the increased returns which farmers received in 1958 through improvement in their net income position as well as their gross income position.

Mr. Chairman, may I call it one o'clock?

At one o'clock the committee took recess.

[Mr. Harkness.]

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Harkness: Mr. Chairman, when the committee rose at one o'clock I had been making some comments on the speech made by the hon. member for Assiniboia about a month ago, I think, when those estimates first came up for discussion. I must say I do not like to make any invidious comparisons but I found the maiden speech of the hon. member for Essex East on agriculture much more interesting. I am glad to see that the hon. member for Essex East is back in his seat and we shall expect even better things from him now that he has got his maiden speech on this subject out of the way.

The hon. member for Assiniboia as well as the hon. member for Essex East and several other members have attempted to paint a picture that agriculture in Canada is in a much worse situation than it has ever been, and things along that line. The numerous statistics which I gave in introducing those estimates on March 6, and what I have already said today, I think prove conclusively that these statements are completely inaccurate and that actually in 1958 agriculture had a reasonably good year, certainly a much better year than it had for at least four of five years previously.

Several members who have spoken here, in addition to the two hon. members I have just mentioned, have said something about the delegation of western farmers which came down here, and have attempted to indicate that this delegation established the fact that the western farmers were all in absolutely desperate circumstances, the grain growers particularly. There are several of those people at least who have written in who are not in those circumstances. Just as an example of that I have a letter written by a man in Govan, Saskatchewan. He writes as follows:

> I have enclosed a copy of my net worth statements for 1955 and 1958—

Mr. Martin (Essex East): What is his name and address?

Mr. Harkness: His name is Sid Maber. I gave his address as Govan. The letter reads:

> I have enclosed a copy of my net worth statements for 1955 and 1958 which I hope may be of some use in pricking the big balloon for deficiency payments. I believe if the minister demanded such a statement from all those farmers visiting him next week, that there would be considerable squirming.
>
> From this statement you will see that I am a farmer, farming one section of average land, have no other enterprise but grain growing so

work at my occupation only about six months of the year, have an annual net worth gain of approximately $6,700, or almost twice the annual income of the average pool elevator agent, or many other members of the community who are on salary, have gathered assets to the value of approximately $60,000 in 18 years, and lastly am eligible for most of the full amount of the proposed deficiency payments.

Now sir, this is no isolated case in this district, at least, as I can look around the neighbourhood and see dozens who are doing just as well and quite a few considerably better. In fact I am of the firm opinion that any farmer operating a section or more of land reasonably efficiently should be in no need of assistance of any kind, excepting crop failure. On the other hand, there are many smaller farmers on uneconomic units who are having difficulties.

And that is only too true. I continue:

But it would seem to me an absurdity to hand farmers such as myself the price of a new automobile from the public treasury.

Also any payments made as an increase on the price of wheat will most certainly have the effect of increasing the acreage sown. Now it has taken us five years to reduce our supplies to the point where we can see a chance of emptying our bins, and this has been done through increased sales, and acreage reduction through substitution of other crops as flax, rape, barley, oats, etc. Now an increase of 30 cents a bushel in the price of wheat will make an unfavourable ratio of about 60 cents a bushel for flax, and also rape, which simply means that considerably more wheat will be seeded, and up will go our carry-over again.

It seems to me, sir, that the government's agricultural program of crop insurance and more credit is a sound and sensible program which should put the assistance in the hands of those who do need it, and not in the hands of those like myself who are well able to buy their own cars.

Now, sir, it seems to me that it may be possible to keep the wheat surplus problem within reasonable proportions with a vigorous sales policy and by not stimulating wheat production by such acts as adding 30 cents a bushel to the price.

Also in closing may I state that I fully expect to have a substantial net worth gain over the next three years, barring natural disasters, even without deficiency payments.

Mr. Martin (Timmins): Will the minister permit a question? Has the minister by any chance had those figures checked with the figures that are on file with the Minister of National Revenue to see whether this man reported those figures last year?

Mr. Harkness: No, I did not. I am not in the habit of doubting those people's words in connection with those matters.

Mr. Argue: What about the 30,000 who disagree with him?

Mr. Harkness: In any event, Mr. Chairman, I read the letter in order to indicate, particularly to members who came from other parts of the country, that there is a considerable number of farmers in western Canada who are not at starvation's door, as some members in this house would have one believe—

Mr. Argue: Based on one letter.

Mr. Harkness: —from the statements they have made. I do not base it on one letter. I have received a very large amount of mail in connection with this matter and I should like to tell my hon. friend that during the entire time that this campaign for so-called deficiency payments for western grain was on I was getting quite a few letters every day and about three out of four were against deficiency payments. That is about the way the proportion went. As a result, I knew there was a very large body of opinion in western Canada who did not support the contentions.

To continue, Mr. Chairman, I have a note here to thank the late Omer Gour, who was the member for Russell, for the very pleasant remarks he made concerning myself. I should like to take this opportunity and pay my respects to him and to his memory. Mr. Gour and I had been friendly ever since I came into the house, now nearly 15 years ago, and I always found him an exceptionally fine gentleman from every point of view. I regret very much that I was not able to be here the day following his death so that I might have paid my respects to him in the house at that time and have been able to attend his funeral. I was always very happy to get his remarks and his opinions on agricultural matters. The remarks that he made on agriculture in his last speech here were sound as usual.

Mr. Martin (Essex East): I would like to point out to the minister that we on this side of the house were all very grateful for the solicitous manner in which the minister expressed his regrets on the night of Mr. Gour's death.

Mr. Harkness: Thank you. I might say that in this speech Mr. Gour expressed some very sound ideas on vertical integration, amongst other matters.

The hon. member for Fort William spoke about the loan policy and its benefit to small farmers, as several other members have done. Since the hon. member for Timiskaming spoke on that subject this morning, all that I can say is, as all hon. members know, we have a farm credit bill which will be coming before the house fairly soon and which I think will greatly improve the credit facilities as far as our farm population is concerned.

The Chairman: I regret to interrupt the minister but his time has expired.

Mr. Habel: Go ahead.

The Chairman: Is it the pleasure of the committee that the minister be permitted to continue?

Some hon. Members: Agreed.

Mr. Harkness: The hon. member for Humboldt-Melfort spoke particularly about rapeseed. The fact that the freight rate on rapeseed is as high as it is and thus precludes its use as widely as might otherwise be the case has been a matter of concern to me, the Minister of Trade and Commerce and the Minister of Transport. We have been taking what steps we can to try to secure a cheaper freight rate for rapeseed. I believe there was a small reduction in the rate not very long ago and we are still attempting to get an agreed charge which will put rapeseed in a more favourable position.

The hon. member for Beauce spoke about the increase in the number of loans made by the farm loan board since the present government came into power. Of course there has been an increase and a considerable one in the number of loans made. The hon. member took this as indicating that the farm situation was worse. Actually it is an indication that it is better. If hon. members will look at the record of loans made they will find that they always increase when times are good and decrease when times are bad. However, the main reason for the increase in the number of loans made by the board and in the amounts of such loans lies in the fact that we greatly improved the situation with respect to the amount that a man could borrow and the difficulty he had in getting a loan. We reduced those difficulties considerably and the result of the liberalization of the lending policy which we put into effect is that a considerable increase in the number of loans made has taken place.

The hon. member for Beauce and one or two others said something about imports of chickens from the United States and attempted to make out that this had caused a great decrease in the price of chickens in Canada and was largely responsible for the quite serious decline in the price of poultry during the past six to eight months particularly. Actually the reason for the fall in the price of poultry in Canada has been the extraordinarily rapid increase in the amount of poultry produced in this country. I have here a small table showing the production of chickens under four pounds, chickens over four pounds and fowl and turkeys in the years 1956, 1957 and 1958. As far as chickens under four pounds are concerned there were 103 million pounds produced in 1956 and 175 million pounds produced in 1958. With respect to chickens over four pounds there were 29,200,000 pounds produced in 1956 and 28,200,000 in 1958, or not much change. There were 49 million pounds of fowl produced in 1958 compared with 51 million pounds in 1956.

[The Chairman.]

Production of turkeys amounted to 60 million pounds in 1956 and 86 million pounds in 1958, quite a marked increase. As a matter of fact, the over-all increase in production from 1957 to 1958 was 67 million pounds, from 279 million to 346 million.

Imports actually have declined very considerably since 1956. In 1956, 22 million pounds of poultry of all kinds were imported into the country; 12,270,000 pounds in 1957; and 12,045,000 pounds in 1958. From these figures I think it is quite evident that the decrease in the price of poultry has been due not to imports from the United States, which in amount were very small compared with total Canadian production last year—12 million pounds compared with 346 million pounds—but to the very rapid increase in the production of poultry in this country.

I might say that ever since I have been Minister of Agriculture I have been warning the poultry producers that if they continue to increase their production at the rate they have been in the past two to three years they will produce themselves into a condition of bankruptcy. Unfortunately that is what has happened to some of them during the past few months. They are producing far more poultry than the country possibly can consume because, as I think people realize, the market for poultry is strictly limited. The hon. member for Timiskaming said that most of the people he sees coming out of supermarkets are taking out poultry and not red meat but actually the situation is that while we consumed 358 million pounds of poultry all told in 1958—I think that is the figure but it is given from memory and it may be wrong—we consumed over a billion pounds of beef alone and a larger quantity of pork—I would have to check the figure—to say nothing of lamb and so on.

In other words, there is only a certain market for poultry. People will not eat poultry every day. In fact, on the basis of experience they will not eat nearly as much of it as they will beef even though beef is three times the price at the present time.

Several members, including the hon. member for Charlevoix and the hon. member for Bellechasse, brought up the matter of maple sugar. I think the member for Beauce also referred to maple sugar. We have been quite prepared to put a support price under maple sugar if the producers want it. There are two main companies, really co-operative organizations, that deal in maple products in the province of Quebec. Their officials came to see us and after a full discussion concerning a support price for maple sugar and maple syrup they came to the conclusion that they would be much better off to take advantage of the provisions of the Agricultural

Products Co-operative Marketing Act, and that is what they have done. They are using that act to finance their operations.

The member for Charlevoix and the member for Bellechasse both brought up the question of pulpwood. I regret very much the situation in which the farmers have found themselves with regard to the prices they receive for pulpwood. There is no doubt that the situation has been very unfair and wrong. I trust that the combines investigation which showed that there had been a combine on the part of some of the paper companies to buy this pulpwood at much lower prices than should have been paid for it will have the effect of improving materially the prices that the farmers will get and that there will be no more combining in order to hold prices down.

In addition, the pulpwood producers are forming a co-operative in the province of Quebec. In fact, I think it has already been formed. I believe that they will be able to bargain much more effectively through that agency and improve prices for pulpwood. The putting of pulpwood under price support is not a very practical proposition. To begin with, if you did put it under price support you would in effect be giving a subsidy to the big paper companies that do not need it. That would be the situation if you paid a straight subsidy or deficiency payment and if you attempted to buy it it would be a hopeless proposition. The government could not possibly be buying five cords of pulpwood here and three cords somewhere else all over the eastern part of Canada. We would have no way to bring it to a central location and no way of looking after it. It is just not a practical proposition to attempt to do that. That is why we have not been able to go ahead with a support price for pulpwood.

I might say that so far as this co-operative is concerned we are quite willing to make available to it the resources of the Agricultural Products Co-operative Marketing Act in order to assist in financing its operations.

I have made quite a number of notes on the various members' speeches but I believe that, in most cases, I have said something which would cover all the points. I do not want to take up too much of the time of the committee.

The hon. member for Maisonneuve-Rosemont was painting a terrible picture of the misery of the farmers which I think I have effectively dispelled as a myth, so far as a lot of the farmers are concerned. In connection with that, I should like to say that in the 1951 census, I think it was, the figures showed about 38 per cent of our farmers in Canada had a cash income of less than $1,200. The farm survey which the dominion bureau of statistics has just finished in western Canada, and has practically finished in other parts of Canada, will, we hope, give us accurate figures on the situation in regard to the income of farmers on the basis of the different groups and territorial locations. We will then have accurate information with which to work to put into effect a rural redevelopment or rural assistance scheme.

The point I want to make is that if you take out this 38 per cent, if that is still the figure as it was in 1951, and then you take the income of the remaining farmers, that is the farmers who have farms of sufficient size to be economic units, you will find a very different picture than the one you get by taking the total number of farmers in the census return and the total income and dividing one into the other. In other words, all the statistics relating to the average income of farmers are badly distorted because of the fact 38 per cent of these farmers had such a low cash income.

The hon. member for Jasper-Edson made particular reference to the research program and the necessity for research. We fully appreciate this fact and that is one of the reasons for the completion of the reorganization in the department, to enable us to streamline to some extent the research facilities and thus do a better job. I should like to voice my appreciation of the work that the hon. member for Jasper-Edson has done, and the interest he has taken in Johne's disease. It was, to a very large extent, due to his efforts and the information he brought to my attention, that we put a Johne's disease eradication program into effect on much the same basis as the tuberculosis and brucellosis programs. I say that without doubt the hon. member for Jasper-Edson has performed a very great service to agriculture in this regard by insisting that a Johne's disease eradication program be put into effect.

I believe these are the chief points I have to make with regard to what has been said by hon. members opposite. There is one other thing about which I should like to say something before I sit down, Mr. Chairman, and that is the misconception which appears to exist with regard to what deficiency payments are and particularly as they relate to the new hog program which I announced a short time ago. I do not know whether or not the hon. member for Assiniboia correctly understood how these deficiency payments work. At page 2133 of *Hansard* for March 23, 1959, just after I had announced that as soon as we could get the machinery devised we would support hog prices by a system of

deficiency payments instead of by purchase, the hon. member said:

> Mr. Speaker, the announcement by the Minister of Agriculture with regard to hog prices is most disappointing.

He went on to give quite a blast about this. Here, I have a few clippings from the newspapers which relate to this program. Here is one from the Moose Jaw *Times-Herald* which says, "Gleave Happy About Change". He is the president of the farmers' union of Saskatchewan. The report goes on to say that he commends the government for putting this program into effect. Here is another one from the *Star-Phoenix* which says, "Deficiency Payments for Hogs Good Step". The article is written by Professor Van Vliet, the head of the department of farm management at the University of Saskatchewan. Here is one from the *Star-Phoenix* of March 24 which says, "SFU Lauds Hog Price Decision". This shows how much the hon. member for Assiniboia appreciated what was being done.

Mr. McIlraith: Perhaps the announcement was not very clear.

Mr. Argue: It was a grave mistake. I wonder if I might ask the minister a question? Has he seen the comment of J. H. Wesson on this question?

Mr. Harkness: Yes, Mr. Chairman, I saw the comment made by Mr. Wesson and he is labouring under the same lack of knowledge as to just what deficiency payments are and just what they do as some other hon. members seem to be, as well as two or three editorial writers whom I shall mention.

At page 2133 of *Hansard* again the Leader of the Opposition said with reference to this program:

> They have now taken steps, in their wisdom, to correct that situation by introducing a new principle in respect of this product, that of deficiency payments. In that respect, Mr. Speaker, we on this side get some satisfaction out of the fact that the government has adopted the policy put forward in our national convention resolution, where we advocated deficiency payments when required.

The Leader of the Opposition is under the delusion that this is a new policy, and it is not a policy at all. Deficiency payments are one method, they are not a policy, of maintaining floor prices; that is what deficiency payments are. The so-called deficiency payments for which the western farmers asked are not deficiency payments, they are retroactive flat payments.

Mr. Argue: To maintain a floor.

Mr. Harkness: But they are not, properly speaking, deficiency payments. One of the reasons I refer to this is because people continually refer to these as deficiency payments and because there is confusion as to how they work.

Mr. Argue: Only on the government side of the house.

Mr. Harkness: As I say, the Leader of the Opposition was talking about this as though it were a new policy. I should like to point out that so far as we are concerned we have been using deficiency payments practically ever since we have been in power. We have been using deficiency payments to support the price of wool. We have just completed the sending out of the cheques to take care of a deficiency payment of 28 cents a pound on all the wool purchased in this country. We have been using deficiency payments to support the price of soybeans and, last year, to support the price of peaches. We will use them, if necessary, to support the price of Ontario wheat. In other words, deficiency payments are not a new thing, as the Leader of the Opposition seemed to think. We have been using them ever since we have been carrying on a support price program.

I should like to make it clear that deficiency payments, properly speaking, are one method only, just a method, of maintaining a predetermined floor price. When the stabilization act was under discussion I went over this time after time and I thought I made the thing very clear. I said there were three general methods, and they are provided for in the act, by which support prices for agricultural commodities could be provided. One method is by purchase, one by deficiency payments, and the third is flat payments, or any other method of that kind, which may be determined. We used these flat payments for British Columbia tomatoes last year.

Mr. McIlraith: Might I be permitted to ask the hon. minister a question at this point in his remarks? In referring to the statement of the Leader of the Opposition which he has just quoted from page 2133 of *Hansard*, does he not attach any importance to the words "in respect of this product"?

Mr. Harkness: The only importance I attach to that is that the Leader of the Opposition is making it clear he is referring to hogs.

Mr. McIlraith: That is right.

Mr. Harkness: Yes; he is making it clear he is referring to hogs.

Mr. McIlraith: But what is the principle in relation to hogs?

Mr. Harkness: What I read indicates the fact that he did not understand what deficiency payments are.

Mr. McIlraith: I think it proves the opposite.

Mr. Harkness: And he did not understand that we had used them for the last year and a half quite freely.

Mr. McIlraith: In respect to hogs.

Mr. Harkness: I might say that this misconception is shared by quite a number of editorial writers. There is an editorial in the Ottawa *Citizen* for April 6 talking about the floor on hogs, and so forth, and it says, amongst other things:

> Under a support price, farmers know in advance the minimum return they can expect and can plan their program accordingly. If the floors are attractive, they become a powerful incentive to production. Under the deficiency payments scheme they don't know where they stand until after the product has been marketed—

Well, this is completely incorrect as regards deficiency payment for hogs. We have announced a definite floor price and we are going to use the method of deficiency payments to maintain that price rather than the method of purchase. As I said, the writer of this editorial just does not understand the situation and what is meant by a deficiency payment, as properly used in this sense.

We have the same thing in the *Financial Post* of April 4, 1959. In an editorial dealing with the change in the method of supporting the price of hogs, the writer complains bitterly over the Minister of Agriculture practising discrimination and cutting out the big farmer and integrated operator, thus making them first and second class farmers. But it is clear that the situation is not understood. The article ends up by saying:

> Surplus pork stocks in storage, already nearly 200 per cent higher than a year ago, are bound to increase and so will the marketing headache for the government.

The whole idea of this change in operation is that the government will not buy pork, and will not therefore have any marketing headaches. The marketing will be in the hands of the normal trade, where I presume the editor of the *Financial Post* would like to see it, because they are always saying that the free play of the market should determine the price. That is what the situation will be when the new plan goes into effect. We will not be doing any marketing of pork at all We will pay the farmer the difference between what he gets in the market place and the price support announced.

Mr. Argue: Would the Minister of Agriculture permit a question to clarify the policy of the government? Has the department yet decided the number of hogs per farm on which a deficiency payment could be made? In other words, what will be the ceiling in a year, or whatever the period might be?

Mr. Harkness: No, Mr. Chairman. As I said when I made this announcement, I anticipated it would take a few months for us to gather the data necessary to make the determination in regard to that matter and also to be able to devise a system which would be effective in bringing about the result which we have in mind.

Mr. Argue: The ceiling is very important.

Mr. Harkness: I must apologize to members of the committee for having taken so much of their time. My excuse is that after some four days of comments by other members there has really been quite a lot to reply to.

Mr. Milligan: Mr. Chairman, I appreciate the opportunity of making a few remarks in connection with agriculture and to express my thoughts as a farmer myself. What I have to say today will be in connection with agriculture as I see the problem facing us right across Canada. I do not think we can divide agricultural problems between east and west or any other way, because I feel that anything which is done for anyone in western Canada, in the maritimes or in Ontario assists everyone connected with agriculture. I think we all realize today that farming always has been a low income, high cost, high risk industry. I think the Minister of Agriculture has a very difficult task particularly at this time, because he has accepted the position as Minister of Agriculture at a period when agricultural incomes are at a relatively low level.

I am certainly very proud to hear the minister say that 1958 was the highest income year for agriculture since 1953. I feel that it is due to the efforts he has put forth in that connection. I do not want to leave any misinterpretation in hon. members' minds or lead anybody to think that agriculture has no problems and we are really in a very prosperous position in saying that 1958 was a very high income year. But it certainly is an indication of the efforts of the minister and the government and shows us what they are trying to do to bring agriculture back into its proper position as compared with other industries. It is going to take a number of years to do this.

We have had a lot of criticism from other groups, particularly the consumer groups, who do not realize the position agriculture is in and feel that we are increasing the cost of living. Those engaged in industry realize the picture of the manufacturing industry, which is producing through 500,000 manufacturing plants without any control over them as to their output related to the ability of the market to absorb, and I think urban

people should better realize the position that the farmer, the minister and the government are in in order to stabilize this particular industry. Some time ago I made a few remarks at a meeting within my own constituency, and I mentioned the position that agriculture was in. I gave some credit to the support price program we had and the stabilization bill, and in the very next issue of our home paper I was very strongly criticized for the remarks I had made, particularly with regard to the stabilization program. The editorial went on to say:

> The prices of agricultural products, like the prices of any other products, should be based on the consumers' needs—

Then it added:

> Thus taxpayers get it coming and going. They pay for the cost of price stabilization programs and then they have to pay artificially-inflated prices for the foods they need and which are being produced in over-abundance.

That is the kind of misconception you can find in the press of those people not connected with agriculture. Therefore I hope we can in some way point out to other people that we have a terrific problem.

I wonder if we could just consider the position of agriculture at the present time and the trend we are facing. In the long term, the prospects for agriculture appear to be very good due to the fact that the domestic demand for food is increasing from year to year because of the increase in population. That is all to the good. A second encouraging factor is the high general level of consumer purchasing power which promises to continue for a long while. I should like in this connection to refer to an editorial which appeared in one of the newspapers some time ago. In connection with the purchasing power of the consumer's dollar, that article said that in 1929 an hour's take-home pay of a factory worker would buy five and a half loaves of bread, or three and a half quarts of milk. Today, one hour's pay will buy ten loaves of bread, or seven and a half quarts of milk. This is true in respect of almost all our foods—an hour's work does buy twice as much food as it did a generation ago.

A second point I should like to make is that we have been very fortunate in experiencing such a strong demand for some farm products from the United States, notably for beef. We are very pleased to have had a good export market for beef cattle in the United States on account of some shortages experienced south of the border, and this has placed the beef cattle section of the industry in a prosperous position. The same is true with regard to hogs, due to the splendid quality of the hogs we are producing in this country. Then, again, there are the 22 products which have been placed under the support program, and this has certainly improved the stability of the prices of those particular products. In addition, there has been an expansion of the home market on account of the controls that have been placed by this government on the imports of certain food products which had been coming in from other countries. I think that everyone engaged in farming and in agriculture appreciates the action which the government has taken in this direction.

Now let us take a look at what we are up against, and the trend of agriculture in general. I think we must realize that the grain economy of western Canada is in an unsatisfactory position and that the purchasing power of the western farmer is unduly depressed. It seems to me that grain is a basic and major factor in the whole Canadian agricultural economy, and that the prospects for agricuture generally cannot be good unless measures are taken to provide for a substantial improvement in the income and status of the grain growers in western Canada. Otherwise, the western grain grower will be forced to diversify his production by raising livestock and so on, and we will find ourselves in more serious trouble than we are at the present time. However, I think that in years to come there will be room for increased livestock production in western Canada without the risk of flooding our markets.

I want to say a word about the western delegation that came down to Ottawa recently. I was very happy to be a farmer when I saw that delegation come into the city. Much criticism has been expressed about farmers marching to Ottawa, but I feel that farmers should be in the same position as any other group and that if they wish to come to governments and present a case they have every right to do so. I am sure that the western growers, regardless of any decision the minister might make, will accept that decision gracefully; just as gracefully as they came to Ottawa and presented their brief.

There seems to be some difference of opinion among a number of hon. members regarding the type of support which should be given to western grain growers, and there has been some opposition to deficiency payments. I, myself, do not think the western farmer is much concerned how the price of grain is brought up to a level which will enable him to meet his cost of production as long as he gets some kind of support. It is my impression that acreage payments were well received last year. The fact that they were considered insufficiently large was one of the

reasons why they came to Ottawa and asked for deficiency payments. I am sure that some method other than deficiency payments would be well received.

We are faced, in the agricultural industry, with some surpluses. If we obtain our floor prices and incentive prices we are certainly faced with a prospect of an accumulation of stocks which would result in the lowering of the general price level and, in consequence, the lowering of price support. I think the time has come when we must do some serious thinking along these lines, because the lowering of the prices of some of these farm products will lead to inability to control production. A farmer's expenses are set. He is bound to meet his expenses, and if he cannot meet them by producing on a farm stocked with ten cows and 50 hogs, say, he is certainly going to buy more livestock and increase his production in order to increase his income to enable him to cover his cost of production.

I should like to say a word about the announcement made by the minister in connection with the floor price on hogs. I think his statement was very sound and I was very glad to hear him say that he intended to have a study made of deficiency payments to bona fide producers.

One of the facts we must face today is the increase of vertical integration and contract feeding. Unless something is done to control this trend a great many farmers will be put out of business, especially the small farmers, those who own a family farm of 200 or 250 acres. I think this kind of competition is most unfair, because there are a great many feed dealers and feed companies which are now feeding hogs and which are able to obtain their grain and concentrates at wholesale prices. I say this is most unfair competition, because the difference between the wholesale price and the price which the farmer has to pay for his feed provides enough profit in itself for anyone engaged in agriculture.

Some people have tried to tell us that agriculture is in a very prosperous condition, but a good indication of the trend is the fact that so many people are leaving the farms and moving into industry. During the past 10 years between 1948 and 1958 the farm labour force dropped from 1,227,000 to 774,000, a decline of 37 per cent. It may be that some of this decline is due to mechanization and to the inability of agriculture to match the wage levels offered by industry.

There has been a lot of criticism about the inefficiency of farmers, but I think that has been merely an excuse by those far away from agriculture who want to imply that the industry can improve its own position. I do not think that any industry has improved its efficiency so greatly or has made so many changes in the last ten years as has agriculture. We are probably still lagging behind as compared with some branches of industry, but to my way of thinking agriculture has now become a very efficient undertaking.

As far as farm units are concerned, I think we have lost as many as we should lose at the present time. Certainly, there were some units which were too small to be efficient. Today, however, the people who worked on those units might be better off than those engaged in farming some of the medium-sized units, because they, at least, have been able to get jobs in industry and still have their families running the farms.

I noticed in the newspapers sometime ago an account of some remarks made by Professor Donnelly in connection with the farmers marching on Ottawa. He is reported as having said that they might better do more thinking than marching.

Mr. Martin (Essex East): Does the hon. member have reference to Professor S. Donnelly of Manitoba?

Mr. Milligan: Yes. I do not think there is a group in this country that does more serious thinking before making demands than the group engaged in agriculture. It has been my experience in connection with farm organizations over the years that in their thinking every consideration was given to the consumer, the effect of their requests on industry and other sectors of the economy before any request was stated or any action taken to improve the condition of agriculture. If other groups would give the same kind of consideration before making their demands our economy would be in a much different position today. Perhaps the farmers have gone too far in taking into consideration the position of other people before seeking to improve their own lot.

Recently an increase in the price of wheat was announced. A few days later it was announced that the price of bread would be increased by 1 cent. That is a good indication of what happens in industry when the costs of production go up. Although the costs of production of those engaged in agriculture have been increasing over the years the farmers are ridiculed and told that they must be more efficient in order to produce at the same level as before. The following comment was taken from the *Co-Operative News*, issue No. 5:

> If Canadian farmers gave their wheat away free of charge, a loaf of bread that normally sells for about 19 cents would still cost 15.6 cents. A breakdown on the cost of a loaf of bread in Canada shows the farmer got 3.2 cents, the miller, .6 cents, baker and wholesaler 10.5 cents, retailer 3.1 cents, and others 1.4 cents.

There are many parts of the agricultural industry in need of support and assistance. I was happy to hear the Minister of Finance announce last night that some consideration would be given to protection for the fruit and vegetable industry which certainly needs protection. In my own riding seven canning factories have closed their doors in the last two years. This has meant that the people in the area have had to go into some other line of production. These factories did not close down because of inefficient operation or because there were too many canning factories. They were closed because of the importation of products from abroad that can be sold in Canada at prices cheaper than those for which they can be produced in this country. This occurred in various parts of Ontario and caused a serious problem in many areas. We heartily welcomed the announcement that some consideration would be given to this matter.

The dairy farmers are facing problems as well. They have experienced some surpluses but I believe the surplus position in the dairy industry is only about two per cent which is not alarming in my opinion and it will probably right itself. I believe the dairy people themselves should give further study and thought to their position. They should work toward a pooling program through which they could assist themselves to a greater extent than has been the case to date. I have been talking about this in farm organizations for the past ten years and my ideas have received the support of many people. If we had a pooling of all our dairy products at this time there would be no problem in the industry. The dairy farmers could produce for a market capable of absorbing the produce.

I do not think that any farmer in Canada today wants assistance from any government. What the farmer wants is an opportunity to compete and place himself in the same position as those engaged in other industries in our economy. We have heard much criticism of the subsidies given to agriculture. I would point out that industry has been protected through protective tariffs for years. I endorse that because I feel that if industries did not have some protection many plants would close down because of competition from other countries. Our standard of living is such that we cannot effectively compete with countries that have a considerably lower standard. I do not think anyone in Canada would wish to see our standard lowered. Those engaged in agriculture are deserving of the same opportunities and protection given to other segments of our economy.

We should be very concerned about the family farm. To my way of thinking it is one of the most important aspects of our rural communities. A United States congressman, Clifford Hope, was recently reported in the press as saying:

> The strength of our rural communities will always depend upon the strength of our farm families. Thus all of our efforts, government or private, should be directed toward building up the family-type of farm. I believe that the strength of this country rests more than any other place on the economic, moral and spiritual condition of the people on our farms. If this is true, it imposes a tremendous responsibility on all of us.

I agree that each of us, regardless of where we sit in this house and regardless of the position we hold, must acknowledge that agriculture has its rightful place in the economy of this country and accept the responsibilities attendant on this knowledge.

Mr. Martin (Timmins): Mr. Chairman, I was very pleased that the Minister of Agriculture today was followed by the hon. member for Prince Edward-Lennox. It provided an excellent contrast. I enjoyed hearing the hon. member for Prince Edward-Lennox who both in this house and in the committee on agriculture and colonization has demonstrated on many occasions his complete and comprehensive knowledge of farm problems, particularly as they apply in the province of Ontario. It was gratifying to note that some of the opinions expressed by the Minister of Agriculture were not fully shared by all hon. members on the government side of the house.

The picture painted by the minister and by certain other spokesmen on the government side gives cause for considerable concern. Within the period of the last two months various delegations representing farm organizations have visited Ottawa including the interprovincial farm union council, the federation of agriculture, the Ontario farmers union, representatives of the milk producers, and others. Most of the briefs they have presented have been well documented and certainly they tended to depict a situation somewhat different from that depicted today by the minister. Invariably these briefs were supported by an impressive array of statistics and figures and were presented by extremely capable men. The farm unions have been most fortunate over the years in being able to develop leaders who can present their cases with great clarity and sincerity.

If we were to believe what the minister said today in describing the position of agriculture we could only assume that the presentations made by the various organizations to which I have referred were deliberate attempts to mislead all hon. members of this house. There is no other assumption

that we can draw if we are to believe the minister, and various speakers backed up his arguments. If we are to believe one we must disbelieve the other.

Another thing that seems very strange, Mr. Chairman—and again the minister produced some material to back it up—is the letters that the western members have been receiving from people in their constituencies. I have spoken to numerous Conservative members from western Canada and they have said approximately the same thing as the minister said today, namely the letters which they have received from their constituents against this idea of deficiency payments have outnumbered the ones in favour by anywhere from four to one which the minister used today, to as high as 10 to one, which was mentioned by one hon. member.

When the delegation was down from western Canada many of its members stopped by my office, introduced themselves, discussed the problems and answered questions and so forth. To numerous members of the delegation I put this very question, how can a delegation have such unanimous support apparently across the three provinces and yet the letters which have been received by the members of parliament from those provinces have run as high as 10 to one against the very thing that the delegation is down here to support? They were quite concerned about that and some of them raised something to which some credence could be given. Some of them suspected that there was an active organization busy to ensure that western members would receive letters along those lines. I do not know whether that is so or not, but it is certainly the only solution we can offer to this apparently insoluble problem, where we have almost a complete slate of government members from western Canada saying one thing and a well conducted delegation of 1,100 western farmers saying something different altogether. They said they possibly had neglected their own duties and had not kept their own members properly informed.

With reference to the remarks made by the minister when he rightly pointed out to the members of the official opposition that of the three years deficiency payments for which it is suggested that the farmers should receive some consideration, two of them belong completely to the former Liberal government. That may be quite true, but like the Stanley Cup hockey game which we watched last night, the score may be two to one for the Liberals now but it may be tied up very shortly because time is passing very swiftly and if nothing more is done, and apparently nothing more is contemplated than has been done in the past, the score will soon be tied at two-two and this government will have two more years in office and the score may be four to two before there is any hope of anything being done about this matter. I would suggest that the government forget about those two years which belong to the former Liberal government. If they do not want to take any responsibility for them, surely they should be able to take the responsibility for the one year for which they are responsible in regard to this problem.

This whole thing, Mr. Chairman, points to only one conclusion, namely the very severe state of confusion which is so apparent both in this house and in the minds of the Canadian people as to just what is the situation in the agriculture industry today. There are possibly many reasons for this confusion. Certainly, one of the most important factors leading to the confusion is the sad discrepancy between the performance of this government and its promises which were made during the last two election campaigns. Another thing which is almost equally bad has already been mentioned, namely the differences in the remarks made by members particularly from the prairie provinces and the farm delegations from those same areas. But there is possibly another reason for this confusion and it may be contained within the minister himself. It may be explained possibly by a little story which has been making the rounds of the various Legion halls in this country in the last while. This goes back to the early days of the last war, at which time the minister was the commanding officer of an artillery unit, according to the story, down in the famous potato-growing province of New Brunswick. This was about the time when the very popular and patriotic thing to do in this country was for everybody to "grow for Britain." The units of the army were encouraged to set a good example to the public and this particular battery of artillery undertook to do so.

Now, sir, the people of New Brunswick, of all people in Canada, should know how to grow potatoes; but apparently that was not good enough for the commanding officer. He insisted on the potatoes being planted western style. Unfortunately, it turned out that they were not planted; they were buried. Through the process of evolution that commanding officer is now our Minister of Agriculture. It is to be hoped, Mr. Chairman, that when the new secretaries are appointed the first one will be a good potato grower from New Brunswick so that we can get that particular aspect of agriculture straightened out. Then, we might suggest that he be rotated with experts in other fields.

One thing that has bothered me quite considerably about some of the remarks made in regard to the delegation from the west is that there has been a tendency to make attacks on the person of the head of the wheat pool, Mr. Wesson; in fact, attacks on the wheat pool itself. The inference is that through the efforts of Mr. Wesson and the wheat pool as a whole something has been put over the western farmers and they have been enticed into doing something which was very foolish, and so forth and so on.

Mr. Horner (Jasper-Edson): Do you really believe that?

Mr. Martin (Timmins): Do I believe that? Mr. Chairman, it is very difficult to know just what to believe, owing to the welter of evidence which has been produced on both sides of this particular argument. But the important point, Mr. Chairman, is the inherent danger in this particular aspect of the problem. It smacks entirely too much of the attack we have seen on labour throughout this country in the last few years. An attempt has been made to make the Canadian people believe that every union leader is a Hoffa. It is always by implication, it is always about somebody else but it is always the same thing. I am a bit concerned that we are seeing slight elements of the same type of campaign with regard to the wheat pool and its leader, Mr. Wesson. What we should remember is that 1,100 very able western delegates came to Ottawa, many of whom proved on different occasions that they were very capable speakers, and they chose Mr. Wesson as their spokesman. Consequently we can only asume that he had their confidence.

There is only one other matter with which I should like to deal today in my few remarks at this stage and that is the figure of 24 per cent increase in net earnings mentioned by the Minister of Agriculture. I do not think he did it intentionally but the minister threw out this 24 per cent figure at the same time as he was giving some statistics. The 24 per cent certainly was not a statistic. I think "guesstimate" is a much better way to describe it.

Mr. Harkness: Mr. Chairman, I do not think the hon. member wants to make an incorrect statement. This statistic is a statistic and I gave the source of it. It was put out by the dominion bureau of statistics only a few days ago. I also gave the same statistic for last year as contained in the same document. It is a D.B.S. figure.

Mr. Martin (Timmins): In any event, Mr. Chairman, before we can swallow the 24 per cent completely I think it should be related a little more clearly to just what the situation is in the farming industry in Ontario. Various speakers who have dealt with farm problems have pointed out how big a factor vertical integration is coming to be in the province of Ontario and in other provinces as well, particularly with regard to the broiler industry, the poultry industry, and it is also spreading into other sectors of the economy. There was one thing I did not notice at the time and possibly I should have asked a question then. Does the 24 per cent apply to the farmers' net income or to the net income of the industry as a whole?

Mr. Harkness: Net income of farm operators.

Mr. Martin (Timmins): I would assume that the category, "farm operator" would also include some of the large corporations which have gone into the contract farming business. Before we can get a clear picture, before we can assume that the farmers did indeed improve their position as much last year as the minister seemed to indicate, I think we have to have a breakdown of the 24 per cent, if that is the exact figure, to see how much actually accrued to farmers and how much accrued to corporations which have gone into the farming business.

Mr. Harkness: The exact figure is 23.8.

Mr. Martin (Timmins): Twenty-four is a good, approximate figure to use. The hon. member for Prince Edward-Lennox and other members as well dealt with the situation of the family farm. I think family farms go a little deeper than the name suggests. Indeed, Mr. Chairman, it has been a way of life in this country, and if we are to believe the briefs presented by various farm organizations there is very little time left for the government to decide whether or not that way of life is worth preserving. If less time were spent in trying to blame whatever problems respecting agriculture facing the government on the previous administration and more time and honest effort were spent in trying to face up to the present problems and do something about them, the government might be worthy of the confidence placed in it in March of last year.

Mr. Campbell (Lambton-Kent): Mr. Chairman, it is a privilege to have this opportunity to rise and speak on a number of problems which I am very pleased to say are not problems of surplus production. I have listened with great concern at a number of meetings held in this city recently in connection with the problems of agriculture and most of the problems have centered around the surplus production of various things. Suggestions have been made at these meetings as

to what would be the best cure for these problems. Most of the suggestions had to do with the cutting of prices and it was also felt that surpluses should be curtailed to some extent at least in order to remedy the situation.

I should like to emphasize particularly that where there is a possibility that the government may want to curtail the prices of certain commodities I feel that the government should consider increasing the prices of other commodities that are not in surplus production as a means of balancing and offering some special incentive to the farmers to curtail the production of those things that are in surplus and go into the production of things that are not in surplus and be compensated fairly for the change. I believe that is necessary in order to keep the farm economy in fair balance and also to provide incentives, as I have suggested, for the farmers to change to the production of other things.

In this connection I appreciate very much the privilege of being able to take advantage of the opportunity at this stage in the discussion of these estimates to speak on a matter that I have brought to the attention of the house on a number of other occasions. I refer particularly to the production of corn, soya beans and sugar beets because these products are needed and are not in surplus production. In my opinion, indirectly it will be to the advantage of a number of other phases of agriculture to give consideration to these crops even though the whole of the country is not directly concerned with their production because if more land is devoted to the production of things that are needed it will take land out of the production of other things that are not needed. In that way all parts of the country will benefit indirectly, if not directly.

I should like to review for a few moments the benefit from the progress that has been made in the last year and also to try to point out where it would be to the mutual interest of other branches of agriculture to lend support to this idea. In speaking on this matter when the stabilization act was passed in this house I did state that I did not expect it to cure all the ills of agriculture. I also stated that I felt it would require men with sympathetic understanding and sound judgment, as well as a sense of fairness, in the administration of the act in order to make it succeed. The act has been in operation for some time now and I feel that much good has come out of it, as revealed by the report the minister recently made to this house on farm income.

I have here a press report of comments made recently by the minister and it is headed, "Grow What Public Wants, Harkness Warns". It reads:

> Hon. Douglas Harkness, federal agriculture minister, speaking in the commons, points out: First, the need of development of new outlets; second, a warning to farmers to tailor their production to meet Canadian and known export requirements.

I feel that that comment has some merit. I find myself in a position where I must agree that it is only fair to encourage the production of things that are needed, and if this means the curtailment of things that are not needed then encouragement should be given to the things that are needed to compensate the farmer for the drop in the price of the things that are curtailed.

I should like to deal specifically for a few moments with the matter of the production of corn. In this connection, I should like to read an extract from a letter from Mr. Thomas Green, secretary of the commercial corn growers. In part it says:

> Since corn is a commodity that is in deficiency production in Canada, in order to fill our domestic requirements, we must import from the United States around twelve million bushels. There is no reason why, with a little help from the government, that the price of corn could not be more favourable to the Ontario corn grower.

It is true that the corn growers are not organized. It is true also that there is an effort being made to organize them so that they will be in a position to present a more comprehensive report of their activities and, as has been suggested earlier by the minister, put themselves in a position where they can produce a more uniform product from the standpoint of moisture, grade and so on. However, I do hope the government will encourage them, not only to get themselves into that position but also to assist them in bringing their product to the point where it will supply the needs of the country.

I should like to say a few words especially on the production of soybeans. I have in my hand a copy of a news article concerning a meeting which was held in Chatham, Ontario, and at which Mr. K. A. Standing, secretary of the Ontario soybean producers' marketing board told the farmers that soybean oil and meal consumption in Canada was twice the production of these by-products. The article states:

> Mr. Standing said that the soybean industry in Canada can handle double the amount now produced.
>
> The soybean industry in Canada is confined mostly to the province of Ontario because of the closeness of markets for their by-products and also their source of supply.
>
> Beans produced in the United States come into Canada on a duty-free basis causing considerable competition with Canadian soybean by-products.

I should like to quote from another article which appeared in the press. This says:

Fears that western Ontario soybean growers may switch to corn and other cash crops unless deficiency payments on beans are raised were expressed at the annual meeting of the Lambton county soybean growers' association here today.

Again, Mr. Chairman, I should like to quote from an address by the Minister of Agriculture in which he says:

I believe there has to be a much more general realization on the part of consumers generally, and that of city dwellers particularly, that the farmer is entitled to increased returns to the same extent as workers in other industries. At the present time an hour's labour secures more food than, I believe, at any other time in our history, and several times as much as an hour's labour in most other countries. Unfortunately this comparatively low cost of food has been, to some extent at least, at the expense of the Canadian farmer.

I should like to say a few words also in support of the suggestion that the government should continue, and if possible increase, the encouragement that has been given to the production of sugar beets. I believe sugar beet production was raised last year as a result of this encouragement. I may not be exactly correct in this, but I believe that in 1957 there were some 14,000-odd acres grown in southwestern Ontario, and as a result of the encouragement given that acreage was raised to over 30,000. I believe that it is quite possible that the acreage could be raised to over 40,000 acres. In fact, I believe the sugar companies are willing and are out now negotiating contracts in the hope that they will get 40,000 acres. I believe the incentive that was given by the action of the government in guaranteeing $13 a ton for sugar beets had a very beneficial effect, not only in connection with the production of sugar beets but also in helping to relieve the overproduction of other things which would have been grown had that acreage not gone into the production of sugar beets. I do feel, therefore, that the government can take some credit for what they did in that connection.

I should like at this time to refer to a statement I made, and which is recorded on page 959 of *Hansard* for November 11, 1957. It reads:

I should like to say a few words in connection with soybeans. I understand there is a tariff or duty of $1.20 per bushel against Canadian soybeans entering the United States while United States soybeans enter Canada duty free. In my opinion, Mr. Speaker, if the Canadian regulations were balanced so as to provide the same protection for the Canadian producer as has been maintained for the United States producer it would change the position of the soybean producers of this country from that of a poorly paid business to one which would pay well. At the same time it would encourage the production of more soybeans which the figures show are needed in Canada. At the same time I feel quite sure this would draw land out of the production of other things which it would seem are being overproduced at the present time.

[Mr. Campbell (Lambton-Kent).]

Mr. Chairman, my opinion is still the same on that matter. To sum up, may I suggest that I feel it is not only possible but desirable to give encouragement by way of price supports to these things, namely corn, soybeans and sugar beets. If we do this it will tend to bring about a change on the part of those farmers who are producing other things in excess of the needs of the people of this country. I believe that the sugar beet growers of western Ontario, if given a bit more support, would increase their acreage by 10,000 acres. This would be of mutual benefit to both producers and manufacturers, yet would come far short of supplying the Canadian need for sugar. I also believe that if sufficient protection and remuneration were assured the producers of soybeans, a probable 200,000 acres would be required to produce sufficient of this crop to fill our domestic need. In addition I believe that if sufficient protection and remuneration were provided for the corn producers to encourage them to produce the requirements of our country for corn, as outlined by Mr. Green, the secretary of the commercial corn growers in the letter I have just read, another possible 200,000 acres could be devoted to the production of corn.

I am sure, Mr. Chairman, you will readily recognize the effect that this would have by diverting approximately 410,000 acres of the highest producing land we have in southwestern Ontario from the production of cattle, grain, hogs, poultry and other things which are now in direct competition with other farmers in other parts of Canada. The effect this would have on those other parts I am sure you will agree would be beneficial. I suggest that if this land were producing other things which are admittedly needed in Canada, it would benefit by many millions of dollars those other parts of Canada that are apparently producing in excess of the people's needs.

For the reasons I have outlined I would request the government, and the minister in particular, to give the most sympathetic consideration to these proposals: First, that corn be declared a designated product under the stabilization act and made eligible for price support; second, that corn, soybeans and sugar beets be given a continuing assurance of help such as would encourage and justify things which are in surplus to our needs, and tend to bring the production of these three crops up to the place where they will fill the needs of the people. This policy, I suggest, would be of mutual benefit to many

branches of agriculture, and whatever contribution, if any, was made by the people as a whole would be for something for which there was a proven need.

Mr. Best: Mr. Chairman, I would like to talk briefly today on these agricultural estimates about the subject of hogs. This is, and has been, a traditional industry in Canada and of great importance, as all hon. members know. It is one which today, to my mind, is in a state of considerable flux, and there are many problems and many directions in which it is possible to travel, and we are seeking solutions. I might say that the figures for the industry as a whole have indicated in past years, in 1958 for example, that this is a very significant proportion of our total agricultural industry, and it has of course, particularly in past years, played an important part in our agricultural export market.

The matters which I want to bring up today specifically are those which have been brought to my attention by various associations and individuals across Canada. First, they involve the government premium system as it now exists and the possibility, and indeed the strong desire of many people, that a greater differentiation should be made between the A and B-1 grades of hogs. In addition, as a hog producer I realize that our record of performance or advanced registry stations are to a certain extent crowded in Canada. My own specific knowledge concerns mainly the one at Waterloo, Ontario, which has experienced very severe crowding, particularly in the last few years. Third, I would like to emphasize the point that our traditional British markets may be beckoning again, and I am sure the Minister of Agriculture and his department are examining this possibility with considerable interest. It may fall as well, partially at least, to the responsibility of the Department of Trade and Commerce, and possibly the Department of Finance with regard to currency problems, but it is a very enticing market at certain times, depending of course on price and quantity conditions in Canada.

Fourth, I am interested, as are all hon. members, in the government support policy with regard to hogs. I must say that the minister's comments and proposals this afternoon were helpful. As a matter of fact, on March 23 the minister said in this house that the support price of hogs would be lowered, and that there would be a different method of approach toward government assistance to hog farmers. I had some worries about these matters, not with regard to lowered floor, but with regard to quotas and deficiency payments, as possibly also did other hon. members, and I feel the explanation which was given this afternoon has assisted us to a very considerable extent.

I would like to go back and talk briefly about the importance of this industry. One can examine various tables of figures and look, for instance, at the current review of agricultural conditions in Canada for January, 1959, and examine the hog population and markets as they existed in 1957 and 1958. One sees that the population of hogs on farms as of June 1, 1957 was 4,857,000, and one year later it was 6,164,000. This total increase percentage-wise for the whole of Canada was some 26.9 per cent, a very considerable figure and one which has brought us some problems which, though I do not think they are drastic, are unfortunate problems which we are facing today.

It might be said, Mr. Chairman, that one of the saving graces at this time and during 1958 was the domestic consumption of pork and pork products. This was, I believe, at a record high for that year. The estimated figure which I have for the moment for 1958 was 750 million pounds, and for 1957 the figure was 85 million pounds less, or 665 million pounds. So we did have high domestic consumption in 1958 of pork and pork products, which was perhaps, comparatively speaking, made possible by the high prices paid to farmers for beef, and the large export beef market. In addition we had a near record year, I think it might be said, for exports of bacon, ham and pork to the United States.

The figure for exports to the United States of Canadian bacon and ham in 1958 was 4.5 million pounds to a total value of very nearly $4.5 million, and Canadian pork exports for 1958 were at a record high level to a value of over $20 million, the largest proportion of which went to the United States. So that while we had a vast increase in hog population and production in Canada, the domestic consumption, combined with a large volume of exports, helped us very considerably.

The value of this industry is difficult to estimate and I have no exact figures on it, but one would gauge it each year at several hundreds of millions of dollars when we are talking in terms of an output figure of some six million pigs per year. Thus, we are dealing here with an industry of considerable importance. We all know—and this is familiar to those who have travelled in the United States— that Canada's reputation in the hog business is high. We have been famed for many years as a producer of quality hog products and it is this quality which I wish to emphasize today, because it is something which I feel to be of considerable importance.

We must ask ourselves how we can maintain and even increase the quality of our production in the face of possible future competition and, probably, of improved quality standards in the United States.

Hog improvement in Canada has taken place particularly over the last 40 years. After the first world war we began to lose to a considerable extent the traditional British market which had been built up by Canada over a number of years. We can go back and look at the figures since confederation and see that in the year 1900, for instance, we exported some 134 million pounds of bacon and ham to the United Kingdom—a very significant figure. And we can go from the period of the first world war when these exports were at a very high level most of the time—in two years they ran to over 200 million pounds—to the 1920's when the figure was declining largely due to increased competition from the Danish market and because of the efficiency and quality standards and closeness of control that Danish producers were putting into effect at that time. This, incidentally, is a position we still face, since the standards of the industry in Denmark, possibly by means or methods of control which we would not advocate in Canada, have inevitably resulted in a product which is uniform and which has a very high efficiency in arriving at market state. The average feed efficiency for Denmark has been quoted at a figure below three pounds of ration to a pound of gain, a figure which is most extraordinary. This has been brought about by constant selection and improvement of the Landrace breed of pig, which is most largely used in that country.

After the first world war we were dealing in Canada with hogs of a variety of types, some of which yielded good bacon or meat, but most of which were of the fat or lardy type, and these were not generally wanted by our export markets although there was, of course, a large domestic consumption. The hogs were bought and sold on a flat basis, regardless of quality, so the incentive to the farmer for supplying the consumer, either here or abroad, with a quality product did not exist. It was in these circumstances that in 1921 a conference of producers, packers, officials of the government and others interested was held in Ottawa, and in 1922 the grading of live hogs was initiated by the Department of Agriculture.

In 1927, the packers undertook to make all hog purchases on a grade basis, paying premiums for top quality hogs, a significant step along the road to uniformity and an incentive to producing a quality product in this country. In 1928, live hog grading was made compulsory in Ontario, followed in the early thirties by other provinces, and so the movement grew across Canada. In 1934 provision was made for optional carcass grading and we were coming then, to a period of gradual transition from the grading of hogs on a live weight basis to optional grading on a carcass basis, and by 1940 most hogs were being graded on a carcass basis, though under optional conditions. In that year, however, carcass grading was designated as the only system of government grading in Canada, though not necessarily of market purchase.

Thus we have seen a transition which is of great interest to those engaged in the industry and it has had a very significant effect on hog quality as one can see if one examines the various figures which are available. For instance, statistics provided by the Department of Agriculture show that in 1929 the original top live grade, called select live hogs, and judged on the hoof, comprised about 16 per cent of the hogs marketed; and that by 1940, the year that carcass grading was made the only system of government grading, this figure had increased to almost 28 per cent, almost twice the proportion of hogs in that category during the earlier period.

If one looks at the reverse side—the so called butcher live or fat hogs—one would see that the number fell from a figure of 35 per cent in 1929 to a figure of approximately 8 per cent in 1940, so that under this live and optional carcass grading system there was a very definite increase in the quality of hogs produced in Canada. This has to a certain extent been the situation, too, under the mandatory carcass grading system although the figures do not always appear to indicate it.

This is one of the problems which producers and government officials must ponder, namely the fact that grade A carcass figures in 1940 comprised virtually 28 per cent of the hogs marketed in that year and that this has shifted during the late forties and early fifties to somewhat over 30 per cent, though it has now gone down again to just under 30 per cent. It is a fluctuating figure. However, one can add the fact that the live weight of hogs has increased rather markedly during this period. Thus, these figures may indicate a considerably greater rate of improvement than they may show on the surface.

It is interesting to note that Canada's share of the British market came back during that period as well; a tribute to this system, I think one might say. In Great Britain, during the early thirties our exports of bacon and ham, for instance, were down in the year

1929 to 25 million pounds; remaining at this level for the next two or three years, hovering around 10 to 30 million pounds, but during the latter years of the thirties the level had gone up to well over 100 million pounds.

Of course, during the second world war we supplied a very large percentage of the British market, a significant contribution which all Canadian hog producers had the opportunity of making during that period. For instance, during 1944, Canada supplied 79 per cent of all Britain's bacon imports, and in 1943, 83 per cent. During the war years Britain's imports from Canada were running at over 50 per cent of the total virtually each season.

This was done through the method of annual agreements or contracts through the meat board of Canada and the British ministry of food. The figures during some of these years and particularly for 1943 and 1944 were very large indeed. One could examine the figures for 1944, for example, and see that our total exports of bacon and ham amounted to $148 million, virtually all of which went to the United Kingdom. I would submit that this is a very large export figure, although of course British dollar restrictions have reduced it to almost negligible proportions since 1951. Thus we have had a most interesting and active export market, one that could bear looking into again.

In addition to the grading system which changed very much our quality of hog production, we have had the system of record of performance or advanced registry as well. This system has provided incentive, knowledge, and information to hog breeders, the people with seed stock upon whom the commercial producers would depend. It has indicated how the breeders could improve their stock in the best fashion. In 1929 the advanced registry system for hogs was started on an experimental basis. In 1934 the advanced registry board recommended the setting up of central stations for testing hogs. All of this produced effects which benefited the commercial producers in terms of improving the quality of pork produced and it served in the long run to assist in maintaining some of our export markets.

I have here the figures for the record of performance or advanced registry stations across Canada as of March 31, 1959. There were some 418 pens or units in use in the seven stations, each taking four hogs at a time. On this basis there has been a considerable turnover of testing groups under this system. I will not go into the figures of turnover in detail but it may interest hon. members to know that in the season 1958-59 over 1,000 groups were tested in these seven stations.

In the last few years we have had a problem in Ontario. While government officials may point out that these stations are sometimes not running at full capacity, there is a definite trend toward overcrowding of these stations, particularly in Ontario. The figures I have obtained for 1956-57, for instance, indicate that in Ontario some 50 tests had to be turned down for lack of accommodation. In 1957-58, 52 tests were turned down, and in 1958-59, 70 tests were turned down. I should like to have more information on that subject. I believe this was at the last stage where breeders were turned down on these animals before they were sent to the station. It might be added that further discouragement came simply because of overcrowding and prevented a considerable number of breeders from entering their stock at the station in Waterloo, and having it tested.

The Canadian hog industry faces many definite problems, as does the advanced registry system. There is, for instance, the question of whether or not we should continue extensively testing purebred lines, or whether crossbreeding will become more widespread. To my mind, this question alone makes it essential that increased facilities be provided for record of performance and advanced registry, since pure breeds will continue to play a large part. I would suggest to the minister, and I hope he will view my request favourably, that the facilities be increased at Waterloo, or that a new station be built to accommodate the ever-increasing number of units going through each season. As advanced registry breeders in Ontario, we feel this is an important point in development, and dissemination of information for purebred hog breeders in that province.

As I mentioned before, the industry today appears to be in a considerable state of flux. This situation is brought about by many causes. One of these is the increased knowledge we have with regard to diseases and nutrition. Increased research on this subject has made it possible for much more efficient production, for greater savings in litter numbers, and greater enlargement of the whole physiological and nutritional aspects of hog production.

Production methods themselves have tended toward greater volume and efficiency. We have here what is probably an inescapable fact in that unit volume production of hogs will continue to increase. Hogs lend themselves to a pyramidal form of population growth. While one would not expect to see the same increase one finds in broilers, one

would detect a definite trend toward greater efficiency. This will lead to new problems but also to increased potential.

We have in Canada two main new breeds of hogs. I wish to make particular reference to the Landrace breed which has come in during the last four or five years and which is making a distinguished mark on the Canadian hog scene. I need only point out that in 1956, the first year in which the Canadian national livestock records registered this new breed, there were some 1,172 animals registered. By 1958 the number had jumped to 14,268 compared with some 21,751 for the long established Yorkshires. In other words, last year the Landrace breed registered virtually two-thirds the total of Yorkshires registered, the latter being the traditional Canadian breed. These were the figures registered with the Canadian national livestock record office.

In addition, we have the new Lacombe breed, developed at the Lacombe station in Alberta, a breed that promises to give considerable impetus to the production of pure-bred animals. It will have a considerable potential in high efficiency hog production, and will also be applied in the increasing trend toward cross breeding in this country. Thus, it seems to me, we face many challenges at this time. I feel we must expand our record of performance and advanced registry station facilities. This would serve as an incentive to hog producers, in the improvement of their stock.

Another incentive would come if the present one dollar premium on grade B-1 hogs were removed and added to the two dollar premium on grade A hogs. I do not think we should encourage a second grade of hog. The encouragement offered to grade A production is not sufficient today even with the price differential which the packers are paying, plus the premium. It is often found that producers through different methods of production receive a greater net return by producing grade B hogs. I would suggest that the premium be raised on grade A hogs to provide a greater incentive in Canada for production of hogs of this grade.

This is important for various reasons. We have seen the increase in our United States markets and exports. From my personal knowledge and experience in the United States I am able to state that the producers in that country are making considerable progress in raising the quality of their hogs. We know their experience on the quality level is considerably below ours. As a matter of fact, I find it rather interesting to note that one of the main reference books on our Canadian system of hog production is one produced by the research division of the United States department of agriculture, published in April of 1958. A year or so before that, they sent a commission or group to Canada to study the methods of grading, breeding and selection we had introduced into our hog business during the previous 30 years.

While United States marketings are still done on a live basis and their quality of pork products is far below ours, they are taking significant and important steps to improve their position. Progress is being made particularly in the midwest in the states of Indiana, Illinois, Iowa, Michigan and others. Experimental stations such as the United States department of agriculture's station at Beltsville, Maryland, are examining this matter very closely as well. Thus, to maintain and improve our markets in the United States and to be in a competitive position, I might add, in the future years as well, since imports again may come in from that country, it is of the utmost importance for us to improve the quality of our hogs.

I would add that the British markets are of great importance as well, Mr. Chairman. In addition the methods mentioned this afternoon by the Minister of Agriculture with regard to government supports for hogs are probably very healthy indeed. We would be getting out of the pork buying field if we follow the suggestion that he mentioned, this coming autumn. We would be probably setting a quota system on which deficiency payments would be paid only on a certain number of hogs, and it would not control—and I think this is very important—the total number of hogs which any producer could put on the market. It would control the deficiency payments which he could receive, but not the actual number of hogs which he could produce.

This is of great importance, and it is part of the feeling which I and many producers have. While we need assistance, the more government assistance we receive beyond a certain point means that we lose our own independence and the right to do our own programming. These are some points I wanted to make and I feel they are of great importance to the Canadian hog industry.

Mr. Argue: My first words are to say to the Minister of Agriculture I appreciate very much the fact that he made such a comprehensive reply this morning and this afternoon to statements that have been made in this debate today and on previous occasions. I hope I shall be pardoned if I say I think that some of his colleagues in the cabinet might take a leaf out of his book because I think it adds greatly to the type of debate we can have in parliament if we can get an adequate and a comprehensive reply from the minister responsible for the department and the items under discussion.

I am not going to attempt to quarrel with the statistics that were placed on the record last night by the Minister of Finance that there was a 24 per cent increase in net income or any other official statistics that are produced by the minister or by the departments of the government. I would think that they would have to examine those statistics most carefully before they would really dare bring them into the House of Commons as authentic statistics. I think, however, the main reason, or one of the main reasons certainly, for the change in the net income position is the general explosion of production that has taken place in the agricultural industry. The Minister of Agriculture emphasizes different points at different times. At different times he rises in his place and tells us that all is well with agriculture, or all is better with agriculture than it has been since 1951. At other times in other speeches he points out that production is very high; that unless producers are careful to refrain from further increases in production, or in fact to cut back production, the government's policy would have to be one of reducing prices or reducing support.

We have had a tremendous increase in production. This afternoon the Minister of Agriculture gave us some statistics. I took them down hurriedly and they may not be entirely accurate as I have them in my hand, but as I have them he said that in 1957 the total of poultry meat produced in the country was 279 million pounds. In 1958 the production was 346 million pounds.

I have some other statistics in my hand which were taken from the Quarterly Bulletin, Agricultural Statistics, June 1. I trust the hon. member for Essex East will be satisfied that I have made an accurate reference to the statement I have in my hand, following the admonition of the Minister of Agriculture this morning when the hon. gentleman from Essex East was wading through a mass of statistics. These statistics are as follows: cattle on farms in Canada as of June 1, 1951, numbered 8,353,000 head. The year 1958 was slightly down from 1957 because of the relatively good markets; in that year they numbered just over 11 million head. The statistics for hogs show that from 1951 to 1958 there was an increase in production from 4.9 million to 6.2 million, in round figures. The production of hogs has been extensive since 1951. The increase in production of numbers on farms was from 4.9 million in 1951 to 6.2 million in 1958. This demonstrates the great expansion that has taken place in the production of certain agricultural commodities. This would suggest to me that unless the government develops a new policy, or new aspects of its policy, we may be faced with such a tremendous production that under the government's policy prices will fall so low as to threaten the very existence of the agricultural industry as we know it in this country. There is reason to be alarmed when one relates the tremendous increase in production to what I believe to be the government's trend in policy.

Sometimes we may be criticized for not advancing alternatives, but I believe it is absolutely essential to the orderly marketing of agricultural products in this country at reasonable prices for a central organization of some type to have control of the buying, assembling, grading, processing and selling of those commodities. By that I do not mean that a central organization should handle all of the business, but I believe we must have some central regulatory body. I would suggest that there should be established in this country immediately a national livestock marketing board. Perhaps one might extend it to a national agricultural products marketing board.

The grain producers on the prairies are criticized from time to time because it has been said they have produced too much, or because they have asked the government for too much, but for this they cannot be criticized. They have accepted control; they have supported control. As a matter of fact, a few years ago when a vote was taken in the province of Manitoba as to whether the farmers in that province wished oats and barley to come under the Canadian Wheat Board Act and the Canadian wheat board, they voted overwhelmingly in favour of this method of marketing their grain in the order of some 90 per cent. No matter who may criticize the Canadian wheat board, and there are many who do, whether they do it in the newspapers of this country, at times there is a concerted attack against orderly marketing when it comes to the agricultural producers by the great champions of monopolies in this country when it is a matter of control by big business of the means of production.

The wheat board controls in a very real sense the buying, assembling, storage and marketing of grain. This is the type of central control, democratic control, I suggest, that must be applied to other important segments of the agricultural industry. I should like to see the producers themselves take the initiative. I should like to see them do it with their own co-operative organizations set up on a national basis and I should like to see federal legislation with support prices in it which will enable provincial governments to pass similar legislation in order that this kind of necessary control may be obtained.

Mr. Horner (Acadia): Would the hon. member permit a question?

Mr. Argue: Certainly.

Mr. Horner (Acadia): Is he aware of the fact that the Alberta farmers and the Saskatchewan farmers both voted separately on the question of livestock marketing boards and in both provinces the proposal was defeated? I would say that is the democratic method.

Mr. Argue: My reactionary young friend, who is very quick to point out any move affecting the free enterprise system that he favours so much, should know that a great many of the producers who did not support the legislation did so not because they do not believe in that type of legislation but because they felt that within the confines of a province it could not be made effective. What I am advocating today is national legislation.

The second type of national legislation that I put forward to the minister as something that is needed for the welfare of the agricultural industry is a board of livestock commissioners to establish fair grades and to police and enforce those grades, or better still a board to a board of agricultural products commissioners that would be able to control in a real way the grading of agricultural products so as to ensure that producers are given fair and proper grades. I do not think that the legislation in effect today is operating as effectively as it should.

The criticism has been prevalent for many years—it is not new—that the established floor prices for eggs are not passed on to the producers. There has been evidence this year that there is a combine in the buying of eggs and the establishment of prices for various grades. I think that the agricultural prices stabilization board and therefore the government have some responsibility in this regard because, as I understand the situation, the board buys eggs only in carload lots comprising some 300 cases of eggs in one purchase.

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

Mr. Argue: Surely.

Mr. Harkness: If he has any evidence of a monopoly in the buying of eggs, has he given it to the Department of Justice or to any other government department where the matter can be investigated?

Mr. Argue: The answer is yes. I have brought it to the attention of the Minister of Justice. I think the Minister of Agriculture knows what I am talking about. If he wants to say he does not, it is his right to do so.

Mr. Harkness: If the hon. member will permit me, I should like to point out that most of this was done by co-operatives in western Canada. In other words, they got together in order to set a price for eggs. He says that there is a monopoly. As he knows, most of the eggs in Saskatchewan, Alberta and Manitoba are handled by farmer co-operatives.

Mr. Argue: The minister is shifting his ground a little—

Mr. Harkness: Oh, no.

Mr. Argue: —and almost but not quite admitting that it has been brought to his attention.

Mr. Harkness: I have mentioned it myself.

Mr. Argue: All right. Then he knows what I am talking about. He asks if I have brought it to the attention of the Minister of Justice. I have in the house on the orders of the day. I know and the minister knows that this situation was brought to his attention and to the attention of the board and in the particular case I have in mind corrective action was taken as I am certain the minister is aware.

Mr. Harkness: I took it myself right away.

Mr. Argue: All right. Then why did the minister question my initial statement as though it was something new out of the sky and I had not brought it to the attention of the proper authorities?

Mr. Harkness: If the hon. member will permit me, in view of the fact that this was chiefly done by the farmers' co-operatives I thought he was referring to something else altogether. I think I should also say in fairness to these people that I think they did it entirely in ignorance of the fact that they were contravening any law.

Mr. Argue: I do not know who the members are of the western produce association and I would be very grateful if the minister would give me that information. I have been endeavouring to find out from the departments of government and that information, so I am told, is not available. Mind you, I think the minister has it.

Mr. Harkness: I do not know.

Mr. Argue: First he tells me that it is mainly the co-operatives and now he has not got the information. I do not know which it is, but I am not talking about co-operatives. I am talking about the members, whoever they may be and I do not know who they are, of the western produce association which it is alleged in certain instances formed a combine in the purchase of eggs. The suggestion I wish to make is

that the agricultural prices stabilization board could make certain that no combine could exist if it would buy in smaller lots from independent dealers and not buy apparently only from the members of this association who are the large purchasers and therefore able to assemble eggs in large quantities.

Mr. Harkness: We buy mostly from the co-operatives in western Canada.

Mr. Argue: If a co-operative is in an association that is taking action detrimental to the producers in any given area I would no more come to the defence of the co-operative than I would of any other organization. I repeat what I have said, namely that there has been evidence that this was being done. It was brought to the attention of the minister and I am suggesting a method by which this kind of thing could be prevented in the future. If we had some real teeth in the legislation, if we had the type of national marketing boards of which I have spoken, this situation could not obtain.

The producers of eggs are thoroughly dissatisfied with the grades and prices they receive. Other members can speak for the constituencies they represent but when I was home at Easter I found that farmers throughout southern Saskatchewan were getting 18 to 20 cents a dozen for their eggs when they took them to local stores and purchasers.

Mr. Harkness: What grade?

Mr. Argue: Average grade. Do you remember seeing an article in the *Western Producer* not long ago where a farmer bought a case of grade A eggs and then resold them to the company and obtained a very small percentage of grade A eggs? In my opinion the farmers are greatly underpaid for the eggs they are producing at the present time. This is not a new situation but has prevailed for many years.

I should like to make some reference to the mass delegation that came to Ottawa. I agree wholeheartedly with those who said that it was an excellent delegation composed of people of high calibre, that they presented their brief to the cabinet in a very able manner and that they were a delegation with which any member might be proud to be associated. They arrived in Ottawa, I believe, a month ago to this very day. I am still hopeful that the government will act on the request that they have made, and I am hopeful that the government will react in a favourable way. I am not one of those who think their demands have been excessive.

The western farm delegation, in the presentation they made to the government, asked for deficiency payments which would amount to something in the neighbourhood of $100 million a year. This may sound like, and it is, a great deal of money. However, when it is related to the government's total budget, it is only about two per cent. If you relate it to the defence budget it is equal to only some six per cent or seven per cent of the national defence budget. I think it will be a small sum to pay for a real measure of agricultural stability and for some assurance that the grain producers in the prairie provinces will not turn their tremendous production potential for grain into the production of larger quantities of other agricultural products.

If that is done, what has been a prairie problem will become a national problem. If there is a continued increase in the production of cattle and hogs as well as the production of other agricultural products because farmers feel that on the basis of the low prices they are receiving for grain they can make a somewhat larger income by marketing their grain through livestock, we will have a collapse of present markets across this country. As a matter of fact, if the government does not act in this regard, and taking into account the statement the minister made the other day about the changed policy for the hog industry, I see a great danger that this, in fact, will happen.

I have no brief whatever for the great corporations that may be engaged in the production of hogs. I believe that under a national marketing act there could be established a system whereby the products of these great companies might not be purchased at all, but that purchases would be made from legitimate agriculture producers, if we are in fact in favour of maintaining the family farm as the basic unit of agriculture production. What the minister has said is that beginning October 1, it is his intention to remove the floor price—

Mr. Harkness: No, no.

Mr. Argue: —as an effective price when the farmer takes his hogs to market.

Mr. Harknes: May I correct the hon. member? I do not think he wants to have a wrong impression go out. On October 1, the floor price will be reduced to $23.65 from $25. The change in the method of supporting that floor price will come into effect just as soon as we can get the machinery ready, which might be six weeks or two months.

Mr. Argue: The new system will allow the market to find its own level; that is the point I wish to make. Whatever floor price the minister may set for the individual producer,

there will be no effective floor price under the market. The hogs will be dumped on the market as they come in, and the market will find its own level. Whatever production there may be in the hands of these great producers, plus the production in the hands of the ordinary farmer, all of it will go on the market, and the effective floor will be reduced through this technique from $25 to $23.65.

Mr. Harkness: Not by this technique, excuse me. For the next six months the floor will remain at $25 and I would think at least for two months of the period when the floor is at $25 the deficiency method of maintaining that floor will be in effect.

Mr. Argue: The floor will be removed from the market and the price will be allowed to go any place it wishes. In so far as the individual producer is concerned, he can pick up the difference by way of cheques from the minister.

The great danger in this policy, and I hope the minister has considered this carefully, is that a glut of hogs on the market will so force down the price for pork that it will tumble the price for beef; that is the danger that is in the mind of the agriculture producer in this country. How low does the price of pork have to go before thousands of housewives instead of buying higher priced beef will buy a cheaper cut of pork? One result may be a reduction in beef prices, and perhaps a reduction even in broiler prices—although I do not know how they could go much lower—and a general reduction in the prices of meat products.

This is a great danger in the minister's policy, and I think he should have another look at it because this is the kind of policy which may result in a deterioration in the cattle industry and the livestock industry generally. I hope that the government is still considering the request of farm organizations for deficiency payments. I was most disappointed in the statement the minister made on the radio before the delegation came to Ottawa. I hope he now does not believe what he then said; I hope he still does not stand by what he said in that broadcast because I think he was in error. I hope his reply today, by reading a letter from one farmer, is not a method by which the government is saying no to deficiency payments.

If the minister would stand up now and say the government is reconsidering the position the minister took in his radio speech, I would be most pleased. I am very sorry to say that a full month has gone by without any indication whatever of which I know that the government is giving serious consideration to the question of deficiency payments. The minister went out of his way, before the delegation came, to damn their case. In view of his statement today, I regret to say that apparently the presentation of this brief by the delegation has not been successful in any way in changing the minister's mind. The delegation, in my opinion, was an excellent one. It had an excellent brief and I trust that the government may yet take action on this very important matter so that the agriculture industry across Canada will not suffer great deterioration in the coming year. I see it is five o'clock.

[Mr. Argue.]

Mr. McIntosh: Before the house leaves the business of this department—

Mr. Argue: Mr. Chairman, I had the floor and called it five o'clock.

Mr. McIntosh: This is a question of privilege; before the house leaves the business of this department may I have permission to ask the minister a question which concerns only my constituency?

The Deputy Chairman: Does the committee agree to allow the hon. member to ask the minister a question?

Some hon. Members: Agreed.

Mr. McIntosh: Order in council P.C. 1958-2/1358 was approved on October 2, 1958 and provided for the construction of what is known as the Altawan reservoir in the southwestern part of Saskatchewan. Would the minister make a statement concerning when tenders will be called for this project? If they are called at an early date, could construction be commenced as soon as possible so that the project may be completed this year?

Mr. Harkness: Tenders for this project were called last fall, but the conditions were such that the respective contractors could not get out to examine the ground and therefore tenders had to be withdrawn. They will be reissued again in a few weeks' time and I expect as a result we will be able to get construction started fairly rapidly this spring.

Progress reported.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READING

Bill S-16, to incorporate Foothills Pipe Lines Ltd.—Mr. Rynard.

INDUSTRIAL RELATIONS

PROVISION OF STATUTORY HOLIDAYS WITH PAY FOR EMPLOYEES

Mr. Erhart Regier (Burnaby-Coquitlam) moved the second reading of Bill C-7, to

provide for pay for statutory holidays for employees and for pay for work performed on statutory holidays.

He said: Mr. Speaker, I am very happy on this occasion to send to the house for endorsement in principle a bill which I am very pleased to note has been endorsed not only by the C.C.F. section of the house but also, on December 13, 1957, by the Liberal and Conservative parties. I therefore aim to be very brief indeed, so that we might have a vote at an early hour of the day.

The aim of the bill, if I may be allowed, Mr. Speaker, to read the explanatory note, is:

> —to provide that all employees in Canada who come under federal labour jurisdiction shall receive their regular pay for at least eight statutory holidays each year, without having to work on those holidays. It also provides that when any such employee is required to work on any statutory holiday, as defined in the bill, he shall receive pay for such work at double time in addition to his regular pay for such holiday.
>
> Nothing in this bill affects any provision for statutory holidays with pay enjoyed by any employees where such provisions are more favourable than those enjoyed herein, but this bill does suspersede any provisions which are less favourable than those set out in this bill.

My reason for taking an interest in this matter, goes back several years when I noticed the resentment of federal civil servants at being forced to work on December 26, commonly known as Boxing Day, a day on which most other employees in Canada receive a holiday. I know the bill has nothing to do with December 26 in that it is not one of the eight days mentioned in the bill. However, I welcome the bill because it will at least give some measure of assurance to such section of the labour force as comes under federal jurisdiction that they will not be ignored in the matter of holidays which most Canadians are able to observe. The house will note that 90 per cent of the labour force of Canada comes within the jurisdiction of the provincial governments. Many of them have not yet made any arrangements in their labour laws in this regard. However, we feel this federal government ought to be an example by way of being an exemplary employer in the Dominion of Canada, and if this house would adopt the bill now before us, we feel it would not be very long until each of the provincial governments also made provisions of like measure in their local labour laws.

The argument has often been used before that this is a matter which should be left to the normal process of collective bargaining. Mr. Speaker, we realize that many employers in Canada who come under national labour laws have already recognized this obvious need of employees to have the same national holidays as the rest of us. There are agreements which have been reached with employers which even exceed what is contained in this bill. However, Mr. Speaker, we have to be realistic and recognize that there are always a number of employers, fortunately only a limited number, who in the absence of legislation will take advantage of existing situations and will not recognize the need for adequate concessions in handling their employees.

I was looking over what happened the last time the bill was before the house, when it was at that time introduced by the former member for Winnipeg North Centre. After his introduction of the bill I was very pleased to note that the hon. member for Danforth (Mr. Small), who I see is not yet in the house, said:

> I do not think there will be much disagreement with the principle of this bill as outlined by the hon. member for Winnipeg North Centre with regard to the granting of eight statutory holidays a year with pay to those who come under federal labour jurisdiction.

And then, later, he says this as recorded on page 2344 of *Hansard* of December 13, 1957:

> I would propose that we endeavour to arrange to have one statutory holiday occur in each month of the year.

In other words, he thought Mr. Knowles was being over modest and that we should enact legislation which would enable workers to have one statutory holiday each month rather than only eight over the period of one year. Later on, the hon. member expressed some hope about the inevitability of this proposed law or act when he said, as reported on the same page: "If we work toward this end, we shall obtain it".

On page 2347 of *Hansard* of the same day we find the hon. member for Halifax (Mr. McCleave) expressing his opinion in the same debate. He said:

> I too should like to speak on the excellent bill introduced by the hon. member for Winnipeg North Centre (Mr. Knowles).

We also had a speech from a representative of the Liberal section in this house, the then member for Kootenay East, Mr. Byrne, who said as reported on page 2346:

> The hon. member has left me just about enough time to say that I am in favour of the principle of the bill, and if it should pass I should certainly like to see it go to the committee on industrial relations for further study.

The bill is necessarily a lengthy one. It is involved, and I do not mind the industrial relations committee of this house making amendments to it. I should be very happy, upon the adoption of the principle of the bill on second reading, to move that it be referred to the standing committee on industrial relations and I plead with hon. members to not

take too much exception to some of the details which are offered in the measure, because on second reading we are asked to deal with one matter only, and that is whether or not we are prepared to endorse the purpose of the bill in which case the house, as on many other occasions, then passes the matter to a committee to consider all the details and to make any amendments which it might think necessary.

The whole purpose of the bill is that all in Canada who are subject to the legislation of this House of Commons in labour matters shall be paid a day's pay for each of eight statutory holidays a year and that those who are being asked by their employers to perform work on such days shall receive in addition to their regular pay which all employees receive, double pay for such work. As I pointed out earlier, this is now current practice in most of the better industrial enterprises which have agreements with unions in Canada. It would be specially applicable to federal civil servants. It does not include those workers who already have more favourable agreements with their employers than the details here would indicate. I feel that if New Year's day, Good Friday, Victoria day, July first, Dominion day, Labour day, Thanksgiving day, Remembrance day and Christmas day are worthy to be named as national holidays by the government of Canada, we should give serious consideration to enacting legislation which will enable as many Canadians as possible to take the day off and share the holiday with the rest of us.

(Translation):

Mr. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, I would like to say a few words with regard to Bill No. C-7 which has just been introduced by the hon. member for Burnaby-Coquitlam (Mr. Regier). First of all, I want to commend my hon. friend for his sincerely wanting our workers to benefit from paid holidays. Yet, I believe it is my duty to draw the attention of this house to some specific points.

In order completely to realize the extent of the legislation before us, we must, first of all, know the reason for which paid holidays have been introduced. At first, paid holidays were granted in order to assure the worker that he would suffer no loss of money because of a holiday coming up during the working week. That was the main reason for which that policy was agreed upon. It has never been the intention, when instituting that custom of paid holidays, that they should become bonuses.

For nearly a quarter of a century, I worked for a company where my duties were such that I served as a spokesman for the employees in our dealings with the employer, and each time the matter of paid holidays was raised, it was in that spirit that we considered it.

The economic effect on a given industry of paid holidays should not be overlooked either. I agree that large industries could easily face their obligations and pay their employees who work on statutory holidays three times the regular salary. It is precisely what is being asked under this legislation, since we are being asked to add to regular salary a sum equal to twice the regular salary rate. As I said, large industries could very well face their obligations; however, we must also protect smaller industries. In fact, many small industries, of the family type, industries which are just beginning, would certainly be ruined if they were subjected to such legislation.

I therefore think, before approving such a measure, that we should necessarily give thorough consideration to all aspects of the matter, even to those which appear to be of secondary importance.

I said earlier that no one proposes to make bonus days out of leave days. A reasonable worker expects to receive good wages for a good day's work. As a rule he does not expect to receive money he has not earned. I think it is on the basis of that principle that the matter should be considered.

The proposal should also be considered with reference to provincial statutes. In some provinces, including Quebec, a provincial statute provides for seven or eight paid statutory holidays, I believe. I am not too sure about this but I think the number is at least seven. That is why I urge the house to make a thorough study of all aspects of this bill before they support it.

The hon. member who just spoke pointed out, and others before him have often mentioned, that the matter must be left for the labour unions to deal with. I agree with them because I believe that in certain circumstances in certain industries employees or their representatives, the labour unions, would be willing to accept only five or six paid holidays, in exchange for other privileges which would seem more important, not only for themselves, but also for those they represent.

Here again I must say that this measure must be examined in the light of all those facts.

Then there are the cases of emergency. It is recognized for example that union contracts provide that, under certain circumstances, double the regular pay shall be paid for work done on Sundays and statutory holidays. However, some categories of workers, such as guards, boiler tenders and others who by

reason of their duties, belong in some way to the maintenance personnel, agree that they cannot qualify under this clause.

Therefore smaller industries that need all their capital, should not be compelled to make this extraordinary expenditure which might lead them to bankruptcy.

Referring to statistics, we find that this legislation is not as important as the previous speaker would have us believe. In fact, we find that paid statutory holidays are granted to the majority of employees under federal jurisdiction. For example, as far as air transportation is concerned, 81.7 per cent of employees already enjoy at least eight paid holidays per annum. As for road transportation, 79.1 per cent out of 10,593 workers who are not office employees have at least eight holidays with pay. Canadian National and Canadian Pacific employees also are sure to have at least seven holidays with pay per annum. Among public service employees, 94 per cent who are not office employees also have eight or more holidays with pay per annum.

In the light of all these facts, Mr. Speaker, although I am in full agreement with the principle of the bill, I feel obliged to urge my colleagues in this house to consider the measure carefully before passing it.

Mr. J. J. Martel (Chapleau): Mr. Speaker, I want to add a few remarks to the words just spoken by my good friend, the hon. member for St. Hyacinthe-Bagot (Mr. Ricard). I support what he just stated and I must say that I too support the principle of this bill. However, I am not quite certain that this legislation provides adequate remuneration for employees who are called upon to work on statutory holidays. I am in favour of at least double time being paid to employees who have to work on statutory holidays, but I also believe that we should remain within reasonable limits.

If we want to be realistic, as the mover of this bill said a few moments ago, we should also consider what might happen to the owner of a small business—and the hon. member for St. Hyacinthe-Bagot also stressed the fact—as well as to the employees throughout this country, if such legislation were immediately passed without being more fully considered or without some amendments thereto, or at least one change, which I believe, is absolutely necessary.

Mr. Speaker, if we abide by the principle outlined in the statement which has been made on this bill, what will happen to persons who have to work on Sundays and statutory holidays, like doctors, hospital employees, male and female nurses, technicians, employees of public utilities, of municipal waterworks, fire departments and snow removal services in the winter time?

Would not people assigned to those various services be also entitled to claim three times their regular fees, salaries or wages? I feel we must, all the same, stay within the limits of common sense and be reasonable.

I also know that most people who are required to work on religious holidays and on statutory holidays can exchange those days with fellow-workers, with the consent of their employers, as is the practice in most cases.

I have no doubt that at the present time, an employee who is called upon to work on a holiday or Sunday should be paid double time, since such statutory holidays as Sundays and ordinary holidays are above all days of rest. Furthermore, it is agreed that if a man is called upon to work at an essential service, he is entitled to increased remuneration.

However, if I correctly understood the statement made by the hon. member for Burnaby-Coquitlam (Mr. Regier) concerning his bill, he suggests, in other words, that any person who has to work on statutory holidays should get a salary equivalent to double the salary rate, in addition to his regular salary, which would triple his salary.

There is no doubt that a double remuneration should be paid for any work performed on certain such days, but as I pointed out a moment ago, what would the public say if workers employed at essential public services, or again doctors, nurses, druggists or hospital employees should demand, in addition to their regular salaries or fees, a double remuneration? I am convinced that this idea would hardly be received with favour by the public in general and, besides, I do not believe that it is the objective contemplated by the hon. member's bill. I suppose he rather meant to say that double time should be granted to employees having to work on statutory holidays.

I now come to the question touched upon a moment ago by the mover of the bill, and that is the matter of increasing the number of statutory holidays to an average of one a month or twelve a year. With regard to this question, in the province of Quebec, as was pointed out a while ago by the hon. member for St. Hyacinthe-Bagot, a provincial statute provides for the payment of a salary to provincial employees on certain holidays which are not necessarily statutory holidays throughout the country. On that score, moreover, many will no doubt recall the judgment handed down by the Supreme

Court of Canada in the case of Henry Birks & Sons (Montreal) Limited and other plaintiffs vs. the city of Montreal and the attorney general of the province of Quebec. The judgment was handed down in 1955 and dealt with by-law 2048 of the city of Montreal concerning the closing of stores and business establishments on the following holidays: New Year's day, Epiphany, Ascension, All Saints' day, the Immaculate Conception and Christmas. Of those various holidays New Year's day and Christmas are already recognized as statutory holidays; the others are mainly religious holidays especially observed in the province of Quebec.

I do not want to labour the point but I think it is my duty to emphasize, since the opportunity is provided, the regrettable fact that storekeepers operating in a province with a French and Catholic majority, have decided to appeal from a municipal bylaw and tried to have it declared ultra vires, or in other words to have it quashed.

I hope we will eventually be able to come back to that question and that it will then be possible to make those religious holidays, which are still observed in many villages and cities in the province of Quebec, indeed in the great majority of our communities, as obligatory not only in the fine province of Quebec, but also throughout the country.

I could deal at greater length with this question because I am aware that those holidays which are considered as being religious holidays only in the province of Quebec have already been considered for a long time as statutory holidays in England because a law was passed there to that effect.

In closing, Mr. Speaker, may I be allowed to place on record an editorial which appeared in the December 1955 issue of the magazine *Relations* on this matter, following a judgment from the Supreme Court of Canada. I quote:

In its ruling in the case of the Montreal departments stores, the Supreme Court upheld the appeal filed by the stores against the ruling of the second circuit court; the latter ruling had reversed that of the first circuit court, which had ruled that the provincial act of 1949 and by-law 2048, passed by the city of Montreal on November 2 1951, were both *ultra vires*. The provincial act of 1949 amended section 2 of the "Early closing act" by adding section 2a which reads as follows:

The city council may, through a by-law, order that such stores remain closed all day on the first day of the year, on the day of the Epiphany, on Ascension day, on All Saints day, on the day of the Immaculate Conception, and on Christmas day.

By-law 2048, patterned after this section, also added section 2a to by-law 695 established under the early closing act:

In the city of Montreal, stores shall be closed all day on the following holidays: New Year's day, Epiphany, Ascension, All Saints' day, Immaculate Conception and Christmas.

The Supreme Court agrees with the judge of first instance that the legislation regarding religious holidays, like Lord's day act, comes under the Criminal Code and therefore is not subjected to the Legislature. The Supreme Court judgment makes considerations that are not easily brushed aside. It would not be serious to say that the Court has been hostile to the province of Quebec. But an admission of the consistency of the legal argument is, by no means, a recognition that the problem is definitely settled. Legality does not always coincide with moral and psychological reality. That is precisely what happens in the matter of store closing on religious holidays.

While we leave to jurists the responsibility of deciding whether an indisputable legal basis can be found, we do say that, even if none is found, the desired goal may be achieved.

(Text):

Mr. Martin (Timmins): Mr. Speaker, with due respect to the hon. member, I do not believe the matter he is discussing now has anything to do with the bill. He is referring to other holidays and that sort of thing.

The Acting Speaker (Mr. Rea): I would ask the hon. member to stick to the principle of the bill we are discussing, namely Bill C-7.

Mr. Martel: Mr. Speaker, I would like to conclude my remarks and give a full account of what I was referring to because I feel that the holidays referred to may eventually become statutory holidays, and as a result can be discussed here. I have only a few more sentences to read.

The Acting Speaker (Mr. Rea): The principle of this bill is whether or not there should be eight statutory holidays each year with pay, and if employees work on those days they should get double pay. The holidays are all named in the bill and that is all we can refer to. On second reading we cannot refer to anything else because it is not in the bill.

Mr. Ricard (St. Hyacinthe-Bagot): On a point of order, Mr. Speaker, I think the hon. member is within the subject because some of the holidays mentioned in what he is reading are also in the hon. member's bill. I think he is quite correct in what he is doing.

The Acting Speaker (Mr. Rea): The hon. member can mention the holidays referred to in the bill but he cannot mention others because they are not in the bill and we are discussing the bill.

Mr. Martel: I will abide by your ruling, Mr. Speaker.

(Translation):

In conclusion, Mr. Chairman, I would just like to mention that the bill introduced by the hon. member for Burnaby-Coquitlam is not very clear on that point, at least when it suggests that according to the definition in the explanatory note, which reads:

—any such employee is required to work on any statutory holiday, as defined in the bill, he shall receive pay for such work at double time in addition to his regular pay for such holiday.

We should always keep within the bounds of reason. Personally, I feel that double time is enough. Therefore, if the hon. member would amend his bill accordingly, it might perhaps receive general approval.

(Text):

Mr. Laurier Regnier (St. Boniface): Mr. Speaker, I should like to congratulate the hon. member who introduced this bill. I think it is a very laudable one. I am in favour of as many holidays as it is possible to give to human beings who are the only animals who work. I think we should shorten the hours and increase holidays for everybody, including ourselves. There is only one danger about working less and getting double pay for our work. The fact is that in other countries in the world there are many more unemployed than we find in Canada and we might price our goods out of the markets of the world. I think a greater effort should be made in the United Nations to enforce a certain number of holidays in all countries of the world so that the working people of the world will be on an equal basis. Then we would not have to use tariffs to protect our home markets. If wages and working days were the same in all countries in the world we could trade freely and have much more prosperity.

I think the principle in the bill is already in force in Canada. I know that in Manitoba workers get double pay when they work on a statutory holiday and I believe they have all the holidays enumerated in the bill. I suppose there may be exceptions in some provinces such as the province of Quebec. They have twice the number of statutory holidays that other provinces in Canada have and, as explained by the last speaker, the difficulty in that province is that the merchants will not comply with the provincial and municipal laws in that province. They insist on keeping their stores open. In fact, they have gone to the Supreme Court of Canada to dispute a local law on the matter.

Perhaps the federal government should pass a law to enforce all holidays in effect in the province of Quebec as well as those in effect under federal statute. In this way there will be more rest for the workers. With the machines we have now and with unemployment I think that the hours of work could be reduced so that people could enjoy the good things of life instead of being busy all the time working. As we say, it is existing, not living, if you have to work long hours every day. Of course, some people have to work on holidays. Mention was made of nurses and other hospital employees and probably it would involve too much to have them receive double pay on holidays. However, I do not think this legislation is intended to cover that situation.

As I said before, it is a difficult situation if one country has too many holidays when other countries have none or very few. Take countries like China, Japan, India or even Russia where people have to work 10 or 12 hours a day. In Russia women have to work sweeping the streets and really lead a life of slavery. It is too bad that communist doctrine, which is supposed to benefit human beings, results in the worst conditions in the world. They have made slaves of their women and other workers. I understand they have very few holidays and have even been deprived of the right to strike in order to try to benefit the lot of their own people. I think that might be one of the things that might be taken up at the next meeting with Khrushchev, an effort to improve the conditions of the working people of the world beginning with Russia so that we can live more peacefully and agreeably. I do not believe there is much more I can say on the matter and I again congratulate the mover of the motion.

Mr. Nicholas Mandziuk (Marquette): Mr. Speaker, I join with my colleagues in complimenting the hon. member for Burnaby-Coquitlam (Mr. Regier) upon his introductory remarks. They were brief, clear and to the point. I only wish that in the little time at my disposal I could point out with the same

clarity certain points about the bill which disturb me although I would not say that they constitute objections.

The purpose of the bill is quite clear. It provides that the employee is to receive eight statutory holidays with pay. He is to have these holidays without loss of income. But the bill also provides that if the employer forces the employee to work on a statutory holiday the employee shall get triple pay. It is the matter of triple pay that disturbs me. We represent 17 million people and I know millions who do not get any pay even on working days, those engaged in agriculture and perhaps in other industries. But that is beside the point. Labour is entitled to holidays with pay.

The bill applies to employees of the federal government, but I see a hidden purpose in the bill, that purpose being to deter the employer from making an employee work on statutory holidays by providing for triple pay for work on such days. The federal government is a large employer. I do not have time to go into the statistics but most of the industries in which the dominion government employs men and women call for continuous service and involve operation day in and day out every day of the year including all holidays. Examples are the railways and ferries, including the ferry service between Vancouver and Vancouver island, with which my hon. friend is greatly concerned. It would also apply to air transport, telegraph and telephone industries giving continuous service without which Canadians cannot get along. If the Canadian people must pay triple wages on holidays in order to continue these services, what alternative has the employer?

The employer has the alternative of curtailing the service, which would be very unpopular. There would be quite a bit of objection to that course. Otherwise, he has to increase the rate for these services. This course would affect the pocketbook of everyone who looked forward to travelling during the holidays or receiving these services during the holidays.

I feel that this bill is patterned on the Saskatchewan legislation. However, the Saskatchewan legislation does not go quite so far. It provides for 2½ times the regular wage for work on statutory holidays. Manitoba's law provides—

Mr. Martin (Timmins): May I ask the hon. member a question?

Mr. Mandziuk: Certainly.

Mr. Martin (Timmins): Does the hon. member feel that federal legislation should be patterned on provincial legislation or that it should be even better than provincial legislation?

Mr. Mandziuk: The hon. gentleman knows very well that if federal legislation of this type were adopted private industry would follow suit. We would have restaurants and hotels closed on holidays because they could not afford to pay triple wages to employees working on holidays. We would have a lot of other services, such as hospital services, curtailed.

Mr. Martin (Timmins): Is this the case in Saskatchewan now?

Mr. Mandziuk: I do not think it is, but triple wages are not paid there and that is what I am trying to bring out. I am trying to compare the Saskatchewan legislation with this proposal and show that this measure would go farther.

The Manitoba legislation provides for seven holidays with pay and for time and a half for work on statutory holidays. This proposal is not in accord with the prevailing practice in private industry. I have not the statistics here, but I think they would bear me out, indicating that only six per cent of the labour contracts in force contain provisions for triple pay for employees working during holidays and 94 per cent provide for double pay or less. This was revealed by a survey made a year ago by the Department of Labour.

We have for example, collective agreements in the railroad industry for the non-operating groups. These agreements provide for six or seven holidays with double pay. The train and engine service employees receive no statutory holidays because continuous service has to be provided. Anyone going into this service fully realizes that it is an everyday service all year which the country needs and without which we cannot get along.

The dominion government provides many services which are continuous services and therefore while I could go along with double pay for statutory holidays I cannot go along with triple pay for statutory holidays. It would immediately set an example for private industry. In spite of the fact we have a labour force which runs into the millions, there would still be a great number who would be affected by this proposal. Then, too, there would be those who would be affected by the lack of service there might be on statutory holidays at our airports, on our trains and in government-owned hotels. I feel, therefore, that this bill requires a few amendments and I would urge my colleagues to vote against it if it comes to a vote.

Mr. E. J. Broome (Vancouver South): Mr. Speaker, I should like to congratulate the sponsor of this bill because of his many kind references to me. There is one aspect of the bill to which I do not believe the sponsor has given full consideration, and that is the implication that there would be increased government control of union activities and interference with the collective bargaining process as a result of this legislation. I would have thought that after the recent experience in Newfoundland, about which the hon. member did have many pointed remarks to make as did his colleagues, he would wish to shy away from any implication of interference, except to the extent that is required to protect the unorganized workers through minimum wage laws.

The transport workers are not unorganized. For many years the backbone of the American federation of labour was the running trades of the railroads as well as the non-operating brotherhoods. I happen to know a bit about this because my own father was for many years a conductor on Canadian National Railways. I do know that these men went into their jobs with the full knowledge of the disadvantages as well as the advantages. Let us never forget that in these operations there are advantages which are not given to the ordinary worker in a factory.

I must hurry, because I have not too much time. However, one of the clauses of the bill, which is a punitive clause, is the one providing for triple time—

The Acting Speaker (Mr. Rea): Order; I am sorry but I must advise the hon. member it is now six o'clock.

BUSINESS OF THE HOUSE

Mr. Herridge: May I ask the leader of the house what is on the agenda for Monday?

Mr. Green: On Monday we shall commence the budget debate and go right through as I indicated.

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

HOUSE OF COMMONS

Monday, April 13, 1959

The house met at 2.30 p.m.

BUSINESS OF THE HOUSE

STATEMENT BY MR. SPEAKER RESPECTING LOSS OF PRIVATE MEMBERS' DAYS

Mr. Speaker: On Monday, March 9 last, as recorded at page 1724 of *Hansard,* the hon. member for Port Arthur (Mr. Fisher) raised a question concerning the loss of private members' days through a motion for the adjournment of the house under standing order No. 26. He suggested that as the day had not been used for the appointed business it should not be counted as one of the six private members' days. If the point were well taken this would be a private members' day today. I thought, as the hon. member is in his place, I might say I have examined carefully into the precedents, in so far as there are precedents, with a view to seeing whether the rules would permit the solution which he suggested.

I find the answer is simply that the rules do not provide the machinery for compensatory time in such cases. I could go into the matter at some length, but I think the question appears to be reasonably free of doubt and unless hon. members wish a further explanation I shall leave it at that.

PRIVILEGE

MR. PEARSON—REFERENCE TO STATEMENT IN BUDGET PAPERS TABLED BY MINISTER OF FINANCE

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I wish to raise a question of privilege which I believe affects every hon. member of the house, inasmuch as it concerns particularly the accuracy of the records of the house. This matter deals with financial assistance to Newfoundland under the terms of union; not, I hasten to add, to the question of the form and substance of the obligation of the government of Canada under those terms of union. That matter I have already discussed. It has to do with a statement made and reports inserted in the records of this house which concern the legislative basis for any such assistance.

I should add also, Mr. Speaker, that this matter, the breach I refer to, was made on budget night, Thursday night, and normally I should have brought it to the attention of the house on Friday; but as *Hansard* was not available to members until Friday afternoon, this is the first opportunity I have had, after having read *Hansard,* to bring it to the attention of the house.

On Thursday evening at page 2410 of *Hansard,* the Minister of Finance asked leave of the house to place on *Hansard* certain budget papers and tables and, of course, he was given that permission. Those tables and the explanatory notes attached to them are now part of the record of this house. One of those statements, Mr. Speaker, is in my view false and misleading, especially in relation to the explanation which is appended to the table, and as such I think is a breach of parliamentary privilege.

I am referring to table No. 11 on page 55 of the budget papers. In that table there is a figure of $13,600,000 under the heading, "Additional grants to Newfoundland". In the paragraph explaining it we have the following words, Mr. Speaker.

Mr. Fleming (Eglinton): What is the page number?

Mr. Pearson: Page 55 of the budget papers appended to *Hansard* of April 9, table No. 11. The explanatory paragraph attached to the table reads:

> Under the Newfoundland additional grants act, pursuant to the report of the royal commission on Newfoundland finances appointed under clause 29 of the terms of union, Newfoundland is to receive additional grants for the fiscal years 1957-58 to 1961-62 inclusive. The additional grants for the first two fiscal years, which are payable in 1958-59, amounted to $13½ million.

As we know, Mr. Speaker, although the Prime Minister has indicated that such a Newfoundland bill covering this matter is to be introduced in the House of Commons, no such resolution and no such bill have been introduced. The Minister of Finance in this statement not only assumes that such a bill has been introduced but assumes that parliament has passed this bill. He is acting accordingly, by including in this table the figure which has not yet been before parliament, let alone been passed by parliament.

I hold, Mr. Speaker, that this is a contempt of parliament and therefore an important breach of our parliamentary privileges. Unless instructions are issued by this house that these statements be corrected, they will remain as a permanent part

Reference to Statement in Budget Papers

of revised *Hansard* and the *Journals* of this house. Surely such a development would be objectionable in connection with the privileges of the House of Commons, referring in our records to an act which has not yet even been introduced in the House of Commons as justification for the insertion of certain figures into our records. Therefore, Mr. Speaker, I move, seconded by the hon. member for Bonavista-Twillingate (Mr. Pickersgill):

That this house instruct the officials of the house to delete line 4 of table 11 and the first paragraph appearing below table 11 on page 55 of the budget papers and to replace the same in the revised *Hansard* and the *Journals* by a statement reflecting the true facts of the situation.

Mr. Speaker: I should like to be sure that I understand the privilege of the house which is involved before I hear the minister, who I presume will wish to speak to this matter before the motion is dealt with. If the Leader of the Opposition could tell me explicitly what privilege of the house is involved in the statement I would appreciate it.

Mr. Pearson: Mr. Speaker, the privilege in short is the appearance in the records of the house, in a table which was introduced into those records at the request of the minister and with the approval of the house, of a reference to an act of parliament as something which has been passed and which justifies certain statistical material, when that act of parliament has not even been submitted to the house, let alone passed by the house.

Mr. Martin (Essex East): Hear, hear. Parliament still has some rights.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the house has just listened to a most extraordinary statement from the Leader of the Opposition. He began first of all by saying that in the course of the budget speech certain tables were placed on *Hansard* by leave of the house, but what he refers to is not something that was put on *Hansard* by leave of the house on Thursday evening during the course of the budget speech at all. He is referring now to something that was in the white paper tabled on Wednesday afternoon before the budget ever came down. That is the first of a number of errors in the hon. gentleman's statement.

Mr. Pearson: That is wrong.

Mr. Fleming (Eglinton): Then when you come to see what he takes issue with, it is to be found on page 55 of the white paper which by decision of the house, indeed on motion of the house unanimously passed on Wednesday, became part of the records of the house. On page 55 of the white paper, as now appended to *Hansard* of Thursday last, he draws attention to the item, additional grants to Newfoundland—this is the fourth line of which he speaks—which for the fiscal year ended March 31, 1959 amount to $13.6 million.

He takes up the time of the house to make this appear as a great mystery, when there is nothing mysterious about it at all and it is completely in accord with what the Prime Minister announced in the house the day before the house rose for the Easter recess. It was made very plain then that it is the purpose of the government to submit to the house legislation—it will be first of all a resolution and then a bill to follow the resolution —to provide for the payment to Newfoundland in accordance with the recommendation of the royal commission on the terms of union with Newfoundland of the payments for the first two years of the five year period in question, and it was made perfectly clear in the Prime Minister's statement that the payments for the fiscal years 1957-58 and 1958-59 would be charged to the federal government's accounts for the year 1958-59. That is perfectly plain for everyone to see, and that is precisely what is proposed.

As to the amount, the Prime Minister made it clear that this is the amount that is provided for in the recommendations of the royal commission on the terms of union with Newfoundland. It amounts to the annual payments that are recommended less the transitional payments which are now in decreasing amounts as they run out, and the sum of $13.6 million represents two years' net payments after deducting the transitional grants in accordance with the provisions of article 29 of the terms of union with Newfoundland. Nothing could be plainer than that.

It has not taken legislative effect yet and cannot, of course, until parliament passes the legislation. It is the intention of the government, as the Prime Minister then indicated, to introduce the necessary legislation. First of all there will be a resolution, and if the house approves the resolution the bill will then follow. The amount that has been named in the report of the commissioners for these many months now is the amount that was indicated by the Prime Minister; and this statement indicates, Mr. Speaker, that it is the intention of the government that these payments for the two fiscal years—

Mr. Chevrier: It does not. It does no such thing.

Mr. Fleming (Eglinton): —1957-58 and 1958-59 should be charged to the federal government's accounts for the year 1958-59. What could be plainer, what could be fairer,

what could be more proper than that, instead of all this smokescreen and nonsense that has been raised today?

Mr. Speaker: I am not sure how relevant it is, but could the minister say whether the reference to the Newfoundland additional grants act is a reference to an act which has been passed or which is proposed to be passed?

Mr. Fleming (Eglinton): No, Mr. Speaker. In the table, as you will notice, the first line refers to payments under the Federal-Provincial Tax-Sharing Arrangements Act, as amended. Then it goes on to deal with the statutory subsidies, then the transitional grants to Newfoundland, and then the additional grants to Newfoundland. There is as yet no statutory authority for the payment of the additional grants to Newfoundland, and that will be the purpose of legislation to be introduced.

Mr. Speaker: I understand the point of privilege which the Leader of the Opposition raises is that by referring to an act in the white paper as though it had been passed the minister is, in effect, offering an affront to parliament, which has not yet passed the act. If the act has not yet been passed but is only contemplated or in the bill stage, perhaps the minister would agree to the insertion of the word "proposed" before "Newfoundland additional grants act"?

Mr. Fleming (Eglinton): I would be more than happy and ready to agree to that if it would make my hon. friends happy. Certainly it has no legislative effect, and if my hon. friends opposite object to the proposed legislation, perhaps it cannot be passed.

Mr. Pearson: The minister has made some statements that would call for some words from me. In the first place he said if we object to the passing of this legislation, why do we not say so? At the beginning of my remarks I said that the questions of the extent and nature of the government's obligations under the terms of union were not at issue. We have made our position clear on that.

Then the minister, who was in the past always so sensitive, even so spectacular about his devotion to the rights of parliament, said that this particular addition to *Hansard* really did not have any validity because it was something that had been introduced into the record before the budget speech and did not require the permission of the house that evening for such introduction. If the minister will look at page 2410 of *Hansard* for April 9, 1959, he will see that he asked permission of the house to introduce these budget statements as part of the records of the house.

Mr. Fleming (Eglinton): No, no.

Mr. Pearson: Now, just a minute.

Mr. Fleming (Eglinton): The Leader of the Opposition is quite wrong.

Mr. Pearson: I shall read from *Hansard*, page 2410:

> There will be a number of tables that by leave of the house I will propose to place on the record of *Hansard* tonight, if the house were prepared to give its consent to that now I might save interrupting later.

So, Mr. Speaker, on page 55 of the budget papers we have one such table.

Mr. Fleming (Eglinton): No, no.

Mr. Pearson: The explanation of that table reads, "Under the Newfoundland additional grants act", not an act which is the proposed and which if the house passes it will be the basis for these additional grants, but under an act which assumes that parliament has already taken action. In support of that interpretation, Mr. Speaker, I cite the last sentence of this paragraph, which reads:

> The additional grants for the first two fiscal years, which are payable in 1958-59—

Not, "would amount" to $13.5 million, but the words used are "amounted to $13.5 million", as if they had already been covered by an act which has not even been introduced in this house in the resolution stage.

This is the point of privilege. If the minister will admit that he is wrong, and if this correction is made and it is admitted that it is a mistake his department made, perhaps on the assumption that the Prime Minister would introduce a bill and have it passed; if he will get up and admit that they made this mistake and if he will make the necessary corrections, we need not proceed with this motion.

Mr. Fleming (Eglinton): There is one correction that needs to be made at once in the hon. gentleman's understanding of the situation concerning these tables. The white paper is not one of the tables for which permission to incorporate in *Hansard* was sought and obtained during the course of the budget speech on Thursday night. The white paper appears in the records of the house by reason of a motion passed on Wednesday, April 8, at page 2343 of *Hansard*, and which reads as follows:

> That the budget papers be published as an appendix to today's *Votes and Proceedings* and also as an appendix to tomorrow's *Hansard*.

That was the authority given by the house for inscribing the white paper in the records of the house. When at page 2410 of *Hansard*, in the course of the budget speech of Thursday evening, April 9, I asked for leave

of the house to place on the record without reading them certain tables, those are tables appearing in the budget speech of Thursday evening and they do not include the white paper at all. I wish to point out to the hon. gentleman that he is quite wrong in his approach to that matter.

As to the content of this statement in the white paper, I tried to make it quite clear that the legislation that was contemplated when this white paper was written, and is still contemplated, has not yet been passed and has not yet been introduced under pressure of business of the house. You have suggested, Mr. Speaker, that the word "proposed" be inserted, and I indicated that I should be entirely happy to accede to that suggestion in order to clarify the matter.

The house has not been misled. There is no suggestion that anything has been done or will be done that has not the approval of the house. The accounts for the year 1958-59 have not been closed. So far as the provision made or proposed to be made for the payment to Newfoundland of sums recommended for the fiscal years 1957-58 and 1958-59, they will be so recorded in the accounts of the government for the year 1958-59 when parliament has so authorized and certainly not before.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I should like to say a word because I want the record to be clear. The Leader of the Opposition, with what appeared to be synthetic annoyance engendered beyond the importance of the matter, made the statement that the reason that he did not raise this question—

Mr. McIlraith: Who is exhibiting synthetic annoyance now?

Mr. Diefenbaker: Would the hon. gentleman who is now interrupting, and whom the former administration put and kept in a position of subservience, kindly be quiet?

Mr. Robichaud: We hear that from the Prime Minister.

Mr. Pickersgill: The usual courtesy.

Mr. Speaker: Order. I must ask the house to give the Prime Minister the opportunity to discuss the question of privilege.

Mr. Diefenbaker: The hon. gentleman made the statement that the reason he did not raise this matter on Friday was that he had not before him *Hansard*, which did not come out until three o'clock in the afternoon, as I remember it. The hon. gentleman apparently did not realize that it appeared attached to *Votes and Proceedings* of Wednesday, April 9. Therefore the care with which he explained the fact that he could not raise this alleged question of privilege until today falls down. It indicates that the examination he made over Sunday was not made when it could have been made of *Votes and Proceedings*. I just mention that matter because the hon. gentleman was explaining why he had failed to raise this matter earlier. It is apparent that those who read for him had not seen this in *Votes and Proceedings*.

Mr. Pearson: Mr. Speaker, once again I have been brought into the argument. The Minister of Finance has raised a smokescreen of argument, I admit, but the Prime Minister has raised a smokescreen of political claptrap. If I was not able to digest all the details of these budget papers in the 48 hours from Wednesday to Friday, it is obvious that the members of the government were not able to go over these papers in the two or three weeks during which they were considering the budget. Otherwise they would never have allowed this table to appear.

The Minister of Finance has called attention to the fact that it appeared on Wednesday, and in that I think he is quite correct. But it and the other papers were introduced on Thursday in *Hansard*, with the consent and approval of the house. Furthermore, Mr. Speaker, as reported at page 2410 of *Hansard* the minister—and I am sure he will agree with this—asked for the inclusion in *Hansard* of a table which appears on that page as table 1. It is headed "Federal contributions to the provinces" and there is no argument, I am sure, between us as to when he asked permission to include this table in *Hansard* and when it was included.

In this table—and this is a supplementary criticism which I make of the government on this occasion—the minister included a figure of $13.6 million as the federal contribution to the province. If the Minister of Finance, irrespective of what the Prime Minister has said, will just carry out the promise he has given us to correct this paragraph by putting the word "proposed" before the word "Newfoundland", and change the word "amounted" in the fifth line to "would amount", the record will be corrected and the house can go on with its business.

Mr. Speaker: In so far as there may be an affront to the house in the description of the act in the white paper, the minister who is responsible for it has agreed to add the word "proposed" before "Newfoundland additional grants act". Does the minister accept the other suggestion made by the Leader of the Opposition, the substitution of the words "would amount to" for the words "amounted to"?

Mr. Fleming (Eglinton): No, the other suggestion is unnecessary, because the figures in this table are estimates. These are the estimated payments proposed and, similarly, with regard to table 1 which was placed on record in *Hansard* by leave of the house on Thursday evening, those are estimated payments also. When we are making up the tables for the payments estimated to be made for the year 1959-60 we include the provision which we expect will be made by way of payments to Newfoundland of $7.3 million, just as under the heading 1958-59 we show the preliminary figure to include the proposed payment of $13.6 million. It is perfectly clear, and perfectly in accordance with the practice of the house in former years.

Mr. Speaker: It has been suggested that the words "amounted to" be changed to the present tense and be made to read "amount to". If the minister would agree to make this change, and the house would accept it, it seems to me it would dispose of the matter and make it unnecessary for me to rule on this motion. Is it acceptable to the minister that a change be made so the last line shall read "The additional grants for the first two fiscal years, which are payable in 1958-59, amount to $13½ million," instead of "amounted to $13½ million".

Mr. Fleming (Eglinton): Are you reading from page 55?

Mr. Speaker: Yes, from page 55. We might change the wording to make it read "amount to" rather than "amounted to", putting it in the present tense. Does the house agree to these corrections being made?

Some hon. Members: Agreed.

MISCELLANEOUS PRIVATE BILLS

Sixth and seventh reports of standing committee on miscellaneous private bills—Mr. McCleave.

TRANSPORT ACT

AMENDMENT TO PROVIDE FOR APPLICATION BY TRUCKERS TO MINISTER ON AGREED CHARGES

Mr. J. F. Browne (Vancouver-Kingsway) moved for leave to introduce Bill No. C-39, to amend the Transport Act.

Some hon. Members: Explain.

Mr. Browne (Vancouver-Kingsway): The purpose of this amendment is to provide that representatives of the trucking industry shall have the right to make application to the Minister of Transport when they feel that an agreed charge unjustly discriminates against a motor vehicle operator.

Proposed Legislation

Motion agreed to and bill read the first time.

RAILWAY ACT

AMENDMENT TO PROVIDE FOR APPLICATION BY TRUCKERS TO TRANSPORT BOARD ON COMPETITIVE RATES

Mr. J. F. Browne (Vancouver-Kingsway) moved for leave to introduce Bill No. C-40 to amend the Railway Act.

Mr. Chevrier: Explain this.

Mr. Browne (Vancouver-Kingsway): The purpose of this amendment is to provide that representatives of the trucking industry shall have the right to make application to the board of transport commissioners for the disallowance of a competitive rate when they consider that such a rate has subjected motor vehicle operators to an undue or unreasonable prejudice or disadvantage.

Mr. Chevrier: May I ask the hon. member what section of the Railway Act he seeks to amend?

Mr. Browne (Vancouver-Kingsway): Section 334.

Motion agreed to and bill read the first time.

NORTHERN AFFAIRS AND NATIONAL RESOURCES

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

On the order: Government notices of motion:

The Minister of Public Works—The following proposed motion:—That items numbered 261 to 293, inclusive, and items numbered 476 and 477, as listed in the main estimates of 1959-1960, relating to the Department of Northern Affairs and National Resources, be withdrawn from the committee of supply and be referred to the standing committee on mines, forests and waters, saving always the powers of the committee of supply in relation to the voting of public moneys.

Mr. Chevrier: Would the minister allow this to stand over until tomorrow?

Mr. Speaker: Pursuant to section 2 of standing order 21 this government notice of motion stands transferred to and ordered for consideration under government orders at the next sitting of the house.

RAILWAYS, AIR LINES AND SHIPPING

ESTABLISHMENT OF COMMITTEE ON RAILWAYS, AIR LINES AND SHIPPING OWNED AND CONTROLLED BY THE GOVERNMENT

On the order: Government notices of motion:

The Minister of Transport—The following proposed motion:—That a sessional committee on

railways, air lines and shipping owned and controlled by the government, be appointed to consider the accounts, estimates and bills relating to the Canadian National Railways, the Canadian National (West Indies) Steamships and Trans-Canada Airlines, saving always the powers of the committee of supply in relation to the voting of public moneys; and that the said committee be empowered to send for persons, papers and records, and to report from time to time, and that notwithstanding standing order 67 in relation to the limitation of the number of members, the said committee shall consist of 26 members.

Mr. Speaker: Pursuant to section 2 of standing order 21 this government notice of motion stands transferred to and ordered for consideration under government orders at the next sitting of the house.

MOTIONS FOR PAPERS

PROTESTS RESPECTING TERM 29, TERMS OF UNION, NEWFOUNDLAND

Motion No. 85—**Mr. Pickersgill:**

For a copy of all communications received by the Minister without Portfolio from Newfoundland since March 25, 1959, protesting the announcement of the government regarding term 29 of the terms of union of Newfoundland with Canada, together with the replies thereto.

Mr. Speaker: Shall this motion stand?

Mr. Pickersgill: On a point of order, I was proposing to move this motion.

Mr. Speaker: I understood that the hon. member was willing to have it stand.

Mr. Pickersgill: If the government wish to have it stand, and if the government make a request to that effect, I would be glad to consider it.

Mr. Speaker: Is the hon. member willing to have the motion stand?

Mr. Pickersgill: As I said, if the Prime Minister wishes to have this motion stand for some good reason, I would be very glad to comply with his request.

Mr. Diefenbaker: Stand.

Motion stands.

R.C.M.P. REINFORCEMENTS, NFLD.—PROTESTS AGAINST FEDERAL ACTION

Motion No. 86—**Mr. Pickersgill:**

For a copy of all communications received by the Minister without Portfolio from Newfoundland since March 10, 1959, protesting the refusal of the government to reinforce the Royal Canadian Mounted Police in Newfoundland, together with the replies thereto.

Mr. Diefenbaker: Stand.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I see no reason why this motion should stand. It is in exactly the same terms as a motion asking for similar correspondence addressed to the Minister of Justice and to the Prime Minister, which was passed by the house. I wish to proceed with this motion.

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

Some hon. Members: No.

The house divided on the motion (Mr. Pickersgill) which was negatived on the following division:

YEAS

Messrs:

Argue	Leduc
Badanai	McIlraith
Batten	McMillan
Benidickson	McWilliam
Bourget	Martin (Essex East)
Caron	Martin (Timmins)
Carter	Nixon
Chevrier	Pearson
Crestohl	Pickersgill
Dumas	Racine
Fisher	Regier
Forgie	Richard (Ottawa East)
Garland	Roberge
Habel	Robichaud
Hardie	Rouleau
Herridge	Tucker
Howard	Winch—34.

NAYS

Messrs:

Aitken, Miss	Grafftey
Allard	Green
Allmark	Grenier
Anderson	Gundlock
Asselin	Hales
Balcer	Hamilton (Notre Dame de Grace)
Baldwin	Hamilton (Qu'Appelle)
Baskin	Hanbidge
Beech	Harkness
Bell (Carleton)	Hees
Bell (Saint John-Albert)	Henderson
Bourbonnais	Hodgson
Brassard (Chicoutimi)	Horner (Acadia)
Broome	Horner (Jasper-Edson)
Browne (St. John's West)	Horner (The Battlefords)
Browne (Vancouver-Kingsway)	Howe
Brunsden	Jones
Cadieu	Jorgenson
Campbell (Stormont)	Jung
Cardiff	Keays
Casselman, Mrs.	Kennedy
Cathers	Kindt
Charlton	Knowles
Clancy	Korchinski
Coates	Kucherepa
Courtemanche	Lambert
Creaghan	Legere
Crouse	Lennard
Deschambault	Macdonald (Kings)
Diefenbaker	Macdonnell
Dinsdale	MacEwan
Doucett	MacInnis
Drysdale	MacLean (Queens)
Dubois	MacLean (Winnipeg North Centre)
Fairfield	MacLellan
Fane	Macquarrie
Fleming (Eglinton)	MacRae
Fleming (Okanagan-Revelstoke)	McBain

McCleave	Pigeon
McDonald (Hamilton South)	Pugh
McFarlane	Rapp
McGrath	Rea
McGregor	Regnier
McIntosh	Ricard
McLennan	Richard (Kamouraska)
McPhillips	Robinson
McQuillan	Rogers
Mandziuk	Rowe
Martini	Simpson
Matthews	Skoreyko
Milligan	Slogan
Montgomery	Smith (Calgary South)
More	Smith (Lincoln)
Morissette	Smith (Winnipeg North)
Muir (Cape Breton North and Victoria)	Southam
Muir (Lisgar)	Speakman
Nasserden	Spencer
Nesbitt	Starr
Nielsen	Stefanson
Nowlan	Stewart
O'Hurley	Stinson
O'Leary	Taylor
Parizeau	Thrasher
Pascoe	Villeneuve
Pearkes	Walker
Phillips	Weichel
	White
	Winkler—134.

HOUSING RENTALS, ARMED FORCES, SUMMERSIDE, P.E.I.

Motion No. 87—**Mr. Pickersgill:**

For a copy of all communications received by Hillcrest Housing Company of Summerside, Prince Edward Island or any solicitor or agent on behalf of that company on the one hand, and the Minister of National Defence or any official of his department or any other department of government since June 21, 1957, respecting the rental of housing units for personnel of the armed forces.

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, for sound and adequate reasons I ask that this motion stand.

Mr. Pickersgill: I shall be glad to comply with the minister's request.

Mr. Speaker: Motion stands.

PROTESTS AGAINST TERM 29, TERMS OF UNION, NEWFOUNDLAND

Motion No. 88—**Mr. Pickersgill:**

For a copy of all communications received by the Prime Minister since March 25, 1959, protesting the announcement of the government regarding term 29 of the terms of union of Newfoundland with Canada, together with the replies thereto.

Right. Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, subject to the limitation respecting personal or confidential letters or communications.

Mr. Speaker: Is it the pleasure of the house to adopt the motion, subject to the reservations expressed by the Prime Minister?

Motion agreed to.

Inquiries of the Ministry

BUSINESS OF THE HOUSE

REQUEST FOR STATEMENT ON LEGISLATIVE PROGRAM

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, on March 25, just before the Easter recess, the Prime Minister was good enough to state in reply to a question by me that he would "endeavour forthwith after the Easter recess to place before the house in as complete outline as is then possible the legislative program". I wonder whether the Prime Minister is in a position to do that now, or within a few days?

Right Hon. J. G. Diefenbaker (Prime Minister): I think it would be better if I had a few days in order to look into the matter so the statement will be as complete as possible.

Mr. Pearson: Thank you.

REQUEST FOR ANSWER TO QUESTION ON ORDER PAPER

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): I should like to direct a question to the Minister of Agriculture. It has to do with question No. 147 on the order paper, which has been standing unanswered since February 18. I wonder when I might receive an answer.

Hon. D. S. Harkness (Minister of Agriculture): I am surprised that the hon. member has not had the answer either Saturday or today, because it passed over my desk on Thursday afternoon, I think, and went forward.

Mr. McIlraith: Would you check up on it?

Mr. Harkness: I will be glad to check up on it again. The only reason I can suggest why he has not received it is some delay in the mail. I am sure the hon. member will get it tomorrow.

Mr. Pickersgill: Ask the Postmaster General.

FINANCE

SUGGESTED REASON FOR STATEMENT ON PROVINCIAL PAYMENTS IN BUDGET ADDRESS

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask the Minister of Finance whether it would be a fair conclusion that the reason he included in his budget the figure of $1,212 million, representing all payments by the federal government to the provinces, was that he wanted

to indicate that he had no intention of acceding to Premier Frost's request for an additional $100 million?

Mr. Speaker: I think the hon. member for Essex East might better take advantage of the debate which will follow this to deal with matters of that kind.

INQUIRY FOR RETURN

UNIVERSITY OF BRITISH COLUMBIA—FEDERAL AID TO STUDENTS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to draw the attention of the Secretary of State to the fact that on March 9 last the house passed a resolution that I moved asking for the production of certain correspondence more directly related to the Department of Citizenship and Immigration. Will he kindly make inquiries as to why this rather lengthy lapse of time has passed since the motion was passed and no results have been forthcoming?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I shall be glad to do that.

SHIPPING

GREAT LAKES—SUGGESTED DISCUSSION OF U.S. SUBSIDIES

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct a question to the Minister of Transport. It relates to the minister's coming trip south of the border to talk with United States officials on problems relating to the Canada Shipping Act. Will the minister consider talks with the proper United States officials on the effects of their policy of subsidizing United States maritime shipping into the great lakes, or at least find out why and how they support their shipping with such subsidies?

Hon. George H. Hees (Minister of Transport): I shall be glad to give consideration to the hon. member's request.

IMMIGRATION

KLAUS FUCHS—REPORTED REQUEST FOR ADMITTANCE TO CANADA

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, in the absence of the Minister of Citizenship and Immigration I should like to direct a question to the Prime Minister. In this morning's *Gazette* it is reported that London may ask Canada to accept the atom spy, Klaus Fuchs. Has any consideration been given to this question?

[Mr. Martin (Essex East).]

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have had various departments communicated with in order to ascertain what foundation, if any, there is for the press dispatch referred to by the hon. gentleman, and I have been unable to find anything to substantiate the substance of the report.

HIGHWAYS

MONTREAL—STATEMENT ON REPORTED CLOSING OF MAIN ROAD ALONG WATERFRONT

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, on Thursday last the hon. member for Laurier asked me a question arising from an article in *La Presse* to the effect that the main highway running along the waterfront in Montreal adjacent to the border and within the jurisdiction of the Montreal harbour commission is to be closed. In answer I am glad to report to him that it is not the intention to close the waterfront road to which my hon. friend referred. This road is located inside the harbour limits, and by reason of the fact that a considerable number of persons having no business in the harbour have been utilizing it, congestion and serious inconvenience to port traffic and railway operations have been created. To alleviate this condition, which is detrimental to the welfare and efficiency of the port, the imposition of restrictions upon unwarranted traffic is now proposed.

I might add that the article in *La Presse* says, among other things:

> A few days away from the opening of the seaway, the decision of the national harbours board appears fully justified.

Also, on Thursday last the *Gazette* commented in an editorial, "The move is a logical one."

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Thursday, April 9, consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, the fairly lengthy budget speech which we heard the other night buried a number of important facts, I think, within the superlatives in the address. One's immediate reaction was that some of the rhetoric and semantics fairly shouted for further investigation, and one is indeed quite grateful

for the interval of two or three days before dealing with some of the important matters referred to then.

There have been rather substantial increases in the public relations and personal staff of the Minister of Finance, and after the event they endeavoured to see that summaries were provided to the C.B.C. and the press that would give the impression that the budget had substantially avoided the little man in its tax bite; but I was amused to find in this city of Ottawa on the following day something that is rather extraordinary. The two Ottawa papers do not always agree, but we find that they had almost exactly the same headline. The Ottawa *Journal* said "Every Pocket Hit", and the Ottawa *Citizen* varied it very little and said "Budget Hits Every Pocket". After a bit of digestion I think that is what is understood to be the result of the budget.

Certainly the increase in sales tax hits everyone, and a substantial portion of the new taxes to be levied comes from that source. I was somewhat surprised that this would be the tendency of the Minister of Finance, because he certainly was a very severe critic of the merit, so far as the little man is concerned, of placing special emphasis on tax raising from this source. Indeed the Minister of Finance, on the occasion of his last opportunity to discuss fiscal and monetary matters when on this side of the house, complained on March 21, 1957 that the minister of finance of that time had done nothing to reduce the sales tax on clothing, boots and shoes, etc. He went on to say, as found on page 2555 of *Hansard*:

> If inflation expresses itself in high prices then surely the government ought to have reduced the sales tax on those necessities of life—

Yet this is the source of tax revenue that seems to be chiefly relied upon in this budget.

Mr. Fleming (Eglinton): Chiefly?

Mr. Benidickson: In dollar volume. My hon. friend anticipates increased annual revenue of $352 million, and I think he will find that a very exceptional portion is from the sales tax.

Mr. Fleming (Eglinton): About one-quarter.

Mr. Benidickson: I am referring to the over-all tax on purchases for old age pensions as well as excise taxes.

Mr. Fleming (Eglinton): About one-quarter.

Mr. Benidickson: I think he will also agree that the tax on corporations is generally regarded as being passed on fairly quickly to the consumers, and I propose to have something to say about that, too. The Minister of Finance, in comments since Thursday night, has been called an Indian giver. Well, Mr. Speaker, I think the Indians in the part of northern Ontario from which I come could learn quite a bit from the present Minister of Finance, because the arithmetic is pretty simple. Actually he has taken back $2 for every $1 he gave in tax reduction in the pre-election budget or the baby budget of 1957.

But that is not the entire story. I think a great number of people who have had economic reverses during the period that my hon. friend has been in charge of the treasury will agree with the secretary of the trades and labour council, who said:

> Most of the minor tax reliefs granted before the election of 1958 were eliminated in Thursday's budget without restoring the level of economic prosperity that existed at that time.

We have had a very quick reaction as to the inflationary squeeze that can develop from further imposts on consumer expenditures such as were so prominent in the budget. Even the press was wrong. The following morning the headlines said "Fags Up 2 Cents." That, of course, seemed to be the nearest figure to the actual amount of the tax increase, but we all know that within a matter of hours the giant in the field said "Oh, well, we have increased operating expenses, and as a manufacturer our increase must be 3 cents." We quickly got a very similar reaction from other manufacturers. Canadian General Electric said their costs were rising. Westinghouse reacted in the same way and said that as a result of the new tax set-up they would have to reprice their goods. No one will deny that as a result of the repricing the consumer will end up paying out of the gross national product about which the minister speaks a great deal more than the actual dollar value of the taxes referred to in the budget.

I am sure there were a great many who were surprised that the minister had actually increased the purchase tax with respect to automobiles. I am sure the ministers from the Ontario constituency, the hon. Minister of Labour, as well as the hon. members from Essex constituencies would be very surprised; because we recall the great enthusiasm with which hon. members opposite greeted the announcement of a 2.5 per cent decrease in the purchase taxes on automobiles announced by the Minister of Finance in December, 1957. Statements were made that this amounted to a 25 per cent reduction of the excise tax formerly at 10 per cent. Well, put on that arithmetical basis the minister has taken back 40 per cent of the value of any reduction he made at that time.

It has been said that perhaps early today we will hear from the treasury benches, and that perhaps the spokesman will be the

Minister of National Revenue (Mr. Nowlan). I recall that he participated very early in the budget debate last year, and I recall that one of the many statistics he used to buttress his arguments related to automobile production. Fortunately there has been some slight increase in the sales of automobiles in Canada as compared with last year. The statistics to the end of March indicated that the increase in the sales of automobiles and trucks combined amounted to 12 per cent. However, other members will have read, as I have, that the increase in the same period of 1959 in the United States amounted to 70 per cent. This extra purchase tax, therefore, is going to be felt very importantly in these constituencies where I think unemployment of late has been of unusual prominence.

There are a few items in the budget press releases that I feel are not properly understood by the people of this country. I suggest that one such item is the actual increase in the tax take which results from this budget. Prominence was given, of course, only to the estimated value of the extra tax revenue that would come from the new rates, but what was overlooked was the fact that because of the extra expenditures and the extra revenues, the total tax take predicted by the minister for the coming year is not up $245 million but is to be up $640 million. The minister felt justified in telling the house and the country he expected an increase in the gross national product, and he expected that might amount to $2.2 billion. But I am sure any reasonable person today, with recovery not bouncing, would be wondering whether or not a proposal to take $640 million by federal taxes alone out of this expected increase in the gross national product is likely to aid or abort recovery.

I said the other night that you get figures in a debate like this that have a bright side, and if they are unduly exaggerated or overemphasized there is a duty to present as well some of those that are distressing and not quite so cheerful. I want to point out, with respect to the gross national product, that the minister has qualified his estimate in exactly the same words that he qualified his estimate last year. He said, and his assumptions are very important, that assuming normal crops, stable prices and no untoward external events, he predicted this year a 7 per cent rise. We recall the figures with respect to the minister's prediction of last year. He predicted an increase of two per cent, and it turns out that in dollar values the increase was 2.5 per cent. However, his white paper on financial results points out that 80 per cent of that increase came from inflated prices, so this is something to which we have to give consideration when he estimates an increase in the gross national product.

Mr. Bell (Carleton): Did the hon. gentleman not suggest last year that 2 per cent was optimistic?

Mr. Pearson: And so it was.

Mr. Benidickson: I want to point out that based on his assumptions the minister proved to be wrong. Actually, the white paper establishes that Canada's living standards underwent a slight decline in 1958. Living costs outpaced small gains in wages, reducing real earnings for the first time in recent years. My hon. friend can calculate that from the white paper itself, I think on page 5, where it states that 80 per cent of the 2.5 per cent increase was due to inflationary prices.

I said the other night, and I think it is worth emphasizing, that in looking at this all-important figure of the gross national product it is very difficult to be as optimistic as one would want to be because of two particular elements that are essential to a steady rise in the gross national product. One of these elements is exports; the other is capital investment. Since the budget speech we have received the most recent issue of the *Financial Post*, a very reliable newpaper indeed. The *Financial Post* of April 11, 1959, has this to say about these elements:

> Exports are giving more indications of receding from last year's high levels. In February, for example, Canadian goods sold abroad were off 11 per cent, after taking into consideration seasonal influences. It is unlikely that the full year will be down this much, but it is still hard for many producers to see any sudden upsurge in foreign demand for most Canadian source-related products.

This year's statistics, available only for the first two months, actually show that the trade deficit of this country is three times that reported last year. With respect to capital spending, another all-important element in the gross national product, the same issue of the *Financial Post* has this to say:

> There is still no sign of a turnaround in capital spending by business. Year-to-year decrease for Canada for 1959 will be about 5.5 per cent. In the United States, by contrast, business plans call for 1959 outlays over 4 per cent higher than last year's.

I suggest to the minister that there is certainly no significant "oomph" in figures of this kind. In addition to that, in the private sector, according to the latest report I have from the A. E. Ames brokerage firm, reporting on corporation borrowings to March 23, it is stated that corporation borrowings in Canada, indicating capital investment intentions, are down 76 per cent, or are $48 million this year instead of $207 million last year.

Now, at this stage I am not going to belabour the question of what is the real deficit, either in the accounts of 1958-59 or 1959-60. However, I am going to point out again that as a result of some rather slick bookkeeping, the minister is still successful in planting this figure of a deficit of $617 million rather than the real figure of $835 million. I say to the minister that if it was his intention to keep these expenditures from the defence account out of the current budget he required to do more than simply make a speech about it as he did on budget night in June last. Actually I think he will find that he saw to it that not only were those proposed defence expenditures in full put in the blue book of estimates, but that they were included in appropriation bill No. 5 as part of the budget at the gross amount, $1,630 million.

But I am afraid that some of this type of arithmetic is not over with. We all noted that again this year there appears prominently a figure of this kind. When the minister estimates the deficit for the forthcoming year at $393 million surely it is obvious that, contrary to practice for quite a number of years, he has no intention of including in the expenditures for this year a fairly closely calculable item of $42 million, namely the expected deficit in the old age pension fund. He did not say positively that this would be recovered even within the following year; he said it might take two or three years to recover that amount. But the point is that that is to be a borrowed item. In accordance with the practice of past years one would have expected that it would have been included in the budget in the normal way.

I said the other night that one of the obvious indicators of decreasing financial confidence in the competence, understanding and real intention and determination of this government to cope with what I agree were fairly massive, wide dimensional problems, was the steadily declining prices offered for federal bonds. The minister spoke again on Thursday to the body politic; but while the patient realizes that he cannot change his physician for a couple of years yet, he did not seem to be any more convinced that he was getting the right treatment. Because actually, following the minister's statement with respect to mammoth increases in expenditures, borrowings, debt and taxes, federal securities weakened again the day after the budget. The latest budget, no more than other financial statements, I submit to the minister, therefore has not succeeded in convincing the country that they know what are the intentions of the minister and the administration in these all-important matters.

That indeed is the charge we have made against this administration, but I did not expect it to come from the chief journalistic supporter in Toronto of the Conservative administration. However on Saturday, after examination of the budget, the Toronto *Globe and Mail* had this to say:

> The present government at Ottawa has not yet arrived at a fiscal policy. It is simply struggling to raise money for a 12-month period—the money needed to meet its cumulative commitments, and the predetermined expenditures of its various departments.

We have said before that the budget deficit of last year was not planned but merely happened. We say again that the new taxes and the important deficit for this year are again the result of a long series of unco-ordinated decisions. I know the minister would like us to believe otherwise. He would like us to think these were part of an over-all financial plan. However, I think the record is against him. For too long, in matters of this kind, the ministry has not been planning ahead. Its decisions have been on a hit or miss basis, and the minister has had no choice but simply to pick up the chips for the bungling and bumbling that has involved only hindsight and not foresight. The big thing is that the ministry continues to keep the country in the dark as to its real intentions. As a result we have continued confusion and uncertainty. That is why the country lacks confidence financially in the administration.

As we know, from the very beginning we have had conflicts among important people in the ministry as to what is the real plan and intention of this government in matters of fiscal policy. During the election campaign of 1957 the Minister of Finance was just as vigorous and almost as vocal as was the Prime Minister when he told the people, and convinced them, that it was possible to increase old age pensions, make larger payments to the provinces and municipalities, cut income taxes, cut automobile taxes and do all these things on a balanced budget. That is obvious from a great number of quotations that are available to us. In Vancouver in 1957 the Prime Minister said:

> The Liberals say they cannot increase pensions and reduce taxes. Give us a chance and we will show you.

Of course we all know with what indignation and withering scorn he was able to make assertions of that kind, but the point I want to make is this. Even after six or seven months of the responsibility of office was there any indication on the part of the Prime Minister that as a result of being on the other side of the house he had found out some of the facts of life with respect to financial policy, or that he was more knowledgeable or realistic in matters of that kind?

On the contrary, Mr. Speaker, we find this. Six or seven months later, after statements of this kind that might be excused to some extent in an election campaign, the financial critic the hon. Mr. Sinclair on this side of the house asked the Prime Minister about his much vaunted assertion he had made so frequently, namely that a $500 million reduction could be made in taxes with $120 for each man, woman and child in the country, and so on, and why were the financial proposals of the Minister of Finance in December so meagre in comparison.

We find this. On January 20, 1958, as reported at page 3523 of *Hansard*, the Prime Minister was asserting that he had done a great deal, and this is the dialogue:

> We have reduced taxes—
> Mr. Sinclair: How much?
> Mr. Diefenbaker: They say how much, Mr. Speaker.
> Mr. Sinclair: You promised $500 million.
> Mr. Diefenbaker: When we have the authority we shall do so.

We know that in a short time the Prime Minister was given authority. He has a commanding majority here. We sometimes wonder whether it is not a commanded majority. Nevertheless, this was the assertion; even after seven or eight months of holding office he still maintained that this assertion was justifiable. We know what happened. The public was persuaded that, with the vision, the government could spent more, tax less and do all this without any inflation; and, of course, could do this with a balanced budget.

Over the week end I have heard some comments. Many people who are not partisan with respect to politics say they do not see much change in the budget propositions that have been put forward, or many changes, except one important one. Practically all of them realize that the new administration has certainly left the till empty.

Right after the election we found that the Minister of Finance had lost no confidence in his ability to operate on the theories I have just quoted. I remember the great satisfaction that was portrayed on the faces of the new members on the treasury benches when we assembled in the fall. They were quite satisfied that they could accomplish these things, and they did not seem to be much concerned about the recession.

The Minister of Finance (Mr. Fleming) in his speech the other night would lead us to believe that in his first financial effort in this chamber in December 1957 he did seem to have given some recognition to the economic conditions which eventually proved to be depressive. But I just want to give hon. members some indication this is not so and that if this were so the minister was certainly not talking to the House of Commons or to the rest of Canada in this way, because on the very day before he made that financial statement to this house on December 5, 1957 this was his view as expressed to the young people at the University of Toronto when he was addressing the Hart House debaters. He said: "Canada has no crisis or emergency in unemployment". A day or two before this he was addressing another group, and he had similar comments to make. Speaking before the dominion commercial travellers association he said that unemployment on the present scale naturally gives us all concern, but that there is no justification for calling it an emergency as some are doing.

The Minister of Labour (Mr. Starr) had occupied his office for some months, and this experience did not seem to convince him that there was too much to worry or complain about, because in December, in Montreal, he said this:

> There is hardly an economist who does not feel that the unemployment situation is merely temporary, and that given a brief breathing pause the natural buoyancy of the economy would assert itself.

We know what happened in the election campaign. There was no attempt on the part of the administration to indicate that they had many serious worries about the future in this respect. The Prime Minister (Mr. Diefenbaker) in February and March was saying that the situation was licked, and we know that all summer after the election there were optimistic noises being made despite warnings from all sectors of the country. In the middle of June when the Minister of Finance was obliged to disclose the financial situation in his budget the picture really began to shock the country.

We have since seen the financial results. The true position was indicated, not only by a deficit where the minister had predicted a surplus but also by the terrific deficit which he forecast for the year 1958-59, and the intimation that deficits of this order were likely to be with us for some time. I am sure that this, as much as anything else, has set off the inflation psychosis to which the governor of the Bank of Canada referred in the report which was recently issued.

I maintain that this lack of frankness, over two years, is still one of the most serious matters of misconduct of which this government can be accused. There are many matters at this very moment which call for candid statements to this house. I am thinking of such subjects as tight money and inflation and I intend to say something about the conversion loan. I want, also to say that we on this side abhor the debating tactics of several hon. members on the other side of the house

when an attempt is made to discuss these all-important questions. We are not going to be deterred at all from discussing them and bringing them into the light of parliamentary debate by the threadbare argument that this would be giving some comfort to the Russians, or that it was almost unpatriotic—practically traitorous—to talk about some of these matters. I hope that before this debate closes we shall get from the Minister of Finance, both in attitude and in frankness, something very different from what we have witnessed recently when matters of this kind have been before us.

I have observed that it has been the minister's custom to sit in his seat and shout across the floor such terms as "rubbish", "nonsense", "improper", "irresponsible" and so on. Then before the debate closes we hear nothing further from the hon. gentleman. I hope he will speak with greater candour in the course of this debate with regard to these all important matters. This shyness on the part of the Minister of Finance is something new. He never used to be shy in discussing matters of this kind, and I can easily give an illustration or two in support of what I am saying. For example, on March 27, 1956, as reported in *Hansard* on page 2648, this is what he had to say:

> Every time the bank rate was raised, it had the effect of subtracting millions of dollars from the value of the bonds held by Canadians, including dominion government bonds.

We found no shyness or lack of statements from the government when interest rates appeared to be going in another direction. I recall that on January 27, 1958, as reported on page 3852 of *Hansard*, the finance minister did not think it was improper to say something about government policy in a matter of this kind. These are his words: "The tight money policy has now been eased in line with the policies of this government." He was referring to municipalities, and so on. The Prime Minister had earlier met the premiers of the provinces—on November 25, 1957—and again, at this conference, he had no timidity about discussing a matter of this sort. He said: "Here in Canada, quietly and gradually over the last three months, the tight money situation has been eased." And he added:

> Those whose business it is to follow the bond market will have noticed it, and that includes many of you here, but it has not attracted such attention as one would think it has merited.

I could give innumerable quotations of this kind. The Minister of Finance during the election campaign was listing the elements of the Conservative inheritance which had been left them by the Liberals, and one of them, he said, was that interests rates were at the highest point in the generation. Credit was stifled, he said, by a tight money policy. Then he went on to say:

> Money is now more plentiful. Credit and interest rates have been reduced very substantially.

I draw to the attention of the minister that the rate for treasury bills one day after the budget was 4.42 per cent. A week before it was 4.33 per cent, and the week before that it was again 4.22 per cent. The all-time high, previously, was 4.08 per cent —the rate about which he had been complaining—and I suggest we are entitled to have some further authoritative statement from the ministry with respect to the government's intentions in matters of this kind, because when interest rates were going down, hon. gentlemen on the other side did not hesitate to say it was a result of government policy. The governor of the Bank of Canada, at page 3 of his recent report, said this:

> I believe that these fears of inflation will prove to have been exaggerated, particularly if appropriate steps may be expected to be taken to overcome government deficits.

The minister told us in his budget speech that he is not unduly apprehensive, or rather that he has no expectation of substantial increases in the cost of living in the course of the next year or two. If the minister and the governor do take this view I think the Minister of Finance should be able to tell us just why there is such a tight money rein at the moment. We know it is stifling capital investment and that the resort to the United States market is unduly high, particularly on the part of junior governments. And I am sure that the Minister of Finance did not miss the complaint of the chairman of the metropolitan area in Toronto, Mr. Gardiner, who is no normal critic of the present government but who felt obliged to complain and squeal with respect to the federal government's policies in this sphere of interest rates.

Mr. Stinson: Mr. Speaker, before the hon. member leaves this subject, would he permit a question?

Mr. Benidickson: Surely.

Mr. Stinson: Would the hon. member not agree that the conversion loan was a good thing for Canada?

Mr. Benidickson: Mr. Speaker, the hon. member has simply drawn me to the next subject with which I propose to deal. We did not have an opportunity to deal with any authoritative information on the matter of the conversion loan when the house adjourned last session. The Minister of Finance at that time was not prepared or was not able perhaps to give us very much information with

respect to the costs of the operation and we only this session gained some information of that kind.

As the hon. gentleman who interrupts knows, the Minister of Finance is certainly one who has maintained with great fervour that this scheme was an unqualified success. Indeed, he says it so frequently that I suspect there are many Canadians who wonder if it is not a case of the minister protesting too much.

An hon. Member: Mr. Coyne says so.

Mr. Benidickson: I am going to indicate some questions that I feel should be very carefully considered by all hon. members of this house particularly when we are being asked to raise taxation for a one-year period to the extent of some $350 million. I have indicated that the sentiment of investors vis-à-vis this government has not improved and in fact seems to be on the decline, despite protestations that this conversion loan was an unqualified success. I believe it is a well known fact that since this government came into office—we will take the period from the end of June 1957 to the end of March 1959—it has increased the amount of our debt by $1,664 million and at the same time the money supply is about $1,720 million greater than it was at that time. I do not think anybody can deny that the deficit announced last June has been the cause of the conversion as well as the cause of this unprecedented expansion of the money supply. The government's need to borrow money is the explanation of both of these operations.

I think the following is rather significant. I noted that one of our most respected officials who has retired from the Department of Finance is reported in an article at page 394 of the November-December journal of the Canadian tax foundation. I think this statement is typical of the down to earth remark one would expect from Dr. A. K. Eaton. Describing the role of civil servants in the finance area he said:

> You cannot pretend to be fighting inflation at a time when you have lined up your powers behind the government in a drive to sell bonds to meet deficit financing.

There are a number of facts we have obtained this session with regard to the conversion loan. I ask hon. members who have asked me questions about this particular operation to reflect on the matter and tell us what they think about some of these startling results. The Minister of Finance in returns to those on this side who have asked these questions has indicated that we can now take the immediate cost of the operation to be $42,400,000 for premiums, $19,478,000 for commissions, $7,300,000 for issuing fees, $1,495,000 for advertising and $1,265,000 for administrative costs. Those immediate costs alone total $71 million plus, to get the project launched. Even more important, I think, is the cost that is involved in the years ahead.

I continue to draw the attention of hon. members to the relationship to the need for increased taxation. The Minister of Finance has indicated that the annual interest on the new bonds will be $58 million more than what was paid on the bonds that were converted; there is an amortization charge on an annual basis of $6 million; that totals $64 million.

The important thing I want to ask hon. members who have interrupted is this. Can they give me any good reason—and we have heard nothing about it from the administration—why the conversion committed itself to maturities well in the future. I refer to the 6th, 7th, 8th and 9th victory loans. Permit me to state what the result of that cost has been. The extra interest that will have to be paid for the 6th victory loan, which would not have matured until June 1, 1960, is over $13 million. Calling in advance the 7th victory loan results in an expense of $44 million; for the 8th victory loan, not due until October of 1963, $91 million, and for the 9th victory loan, not due until 1966, $165 million in extra interest. The total of interest with respect to these particular maturities is the staggering amount of $314 million.

But that is not the whole story. In addition to that, premiums had to be paid for the conversion of these loans. That involves another $30 million, giving a total of $345 million. I point out that this is very close to the increase in taxes we are discussing here. As an hon. gentleman on this side suggests, this could perhaps be referred to as a howling success.

Another question I would direct to hon. gentlemen opposite is this. Have they received a satisfactory and convincing answer to the question posed by the fact that in the case of the 17-year 4¼ per cent new bonds and in the case of the 25-year 4½ per cent new bonds there was no elementary prudence taken in putting in, a few years in advance of maturity, a provision that would give a right on the part of the government to call them. This has been more or less standard practice in the past. In other words if interest rates go down within the 17 and 25 year periods the government has no right to call in those bonds.

Surely hon. members supporting the government have heard from many constituents, as I have, another criticism to the effect that from sorry hindsight they rather think they were diddled by this operation. They are

recalling with considerable distaste the television and radio eloquence of the Prime Minister, the sledge hammer arguments of the Minister of Finance, the high advertising campaign and its very considerable expense and perhaps in particular they remember advertisements such as those which encouraged females to take advantage of the premiums and buy new hats. They remember all these things but what they are perhaps most conscious of is the fact that they have suffered promptly very substantial capital losses.

I have been disappointed to find in the explanation we have received from the ministry that there is an indication that they seem to be proud that they put something over and that this saved the crown some money. If in August the government knew what was likely to happen to bond prices and still went ahead with the conversion scheme, the complaints we are getting from the public are justified. If the government did not know what was going to happen then I feel it should have been better informed. If the government did not know, how much reliance can we place on the predictions and comments we might get along a similar line at this time? In any case, I think it is extremely poor taste on the part of the administration to brag about the success of this conversion operation which has resulted in a great number of their fellow citizens being victimized by sustaining very injurious losses.

A great number of matters are referred to in the minister's speech with which one would like to deal, but the debate will be going on for some days and there will be many others more competent than myself to deal with them. In addition, it is an unusual debate in that it provides several stages for further discussion, namely the resolutions, the bills and so on. As I said the other night, one of the most impressive things, because of the relative silence, in the budget speech, was the reference to unemployment. We are all very concerned about the fact that if the recession is disappearing it is doing so much faster than unemployment.

Probably many of us read recently the report in the *Financial Post* of a very wide canvass of businessmen as to the economic prospects. Quite a number of them indicated that in their opinions there could be an expectation of an increase in profits, in output and that those were inching upwards in probably a majority of instances; but 70 per cent of those consulted said that they foresaw no increase in the labour force even in consequence of an advance in those other sectors. These are the things that we have heard little about from the administration and I hope that those who follow me in the debate will say more about government intentions in this all-important field.

I move, Mr. Speaker, seconded by the hon. member for Welland (Mr. McMillan):

> That all the words after the word "that" be deleted and the following be substituted therefor: "this house regrets the bad faith of the government, which sought and secured support from the Canadian people on a program of lower taxes, reduced expenditures and a balanced budget, and which has now produced, in flagrant disregard of pre-election promises, a budget calling for higher taxes, record expenditures and a large deficit.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, the country has waited a long time for the bringing down of the budget. We have all recognized in this as well as in other commonwealth countries that the contents of the budget must not be revealed to anyone before the budget is actually presented to the house and to the country. I do not for a moment assume that there was a leak of the contents of the budget this time. I know that a member of the fourth estate is, however, a senior adviser and it is likely that when some months ago he was asked by the Minister of Finance (Mr. Fleming) what his opinion was as to the contents that the budget should contain he supplied a little advice to the Minister of Finance and he assured him that that advice would be accepted. I have reference to an article in the Montreal *Gazette*, dated March 12, 1959, under the title, "Ottawa Day By Day", by Arthur Blakely, in which he says among other things:

> Rightly or wrongly, the general expectation is that Mr. Fleming will not postpone a decision any longer but will move, in the new budget, towards a restoration of the rough state of balance between budgetary revenues and budgetary expenditures.
>
> It is also assumed that he will not attempt to restore this state of balance in a single budget, but will take some remedial action now and defer later measures (which might be made unnecessary by a new buoyancy in the economy) until later.

Then, a little farther on at the end of the article he says:

> It would not surprise many observers if Mr. Fleming made the fund—

And he is referring to the old age security fund.

> —again self-supporting by the imposition of a 3.3.3 formula, taking one additional per cent from personal income tax, corporation tax and sales tax.

I for one would like to congratulate this member of the fourth estate for having a keen insight into the operations of the mind of our Minister of Finance.

When we look at the budget which has been revealed we realize what a disappointment it is indeed because for the masses of the

people of Canada there is nothing in it except higher taxes, higher interest rates and a rise in the debt of the federal government. There is nothing in the contents of the budget which will supply any hope to our unemployed, to our farmers, to our basic enterprises and to our secondary enterprises. There is in the budget no hope for those responsible for raising the necessary financing for the operation of either the provincial or municipal governments.

I realize that the minister is most able to present the budget of Canada for the government of Canada in as excellent light as it is possible to present a budget of the kind that he has brought before us. I will not attempt to assist him in that most able performance of what is a message of very little comfort indeed for the Canadian people.

I notice that the minister has made many admissions of failure in the budget. I grant that those admissions were very ably presented so that to find those admissions one really has to look very hard indeed. The minister has been able to persuade most Canadian newspapers and magazines—and he was able to accomplish this even before the presentation of the budget—that things are on the upgrade in Canada. There has been indeed a lot of whistling in the dark to keep our spirits up. The minister was very adept indeed on Thursday last at pouring on a lot of soothing syrup. There were plenty of words, exceptional language, there was excellent oratory, indeed, as only he is able to present oratory. However, as I listened to the minister, Mr. Speaker, it reminded me of a very conscientious clergyman who typed out his sermons and left rather wide margins. His sermons were also like the minister's speeches, on the lengthy side. On one particular margin of one particular page he had inserted the note, "Argument weak here; shout like hell". After listening to the minister, after considering the effect of the budget on the economy of Canada, we realize why the excellent oratory was indeed necessary.

The minister has a remarkable ability to use argument to prove prosperity when in the argument itself there is an admission of failure. I refer to an old term used in senior government civil service ranks which dates back—the minister did not use this one; however it is a play that can be put on words—I remember a Liberal minister of labour who used to talk about the decrease in the rate of increase when he gave us figures on unemployment. The other day the minister used the sentence, "Our net borrowings should be less than one-half", definitely conveying to the average layman, not spending too much time on the budget, the impression that we were about to reduce our debt. Actually I must admit that the minister said no such thing. However, his statement, "Our net borrowings should be less than one-half" invited the reaction and led many people to believe that we were about to reduce our debt.

It is our contention, Mr. Speaker, that the economy of Canada has reached the stage of being in very deep trouble indeed. I see that even the minister admits this, although inadvertently, because on page 2425 toward the end of his remarks, he said:

> Canada has no reason for fear.

I hope the minister can explain why he felt it necessary to insert in his budget speech the sentence, "Canada has no reason for fear." We maintain that there is a good deal of fear. The minister only has to look at interest rates to realize that there is a good deal of fear. I feel that he admitted that. However, he is attempting to wish it out of existence with the sentence, "Canada has no reason for fear."

It is our contention that the Tory party and the government, not only at election time but since, have been misleading the people of Canada as to what the true situation is, especially in the fields of unemployment and economic recovery and particularly so in the field of public finance. I have here a clipping from the *Globe and Mail* of March 6 last and under the heading, "Questions and Answers for Investors" there is an article published by Wood, Gundy and Company Limited containing a graph comparing yields on bonds and yields on stocks. It shows that the exceptionally high and excessive yields from investment in Canadian equities, which we in this group have advocated should be made more moderate by the imposition of heavier taxation, have forced a rise in interest rates on government borrowings until today, without considering the dividend income tax provisions, the returns from bonds are higher than the returns from investment in Canadian equities. That is something that has not happened during the whole period covered by the graph which begins with 1949 and goes up to 1959.

On many occasions we have called for the establishment of a national investment board and I note the odd place where our approach to this problem is being met. I have here a report in the *Globe and Mail* of March 31 from Madrid which reads as follows:

> The Spanish government announced here details of a new anti-inflationary law aimed at controlling public and private investment and steering it into areas useful to the nation.

In this modern day and age we feel that that concept will eventually have to be accepted as being one of the responsibilities

of government, the management of the direction and flow of available investment capital so that the social needs of the nation may be met along with our industrial needs.

I notice that the confusion in the money market has caused some concern south of the border. Our Canadian government tells us that everything is all right but in another article published in the *Gazette* of March 11 I find this sentence:

> The 1958 fiasco was the worst debacle in the history of United States public finance. Thousands of investors lost money. The government bond market became demoralized and has not yet regained public confidence.

Official investigations are under way south of the border as to what can be done to restore public confidence in the issuance of government securities. Here we have in office a government that does not recognize the seriousness of the situation and tells us that we must accept the old law of supply and demand of the market place with regard to our social capital needs.

The government also has not fully informed the Canadian parliament or the people of the implications of the capital investment forecast for 1959. When we consider the implications of the statistics we see that capital investment is three per cent off compared with the 1958 level. I should like to refer to an article by John Meyer, financial editor of the *Gazette*, published on March 9 last in which he says:

> The $8,321 million in capital investment which the Department of Trade and Commerce anticipate this year, on the strength of the estimate given it at the beginning of the year, is 1.1 per cent less than last year's figure. Prices have increased 2 per cent over the last 12 months. In terms of 1958 values, then, capital investment intentions are a little more than 3 per cent off the 1958 level.

This article ignores the continuing growth in the Canadian population and if we consider the factor of the growing population we will see that the real situation in terms of continuing investment and expansion of the Canadian economy is even worse than indicated in the article.

With regard to markets, we are again assured that everything is rosy and that we do not have too much to worry about. The minister always likes to talk about what is happening south of the border and how that influences us here. I should like to refer him to an article in the *Globe and Mail* of March 12, 1959 by Richard E. Mooney from the New York *Times* service. Mr. Mooney says in part:

> In broad terms, the conclusion here—

The reference is to Washington.

> —is that the world is back on its feet. Europe has regained its prewar competitiveness, and underdeveloped nations are coming up. Both of these developments have long been objectives of U.S. foreign policy, objectives for which billions of dollars have been spent. The result, according to thinking here, is that U.S. producers can no longer dominate world trade so easily as they did in the earlier postwar years.

I believe that the government found that out when it found that its decision to transfer 15 per cent of our imports from the United States to the British commonwealth was not as easy to implement as to pledge at election time. We have a recession in our local market. Mention was made some time ago of retail sales. I have figures here to show what is happening in the field of retail sales. According to a dominion bureau of statistics report in February last, retail sales in 1957 amounted to $1,235,500,000 and in 1958 to $1,271 million, indicating a 2.9 per cent increase. When we relate this to the 2.6 per cent increase in the price index over the same period and also relate it to the increase in Canada's population of 2.3 per cent, we can see that net retail sales on a per capita basis in 1958 were away below those of 1957. We are not only losing markets abroad but we are losing markets at home, even though some statistics may be produced to show otherwise. If the change in the purchasing power of money is taken into account, as well as the growth in Canada's population, then we find we are not moving out of the economic recession, we are very much in it today. We find no action proposed by the government to remedy the situation.

Then, in so far as unemployment is concerned, this government plies us with statistics from the unemployment insurance commission, attempting to show that unemployment is on the wane. It reminds one a little bit of the phrase "argument weak here, shout like hell". This was the course followed during the election when we were assured, in these loud, booming voices, that so far as unemployment was concerned we were past the peak. Has anyone in the government ranks ever made an estimate of all those people who are ineligible for unemployment insurance benefits and who have not been near an office of the unemployment insurance commission for many long months? During the last winter in the Vancouver area we had 10,000 such people. All of these people whose unemployment insurance benefits have expired are no longer in the statistics that are supplied to this house by the government of Canada. Almost all the people above the age of 35, and especially those above the age of 40, who are told that they are too old for employment, have long since been taken off the list in the unemployment insurance commission offices.

We are told that last year there was a growth in Canada's labour force of only 1.16 per cent. The government always likes to brag about the growing number of people who are working in Canada. As I indicated before, last year our population rose by 2.2 per cent and yet at the same time our working force showed a rise of only 1.16 per cent. In my opinion this is rather clear evidence that unemployment actually is climbing in Canada instead of receding as the government would have the people of Canada believe. I should like to cite only one little example. If we were really climbing out of the economic recession, if we were really on the way to economic recovery, why would a report indicate that at this time some 25 per cent of the population of one of our ten provinces is on social welfare or relief? Surely, that does not indicate a return to prosperity.

Then, we have claims made, by a reference to industrial enterprise, that we have this economic recovery. Once again, when you consider the growth in population, when you consider the change in prices and think of the volume of goods, you will note that we are lagging rather than growing out of the recession. I have figures here showing industrial output for the month of December, 1958 as compared with December, 1956, and the base period for this index is taken as 1956. The index for December, 1956 stood at 154, while in December, 1958 it was only 148.2. One could take mining, for instance, as another good example. In December, 1957, the index for mining was 217.6; in December, 1958, the index for mining was 214.6. These indices are based on volume rather than the annual sales value in monetary terms.

I fail to see how the minister can, like the men of magic, pull a rabbit out of a hat and base a budget on a growth in gross national product for 1959 by seven per cent, because that is only two per cent less than the greatest industrial growth that Canada has ever experienced since the end of the war. In one year it was nine per cent. Last year, on a volume basis, there was less than one per cent growth, and on a per capita basis there was actually a decline in our gross national product. In spite of this, the minister says he expects a growth of seven per cent, and his predictions are very important, Mr. Speaker, because the whole welfare of the federal budget depends on the accuracy with which the minister is able to make his predictions.

In so far as national defence is concerned, the whole country is in a quandary. We do not know what the policy of the government is, nor is enough information supplied to indicate what the policy of the opposition is on this matter. We have no information about government policy in the field of transportation, and yet we are asked to subsidize railway transportation at least. The minister has not tackled the problem of the finances of the other levels of government. Instead of calling a dominion-provincial conference he is having a meeting with the provincial finance ministers. In the field of public financing, I feel the minister made a serious error the other day when he indicated his public borrowings would be $850 million. He failed to point out he will have to borrow this year some $1,350 million to refinance government bonds that are falling due in 1959. Adding this amount to the $850 million, we find that federal government bonds or other sureties that will have to be handled this year will amount to $2,200 million as opposed to last year's figure of $2,250 million, that is excluding the bond conversion deal. When we exclude the bond conversion deal, we find the minister will offer on the market this year practically the same amount of government bonds and treasury bills as he did last year.

I know the minister is accurate in the actual wording and the grammar of what he said but, in effect, the country was misled into believing that government borrowings this year would be only half of what they were last year. The facts show that the minister will be borrowing $2,200 million this year as opposed to $2,250 million last year. If he says that much of this is retiring debt, and the debt is only going to grow by $850 million, I know he is right. At the same time it has the effect of placing all these bonds as a new issue on the money market.

We feel that the Tories have been misleading the public in the matter of public financing and its relations with other governments. We feel that they have supplied inadequate information on national defence and on transportation. We feel that they have been misleading the public with as to what is happening with regard to economic recovery, unemployment, the market, our capital investment forecast and present incomes of Canadians which are down, as can be found at page 8 of the Canadian Statistical Review, the February issue.

We feel that the results of no action on the part of this government will be serious indeed. The world today is moving at a rapid pace. Canada's economy is especially vulnerable. Unemployment breeds unemployment. Industrial progress must be made in order to meet our ever-growing commitments and the requirements of our population. Agriculture is facing industrialization unless action is taken to meet the problem posed by the cost-price squeeze. Short term policies with regard

to other basic enterprises lead to serious lack of conservation, especially in lumbering, forestry and mining. Higher interest and higher taxes bring more unemployment because they affect the purchasing power of the people. Our troubles begin to compound themselves.

After all, Mr. Speaker, the Tories recognized the ills that we had and the larger ills that we were heading for. At the time of the several elections the Prime Minister (Mr. Diefenbaker) and his party assured the country that they had the answer. We now find that instead they are following a policy of advising the people of Canada to play the sitting ducks game and to take the consequences of an open season. We feel that this procedure is hardly in keeping with the solemn pledge that was given to the Canadian people. I should therefore like to move, seconded by the hon. member for Kootenay West (Mr. Herridge):

That the amendment be amended by adding thereto the following words:

"and this house further regrets that the government has failed to present to parliament a planned financial and economic program designed to develop the economic health of the nation by, among other things, (a) reversing the trend of rising interest rates (b) establishing a capital gains tax".

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I am sure the hon. member who has just taken his seat will not be offended if I amplify that story with which he regaled the house a short time ago and in which he spoke about the minister and the marginal notes which were included in the wide margin. Actually, I think the Minister of Finance (Mr. Fleming), myself and some of the rest of us who are associated with the legal profession have perhaps a better knowledge of that story because we were all told it in law school many years ago. It has three parts to it instead of the one to which he referred. The advice which was given to the students was this. If you have the law with you, you do so and so with a judge. If you have the facts with you, you do so and so with a jury. It is only when you have neither with you that you do what the hon. member suggested be done.

In the same breath the hon. member regretted the fact that all of the newspapers and all of the magazines in this country had accepted the statement of the Minister of Finance that prosperity was around the corner and that this country was moving forward every day in its recovery from the depression. I would suggest to the hon. member that the Minister of Finance obviously had the facts with him and he impressed the jury because in matters of this kind the jury, of course outside of the members of the House of Commons, are those journals and magazines and other agencies of public opinion in this nation.

I am rather intrigued by the atmosphere of gloom which still permeates the hon. member for Burnaby-Coquitlam (Mr. Regier) who has just taken his seat. The financial critic for the opposition was more careful in his gloomy prognostications than he was last year. As you will recall, Mr. Speaker, this house was confronted with the appalling prospect of having a deficit which was going to amount to over $1 billion and if you do not accept the words of a politician for that, then you accept the words of financial authorities across the country. This afternoon for a few moments I checked back on some of the statements which were made during the budget debate last year. We have that redoubtable master of statistics who now has the Martin bureau of statistics figures with which he regaled the house in the past. Speaking in the budget debate last year he said this as reported at page 1883 of *Hansard* of July 3, 1958:

Instead of these promises being fulfilled we are faced—

There was no doubt, no hesitation, no question.

—with a billion dollar deficit. This the Minister of Finance denies—

And so on and so forth.

And the Leader of the Opposition, in dealing with this matter last year, says this as reported at page 1903 of *Hansard*:

If you think my predictions in these matters—

And he predicted over a billion dollar deficit.

—coming from a political source are suspect. I can refer you again to the director of the Canadian tax foundation which is an accepted authority.

And he goes on and spells out a deficit of over $1 billion. I cannot put my finger on it at the moment but I am sure that my friend the financial critic of the opposition will recall that last year, in dealing with this matter, he too said that if the figures were analysed properly there would be a deficit of over $1 billion. He also quoted various tax authorities which he called to witness in order to establish the financial condition in which this country was going to find itself after one year of budgeting under the present Minister of Finance. The Minister of Finance had suggested that the deficit would be $700 million or approximately that amount, and all of the dire prophecies which the hon. member for Burnaby-Coquitlam is still repeating in this house this afternoon were stated by our friends in the official opposition last year. There were

charges of misleading the house and charges of an absolute breakdown of the financial structure of this country, with an inevitable deficit of $1 billion.

Yet what do we find? When the minister brought down his statement last Thursday night and the white paper the day before we found that there was a deficit of not $700 million for which he budgeted but of $618 million. I think that the Minister of Finance and this government deserves great credit for having accomplished this result in the light of the dire prophecies which were made last year. When I hear these gloomy prognostications about the way the country has been betrayed, the way in which the financial structure of the country is being jeopardized, I must say that outside the attendance in this house, where members are always assiduous in their attention and in their attendance, the attendance in the galleries would not suggest that the nation is living in fear and trembling of what is going to happen under this budget or that it wishes to express any indignation or any great apprehension because of what was proposed by the Minister of Finance.

We have had a difficult year during which to finance. I think the Minister of Finance deserves a great deal of credit for having planned the financing of this nation, assuming additional responsibility and financial expenditures which were never contemplated in the days in which we were in opposition and having succeeded in coming out with a deficit of not that which he had expected but which was less than that for which he had budgeted. Why is it that there should be these suggestions about the "terrible Tories" having betrayed their promises and exposed the country to increased taxation. We have heard about the things which are supposed to have been done; according to the amendment which has been moved—

> This house regrets the bad faith of the government which sought and secured support from the Canadian people on a program of lower taxes, reduced expenditures and a balanced budget, and which has now produced in flagrant disregard of pre-election promises a budget calling for higher taxes, record expenditures and a large deficit.

Mr. Speaker, there is no doubt that promises of any kind, whether pre-election promises or otherwise, should be honoured and respected so far as circumstances will possibly permit, but I would suggest to you, sir—and I think all hon. members on both sides of the house would accept this general principle—that promises made to this House of Commons and promises made to parliament stand in an even more favoured position in so far as sanctity and respect are concerned than promises made during an election campaign.

[Mr. Nowlan.]

What has been one of the major reasons why we are facing increased taxation at this time? It is simply the necessity for putting on a sound financial basis the old age assistance and security fund which was accepted by this parliament in 1951 after a joint committee of the House of Commons and of the Senate had spent months in considering the inauguration of such a fund. I have the report of that committee here, but I do not intend to weary the house by reading excerpts from it, unless hon. members should desire me to do so. But this was the effect of the report —that there should be established provision for old age assistance and old age security in this country and that the fund should be on a self-supporting basis. As a matter of fact, reference was made to this point in the committee's report itself, that the fund was to be placed on a "pay as you go" basis. This report was adopted by the government of which the Leader of the Opposition (Mr. Pearson) was then a member. Others who sit in this chamber today were also members of the cabinet at that time; the hon. member for Essex East (Mr. Martin); the hon. member for Bonavista-Twillingate (Mr. Pickersgill)—

Mr. Pickersgill: I do not think I was a member at that time.

Mr. Nowlan: No. The hon. member for Bonavista-Twillingate was, of course, still relegated to the back room. It was some time before he escaped his enclosing confines and came to the front row of the house.

A resolution was moved to establish this fund, and it came to this house having previously been approved by the governor general because it involved the expenditure of money. It was moved by the hon. member for Essex East, who was at that time the minister of health and welfare in these terms:

> That it is expedient to introduce a measure to provide for the payment of pensions, without a means test, of $40 a month to persons who have attained the age of 70 years and have appropriate resident qualifications and to establish a fund made up of special contributions levied for that purpose.

In other words, this fund was to be established to pay for the pensions. The minister of finance of that day, now one of the distinguished ornaments of the Supreme Court of Canada, and one who will be remembered by many of us here, said in dealing with this matter that the fund should be self-liquidating. As reported on page 390 of *Hansard* for October 25, 1951, he said:

> The purpose of the provisions to which I have just referred is to ensure that the fund, at least after the first few months, will be self-sustaining and that the revenue sources are sufficient to ensure an adequate flow of income to meet the pension payments and the repayment of loans. This is the basic principle on which it is proposed to operate the fund.

After that, the debate went on for many, many weary days. Then Mr. Abbott again dealt with this matter, and said that if there should be a shortage in the fund he might have to advance a loan for a few weeks or, possibly, a few months, and he goes on to say as reported in *Hansard* of November 8, 1951, at page 840:

Early next spring when we are looking at general budgetary matters, we shall have to see how things get started; and as I said in my opening statement, some special action may have to be taken at that time to get the fund off to a proper start. But while it may be necessary to advance moneys to the fund to make payment of current pensions, pending tax receipts—or if tax receipts prove inadequate, pending the time taxes are increased to make up for the deficit—from then on that is the basis upon which the fund will be operated.

Then a former hon. member who will be remembered by many of us in this house, the former hon. member for Winnipeg North Centre, Mr. Stanley Knowles, asked a question, wishing to make it clear whether pensions would be paid, whether the fund was in balance or not, and Mr. Abbott said, in reply:

I would say that additional taxes would have to be imposed, sufficient to reimburse the fund for any advances made, and to provide for future payments.

And Mr. Knowles further asked:

In other words, it could go on as a sort of debt which could pile up as simply a picture of what it has cost to provide old age security.

And this is the response given by Mr. Abbott; it is one to which I should like to draw the particular attention of this house:

That would be possible, but it would not be probable as long as this administration is in power.

What has happened, Mr. Speaker? That was in 1951, and with regard to carrying out that promise to parliament, as with regard to carrying out many other promises to parliament and to the country, the government of that day immediately chose to disregard it, and from then on, every year, this pension fund was never brought into balance. Every year there was a deficit. Last year, as hon. members know, there was a deficit, partly due to increase of pensions which this government made and partly due to the increases which were put into effect by the preceding government amounting to the tremendous sum of $186 million in the fiscal year just closing. And the year before it was $102 million.

Was that principle not right, the principle which was enunciated in 1951? Was it not a sound principle, this principle which had been agreed on not only in the House of Commons but in the other place, and agreed on unanimously, that old age security should be guaranteed by means of funds to which we all have to contribute, and that those funds should be kept in balance? Were not the government and the minister of finance justified in making this pledge and saying they felt it virtually impossible to conceive of any other way of doing things?

We all know the situation in which we find ourselves today and the situation in which the Minister of Finance has found himself. We have therefore gone ahead this year to deal with the difficulty, and a very substantial part of this so-called increase in taxation—in fact, $183 million in the full year—will go toward bringing the old age assistance fund, the old age security fund, into balance. This will not be accomplished entirely next year, but over a period of a year or two the fund should be in balance. In this case, as in so many other situations which the government inherited, we shall be carrying out, and redeeming and implementing, a pledge which was made heretofore and which was ignored by our predecessors in office.

Much will be said, I am sure, with regard to sales tax. The hon. member for Kenora-Rainy River (Mr. Benidickson) referred—though not in such detail as I thought he might have done—to the fact that there is an additional sales tax of one per cent, the proceeds of which will contribute to the deficit in the old age security fund which might be prejudicial to the motor car industry. And, of course, there is the additional excise tax, too. Everyone regrets having to pay increased taxes. I may say I feel that the hon. member for Kenora-Rainy River has let me down to some extent because he did not go as far as I thought he might in condemning the increase in the sales tax. I am sure amplification of that has been left for some other speaker on that side of the house and no doubt that hon. gentleman will appreciate my bringing to his attention a statement made by the then minister of finance, Mr. Abbott, as reported at page 388 of *Hansard* of October 25, 1951:

The sales tax more nearly approaches the ideal levy for financing social security than any other tax in our system. Where under social security provisions the benefits are to be universal it is only right that contributions to the fund should likewise be universal. Income tax, incidentally, reaches, I believe, only about half of our working population. It seems clear that all should take at least some part, however small, in making provision against need.

I commend those words to hon. gentlemen opposite and suggest to them that what we are doing now, at least to the extent of $183 million, is meeting the pledge which was made by the then minister of finance. Some

hon. members will be able to recall that hon. gentleman as he sat on the treasury benches, and will remember that pleasant voice, his smile, the way his eyeglasses were removed and waved around to make a point. They will recall his attitude that any questions coming from the oppositon were simply something to be laughed at. Many will recall his typical statements, "We are going to do so and so; we shall do thus and thus". And because he and his associates did not do what they promised, we have one of the results with which we are faced today.

Much has been said about the weight of taxation and the terrible thing this government is doing in increasing taxation as it has. What are the proposed increases in taxation? I, like the hon. member for Kenora-Rainy River, am not going to deal with all the details of taxation. As he stated, this debate is going to continue for several days and during that interval many speakers will participate and many questions will be dealt with. In brief we have a two per cent increase—or call it three per cent, if you wish, including social security—in corporate income tax. We have an increase of approximately two cents on a package of cigarettes and of 15 cents on a bottle of whiskey. These increases are introduced and hon. gentlemen opposite immediately rise and proclaim that the whole social and financial structure of this country is going to come crashing down on our heads and that the Minister of Finance, like Samson, has disturbed the pillars and now the temple will come crashing down in ruins. If that disastrous event should come about I am sure that both the Minister of Finance and the Prime Minister would be willing to start smoking cigarettes and drinking whisky to save the economy, but I think we need have no fear of such a catastrophe occurring.

I want to suggest to hon. gentlemen opposite that the financial fabric of this country is what we inherited.

Mr. Pickersgill: Rubbish.

Mr. Nowlan: If it is as bad as critics suggest today then I can only remind them that we inherited this condition which certainly belies and beclouds all the boasting we used to hear from hon. gentlemen opposite when they sat on this side of the house about the greatness of Canada, one of the leading nations of the world, brought to the forefront through policies they introduced, a nation strong financially, internationally and in every other way. Hon. gentlemen opposite now depict us as a nation of frightened rabbits scurrying through the bushes, weak, emaciated and timid, all because of a little tax on whisky and cigarettes, and a two per cent increase in the corporate tax. No reasonable person believes what is said to this effect by hon. gentlemen opposite. That is why I suggest, emphasized by the great interest we see aroused in this debate on the part of the public, that there exists on the part of the Canadian people a general acceptance of this budget.

Through you, Mr. Speaker, I would ask if any hon. member has ever seen a budget in which substantial tax increases are advocated, promulgated and brought forward, which has been so readily accepted by the nation as has this budget? I use the word "accepted" advisedly. Oh, I am quite convinced there will be no paeans of praise nor any hallelujahs, but I am certain there is general acceptance. Even hon. members sitting in this chamber bear their share of the burden of the increased taxation. I am sure none of us wants to throw his hat in the air and boast about it. But, as the hon. member for Burnaby-Coquitlam (Mr. Regier) has pointed out, the press and magazines of this country have already accepted the fact that increased taxes were necessary and that the Minister of Finance has developed a system of increases which on the one hand will tend to stabilize our economy and ward off the dangers of inflation and on the other hand not interfere with the economic development of the nation or deter the course of recovery which is taking place at this moment.

Reference has been made to broken promises. I suppose there has never been a budget brought down about which some reference of this nature has not been made n terms of broken promises. There is no question but that statements were, have been and probably always will be made during the course of election campaigns, both inside and outside of this house, in connection with the financial affairs of this country and reduced taxation. Such statements were made during election campaigns held prior to 1957.

Let us examine what has transpired. Early in 1957 and probably prior to then this country was entering into a serious business recession months before we came into office, the seeds of which recession had been sown, had sprouted and were almost in full flower prior to our taking over the administration of the nation. That is a fact, Mr. Speaker—

Mr. Pickersgill: That old myth.

Mr. Nowlan: That is a fact. I do well to remind hon. gentlemen opposite once in a while of the fact that the indications of this recession were well known to hon. gentlemen opposite when they were in power and were concealed from this house and from the people of Canada. If we had had a proper appreciation of the financial facts which they

knew and deliberately concealed perhaps some of the statements which were made during the course of the election campaign would not have been advanced with the emphasis they were given. That is the only difference in so far as that situation is concerned.

What happened next? We have emerged out of the depression to a remarkable degree. My friend the hon. member for Burnaby-Coquitlam made reference a moment ago to retail sales. I wonder if any hon. gentleman in this house could name a retail merchant in any constituency in Canada who having experienced normal circumstances, and quite apart from unique or peculiar situations involving a strike or something of that sort, would not be in a position to tell him that he had enjoyed better and increased business and more sales last Christmas than ever before in his experience?

The province of Nova Scotia is not one of the wealthiest provinces in Canada and it has received substantial assistance from this government. I can tell hon. members that with the possible exception of one or two industrial areas where labour troubles had resulted in substantial unemployment locally, there was not one retail merchant in that province who did not experience more sales last Christmas than at any other Christmas in history and I am sure that the same thing applies generally across this nation. These facts are independent of figures produced by the bureau of statistics. These are facts which everyone knows, which the country accepts and for which the people of this nation are grateful to the present government.

Some hon. Members: Oh, oh.

Mr. Nowlan: Do not scoff. I am not attempting to take full credit for the government. It has been one of the factors contributing to this situation. Management, labour and government working together have accomplished a tremendous amount for the nation during the last 18 or 20 months and we shall continue to do more in the months that lie ahead so that by the end of this year we should experience the highest degree of prosperity that has ever been known in Canada.

Some hon. Members: Oh, oh.

Mr. Nowlan: I still hear the scornful laughter across the aisle. I could make reference to a well known quotation but I shall refrain from doing so because it might be personal and I should not want to be guilty of that. I believe that when the budget is brought down next year it will tend to justify the prophecy I have made.

There is a psychological danger of inflation and that is one of the problems with which the Minister of Finance has been confronted. I do not refer to an immediate danger of inflation such as has been spoken of by some politicians and some bankers and a few other people. There did exist in this country, however, a genuine psychological danger of inflation. If steps had not been taken to deal with this threat, again through the co-operation of management, labour and government which assisted economic recovery, there possibly would have been a real danger of inflation that could have had some detrimental effect on money markets. Certainly when words of warning about inflation were spoken by so-called financial experts they carried some weight.

The minister dealt with that in his budget, and by increasing taxation substantially and yet not exceptionally, by reducing the budgetary deficit substantially next year, he has given to the people of Canada an assurance, implied from this government, that we are not going to stand idly by and watch the fires of inflation develop a head of steam in this country. The people can accept that, and that is why this budget has been framed in the way in which it has.

I am not sure whether it was the financial critic or the hon. member for Burnaby-Coquitlam who referred, of course, to unemployment and the dire state of employment in this country. We hear a great deal of talk about that at all times and we all realize that when one man is unemployed it is a tragedy as far as he is concerned, and the more there are unemployed the greater tragedy it is. No one certainly sitting on the treasury benches, or no one sitting on this side of the house, and certainly on the other side as well as far as that is concerned, would for one minute attempt to minimize the tragic effects of unemployment where it does exist. One of the paradoxes, of course, of the immediate situation is that you get all those indices of expanding economy, higher wages, more men employed than ever before, and all the other matters to which reference could be made, and yet we do have a fairly substantial element apparently of unemployment in this country. We have called it seasonal unemployment in the past. I sometimes wonder whether the true seasonal effects are implied. We who live north of the 49th parallel suffer more from a more severe climate than does the great country to the south of us. Undoubtedly, there is a substantial element of seasonal unemployment; possibly also unemployment due to automation possibly due to other things.

There is a backlog of unemployment which has been generated owing to economic conditions.

Someone has asked: What is the hope for the future? What about employment? I would like to point out something, Mr. Speaker. These figures may have been put on the record before, but they certainly deserve repetition if they have. The number of Canadians working in mid-February, and there are far more today, according to the D.B.S. figures, was 5,247,000, or 152,000 more Canadians than ever worked before at that time of the year. That is the wonderful record of employment which has been achieved in this nation. Similarly, the number of people without work, reported under the D.B.S. system, was 26,000 fewer than it was in February of the preceding year. We were employing substantially more, over 152,000 more, and unemployment was dropping, and this under economic conditions which we have been told have been made terrible by this government.

Let us speak of the deficit and additional taxes. The Minister of Finance is critized for those additional expenditures. I would like to commend to the house those figures on the contributions to the provinces, the payments which we are making to the provinces of Canada only in comparison with what was assumed three years ago. It will be found at page 2410 of *Hansard*. I think those figures should commend themselves to every member of the House of Commons and to every intelligent person throughout this country. My time is running out but we find that in the 1956-57 fiscal year—just two years ago—the total contribution made two years ago by the treasury of this country, by the minister of finance, by my hon. friend's predecessor, was $689 million. That was the last payment made by the immediate predecessor of my hon. friend. According to the budget which the present Minister of Finance has brought down for which he is critized for imposing higher taxes, for which he is critized because t still has a deficit, what is the situation? According to those figures, for the fiscal year which will end next March 31 the total contributions to the provinces will be $1,212,500,000, virtually twice the $689 million which was paid three years ago. Yet this government is criticized for breaking promises, for not having a dominion-provincial conference called, and so forth. This government has done more in connection with these matters than the preceding government did in the 25 years preceding this budget, and make no mistake whatsoever about that.

In the past three years we have doubled the total amount of payments which the preceding government made to all of the provinces for all purposes, conditional and unconditional.

Mr. Pickersgill: You have not been in office three years. You are including Mr. Harris' increase in 1957.

Mr. Nowlan: I would not praise Mr. Harris' budget because I still remember something about one cup of coffee and two lumps of sugar, or two cups of coffee and one lump of sugar. It was one or the other.

Mr. Pickersgill: If his was two, yours was three.

Mr. Nowlan: This is the government which is not giving leadership; this is the government under which there are financial problems; people are suffering because of our leadership. I have the white paper in front of me. I have not time to refer to it, but some of you have seen a summary of part of it in the *Globe and Mail*. I am reading from an editorial of April 10, which is a reflection of the figures which appeared in the white paper:

> The personal incomes of Canadians totalled $24.6 billion in 1958, highest such figure in their history. Average annual wages were at a peak of $3,534. Farmers had the second biggest earnings on record—$2.8 billion, just 2 per cent less than in 1952. Canada's gross national product passed all previous marks at $32.2 billion.

As the Minister of Finance pointed out the other night, in the table appears schedules dealing with increased taxation. I refer to the increase in the personal tax. He detailed to the house what the increased income tax would mean to the average family of this country, a married man with two children, and three children, and the various salaries ranging from $3,000 up. Do not forget that this increased tax does not fall on the medium and middle groups. Although it is true, as the minister pointed out, we have raised income taxes this year over what they were last year, nevertheless the increase does not offset the decrease in taxes which he brought in in his preceding budget, so that those taxpayers in that great group, the intermediate and medium group, are better off today than they were before, vis-à-vis income taxes, even after the increase which we have proposed to impose by this taxation increase. In fact, social security has been improved, we have a hospital scheme and all these other things to which reference could be made if time permitted.

I note by the clock, Mr. Speaker, that I have but one or two minutes left. I do not think anything more I can say will point up the argument I have attempted to make. Scan the record, see what the government has done and how it has been accepted by the people of Canada. Despite the one or two scornful laughs I hear from the other

side—you have to expect one or two but the majority over there must be so woeful that they dare not laugh out loud—the country is accepting the fact that because of a combination of circumstances, over a substantial number of which we had no control whatsoever, increased taxation was necessary; that increased taxation to the extent to which it has been imposed is justified and that this government by controlling inflation or holding out the threat that if inflation should start it will be drastically controlled, while at the same time approaching a balanced budget and providing these additional benefits, has given the type of fiscal security and financial leadership that the nation wants and expects. The result will be that Canada will achieve a higher standard of production and prosperity than it has ever known before.

Mr. Speaker: Before I recognize the hon. member for Hull, I should like to say a word about the subamendment which has been put from the chair without objection being taken as to its propriety. There are two features of the subamendment which appear to me to raise doubt as to the regularity of accepting it.

In the first place the subamendment "regrets that the government has failed to present to parliament a planned financial and economic program." That is very reminiscent of the subamendment moved in the debate on the address in reply to the speech from the throne which added after the word "policies" the words "caused by the absence of social and economic planning."

But there is a further point to which I think I should at least refer before the debate proceeds. Although the amendment condemns the government for increasing taxes rather than reducing them, the subamendment calls for the establishment of a capital gains tax, which is contrary to the amendment itself. To my mind a subamendment should be such that it relates to the same subject matter as the amendment, to the degree that if both the amendment and the subamendment were accepted they would make sense together.

I am not sure that in a wide-range debate such as this it will be restrictive in any sense of the privileges of the house or of the freedom of debate whether or not the subamendment is allowed to remain before the house or not but I should not like to be met in the future with this subamendment as a precedent on relevancy. Therefore I take the opportunity to enter this caveat before calling on the hon. member for Hull.

(Translation):

Mr. Alexis Caron (Hull): Mr. Speaker, I must say right in the beginning of my remarks that the budget introduced by the Minister of Finance (Mr. Fleming) has been received in Canada with the greatest disappointment, not so much because of tax raises in themselves but mainly because of the state of mind of those hon. gentlemen who, when they were sitting on this side of the house, invariably grumbled against any tax increase that might be submitted. As a matter of fact, I remember quite a number of speeches by the Minister of Finance, when he was sitting on this side, and the vigorous language he used in lambasting the government every time taxes went up. When on the other hand, the government proceeded to cut down some taxes, the minister—when he was sitting on this side of the house—still found fault with that, complaining that the tax cut was too small. Besides, the present Prime Minister always referred to the Liberal government, as the "taxing government". Now, on December 24, 1958, the Montreal *Gazette* had this to say:

(Text):

"The high tax party has been in power too long," declared Mr. Diefenbaker in 1947. "The taxes have become confiscatory and can, if continued, bring about the end of our system of free enterprise."

(Translation):

This was the present Prime Minister (Mr. Diefenbaker) speaking at the time. Today he seems to have forgotten it all. And the *Gazette* reported further:

(Text):

The Conservatives promised to reduce taxes, and this they have done in two separate takes, to the amount of about $200 million per year. So, as things now stand, they have done what they were pledged to do.

Mr. Diefenbaker and his colleagues emphasized time and time again, taxes were so high as to "penalize success, neutralize incentive and diminish production."

(Translation):

Such was the language of those hon. gentlemen when they were sitting on this side of the house. And each time they had a chance to speak about the budget, the present Prime Minister and several of the members of his cabinet kept asking that a royal commission investigate expenditures made in Canada. Furthermore, I find in the *Gazette* of February 19, 1959, the following text:

(Text):

During the long years that the Conservatives decorated the opposition benches, they built up over the years a warm affection for the proposition that a royal commission should be set up to probe federal government spending and recommend possible savings. In those days, all true Conservatives stood four-square by and for the project. They made no secret of the fact that they were appalled at the rate at which the Liberal government of the period could spend money and of their related conviction that something should be done about it.

(Translation):

Those are the gentlemen who today extol the many expenditures they have made and propose new taxation without seeming in the slightest degree embarrassed. General criticism throughout Canada had foreseen that such orgy of expense on the part of the present government would necessarily lead to the present conditions. And I find again this in the Montreal *Gazette*, a publication which can hardly be labelled Liberal:

(Text):

Birds that come home. Spending of this kind is bound to create a deep deficit. And the deficit will be filled only by more taxing or more borrowing. As far as taxation is concerned, Canadians have already reached a worrying level.

(Translation):

This was on February 10, 1959. Therefore, even papers supporting the government were afraid of conditions that might follow in the wake of such extravagant and exaggerated spending, which did not always aim at correcting conditions in this country.

If, at least, those expenses had considerably reduced unemployment, they would have been accepted as well as deficit budgets; but, no, the situation grew worse from year to year. Though there is some decrease in unemployment figures, if we add to them all the people who are no longer entitled to unemployment benefits, the number will be greater than those statistics indicate. Moreover, we read in the Montreal *Gazette* of December 26, 1958:

(Text):

The unbalanced wheel. What is to be done now? The government, by spending beyond its revenues, has incurred a budget anxiously large. But it has also, without doubt, made its contribution to national inflation.

(Translation):

And that is a tremendous truth. I was flabbergasted the other day Mr. Speaker, when I heard the minister state with a broad smile, Mr. Speaker, that the deficit this year would not be a billion, not even 700 million, but only 617 to 618 million dollars and, moreover, looking quite smug, announced a general increase in taxation which is going to affect everything walking on two feet in Canada, and tell us later in French in a poetical flight:

We have withstood the disturbing calm of recession, and the winds of prosperity again fill our sails, as the basic strength and soundness of the Canadian economy again assert themselves. With a united, determined and confident population, Canada marches on unflinchingly towards its bright destiny.

Mr. Speaker, this puts me in mind—

Some hon. Members: Hear, hear!

Mr. Caron: You can pound your desks as much as you like! This puts me in mind of Nero who sang his poems and plucked his harp while Rome burned.

I notice that these hon. gentlemen have stopped their applause.

Mr. Speaker, the government announces an estimated deficit of some $335 or $350 million, and I am convinced that, if the government really did its duty, the deficit would be much higher. In fact, if the deficit is only $335 million, it is because the government has failed to act as it should.

For instance, we are now able to see—which has been said and stated by every economist,—that the unemployment insurance fund has declined dangerously. To my mind, Mr. Speaker, there are only two ways of settling the matter. We should pay an amount of $300 or $400 million into the fund in order to put it in a more favourable position. Now, there are only two ways to levy such an amount: either it should be taken out of the consolidated revenue fund, which would add to the estimated deficit, or the rate of contributions should be raised, which would mean an extra tax on all workers in Canada.

Either way it would be bad, and I am afraid the government might lack the courage to take drastic action as would seem warranted under the circumstances.

Mr. Speaker, there is another matter which the government failed to deal with, and seems unwilling to approach. It is the question of civil service employees.

We have in this country civil servants who are getting much lower salaries than those paid in industry, a good many of whom for instance, are getting $3,000 a year or less. There are many married employees with two, three, four, five or six children, whose take-home pay varies between $50 and $60 a week. I think their position is quite deplorable and if the federal government were to do its duty, the civil servants should get a general increase, which would again add $300 or $375 million to the estimates for the current year.

I do not know whether the claims of federal civil servants and their plight are not being recognized because of a statement made by the hon. Minister of Defence Production (Mr. O'Hurley) during the by-elections of Montmagny-L'Islet, when he said on October 28th, 1958—and you might note that this was in a public meeting, Mr. Speaker:

"We didn't succeed in bringing the boys from the Civil Service Commission to heel, but we shall get the better of them and manage that business ourselves."

Well, Mr. Speaker, I maintain that such attitude on the part of a minister of the crown, whose statement has been refuted

neither by the Prime Minister (Mr. Diefenbaker) nor by another cabinet member, gives rise to some fear with regard to the future amongst federal civil servants in spite of many years of service. They dare not express their views, even on matters having to do with their most urgent needs, and most particularly their salary increase. Some of them dare raise their heads, but most of them are afraid—and besides, we have heard hon. members repeat the same thing—that the people sitting on the other side of the house will apply the axe to them.

Mr. Speaker, it is not taxation that we condemn, but the incompetent and unwieldy administration of this government. The present taxation affects everybody. It is all very well to claim that income tax affects only those having an income of $3,000 or more, but the fact remains that the additional tax for old age pension purposes affects everybody, as does the higher sales tax.

Mr. Speaker, the hon. Minister of National Revenue (Mr. Nowlan), speaking about the increased sales tax, said: "What will be the reaction to the 2 cents increase on a package of cigarettes?" That statement is false, Mr. Speaker; the present tax is $1 per 1,000 cigarettes, which actually represents an increase of one cent per package. However, since the new tax has been applied in the province of Quebec, cigarette manufacturers have increased the price of a package by 3 cents instead of one cent. A package of cigarettes which sold for 37 cents now sells for 40 cents; one which sold for 46 cents now sells for 50. And the same thing applies to the gasoline tax and every other tax. People take advantage of that increase in taxation to boost their own profits. This is due to the fact that the government did not foresee how to proceed with such increases; and this, of course, will substantially increase the inflationary trend.

Mr. Speaker, there are two problems...

Mr. Pigeon: The national printing bureau!

Mr. Caron: I shall come to that later, and those who know nothing of the situation will not prevent me from doing so.

Mr. Pigeon: Thanks for the compliment.

Mr. Caron: Mr. Speaker, there are two continuing problems—problems that the hon. member will perhaps never understand, blinded as he is by partisanship—which call for serious consideration: I mean inflation and unemployment.

Inflation is probably the greater of the two because it places Canada in a very alarming situation. We see in various newspapers, and in reports of meetings, statements by bank managers and insurance companies, in other words by people who know something of finance, to the effect that criticism is being directed against the government.

For instance, in the *Citizen* of December 26, 1958, we read the following:

(Text):

—Less than a year and a half after the Liberals turned over control of the nation's affairs—with the treasury in a healthy condition and the only grumblings arising because of the size of surpluses—the economy is suffering from stresses and strains. It is plagued by the twin apparitions of inflation and unemployment, neither of which the Diefenbaker magic appears capable of shooing away.

(Translation):

We read also in the December 30, 1958 issue of the same paper, the following:

(Text):

Then there is the subject of the gross national product (the sum of all goods and services produced during the year) . . . 32 millions.

—This figure represents a two per cent dollar increase over 1957 which, on the face of it, seems to be a heartening growth. The fact is, however, prices have risen by approximately the same amount during the 12 months so there is, in fact, no physical increase in our national product at all.

(Translation):

And speaking about inflation, a western paper, *The Herald*, a paper in full sympathy with the Conservative party, writes as follows:

(Text):

In an editorial called "Crisis of Confidence", the *Herald* took a long look at the six billion dollar—

Said the *Herald*: "This newspaper, as its readers know, supported the Conservative party in its bid for power. We devoutly wish we could now assert that Canada's finances are being managed as well as they could possibly be managed. But we cannot in all honesty make such a claim."

(Translation):

It was a Conservative paper which expressed itself as follows:

(Text):

We do not think the present government of Canada is managing our country's finances as well as they could be managed. On the contrary, we have reluctantly come to the conclusion that Canada is heading for a serious financial disturbance; that the nation's confidence in money is being undermined; that the market for government long-term bonds is likely to become progressively more sticky; and that Ottawa will increasingly have to resort to short term borrowing, which is the most inflationary of all the available methods of providing the cash which the government must have to carry on.

(Translation):

Mr. Speaker, there were a number of other quotations I intended to read, but I shall have to set them aside, because my time is running out. However, I must quote the following:

(Text):

In the decade after 1946, this volume climbed by about three per cent per year whereas the money supply rose by about five and a half per cent annually.

In the last 13 months, the volume of output of goods and service remained virtually unchanged. But the supply of money in the hands of the people increased by a startling 14 per cent.

The increase in the money supply in the last 13 months has totalled $1,500 million. It is much greater than in any similar post-war period.

(Translation):

Mr. Speaker, there is criticism from all quarters.

Here is another case:

(Text):

Fewer Bonds Held by Public

Here are the figures which show the continuing recent decline in public investment in government bonds, not including savings bonds:

At August 28, 1957, this figure stood at $6,159 million.

At June 25, 1958, it was $6,013 million.

At September 24, 1958, it was $5,597 million.

The trend is unmistakable. It is down, down, down.

During the same period, the gross public debt has been going up, up, up.

Again, here are the gross public debt figures for the same periods:

At August 28, 1957, this stood at $14,765 million.

At June 25, 1958, it was $15,507 million.

At September 24, 1958, it was $15,815 million.

As of October 20, it was over $16 million.

The gross public debt is still going up, having reversed the downward trend last year.

(Translation):

As you can see, Mr. Speaker, those are statements from outside, but let us take one from another source. I quote:

The greatest inflationary pressure that exists today is reckless government expenditure and extravagance. And if the government is going to preach the virtues of thrift and care to the individual Canadian, I say let it begin in its own house. Before plucking the mote from the eye of the individual Canadian, I say to the government "first pluck the beam out of thine own eye". There is no more inflationary force in Canada today than the full weight of reckless government expenditure and extravagance.

Those, Mr. Speaker, are the words spoken by the present Minister of Finance on March 27, 1956, as reported on page 2648 of *Hansard*.

It can be seen, Mr. Speaker, that the present Minister of Finance's policy for this year is being criticized not only by people from outside, but the minister himself condemned such a policy in 1956. Yet, he comes forth with a wide grin and says: "Everything is fine, all is well; everything has burned, including the stables."

The danger of inflation does not threaten our country alone; it is much more serious than people apparently realize. In 1920, Lenin stated:

(Text):

Lenin advised his communist followers that inflation was one of their chief weapons for the world revolution they hoped to bring about. Lenin said the best way to destroy capitalistic countries was to demolish the purchasing power of their currencies.

(Translation):

Moreover, Lord Keynes, in discussing the situation at about the same period, said to the British: "Take care not to fall into the hands of communism by supplying it with potential weapons". This, in fact, was nothing new. Karl Marx himself, in his book *Das Kapital*, made the following statement:

(Text):

The surest way to overturn the social order is to debauch the currency.

(Translation):

Mr. Speaker, I am not suggesting that the members of this government, including the Minister of Finance, have communist leanings. No, they are against communism, but through their careless administration, they are doing exactly what Lenin called for as a means of changing world organization and putting it under communist control. That is the kind of administration the country is getting. They are the ones who come forth with a wide grin, and who assure us that they are in the process of saving Canada and placing it in a position such as we have never known before.

Mr. Speaker, I may add that in France, it was after an inflationary period that, in 1789, the people revolted after they had had enough of destitution and hunger. They revolted, the guillotine entered the picture, and all those who did not share their views were wiped out.

It was with the help of inflation in Russia, in 1917, that the communists succeeded in their revolution and one has only to read history to be convinced.

In 1948, the Chinese revolution succeeded on account of this inflationary system which placed the people in a condition worse than mendicity.

Again it was due to inflation that Hitler managed to take over the exclusive control of his country and, later, to launch war.

In 1923, in Germany, it cost, I believe, 1 million marks to take the streetcar while those who lived in the country could pay off a mortgage with a cow or two pigs.

Well, Mr. Speaker, because of that situation, Germany went for the exaggerations of that braggart Hitler and followed him in

a revolution which brought about a world war for which we are still paying today.

Mr. Speaker, this situation cannot last. This government cannot boast of having accomplished a marvellous task for, if it were really serious, it would have followed rather the advice its supporters were giving us when they sat on this side of the house.

Mr. Speaker, since it is six o'clock, I move the adjournment.

(Text):

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

(Translation):

Mr. Caron: Mr. Speaker, when the house adjourned, I was speaking about inflation and its great dangers, for inflation leads to a vicious circle because of increasing living costs and receding monetary value. Salaries have to be increased in order to allow the worker to follow the trend towards higher living costs. Now this generally brings about higher production costs. Because of competition on foreign markets, high production costs generally lead to the loss of those markets, and, finally, to the closing down of a number of industries. By this very fact, the vicious circle causes increasing unemployment at a time when it is our duty to check it.

Unemployment is the second point I want to stress, because it remains a serious obstacle to our economic development. Statistics reveal that in some parts of this country,—and I admit the fact—unemployment has slightly decreased, while in others, it shows a small increase. Therefore, as I said this afternoon, if we add to the number of those that are now unemployed all the people who are not registered as such, having no more stamps giving them the right to draw benefits, I maintain that the unemployment situation is as serious as last year at the same time. This entitles me to say that the government has the responsibility to see to it that unemployment is considerably reduced, because Canada cannot go on having 500,000 unemployed each year, as is the case now. In fact, even if that number were much lower than the figure of 500,000 indicated by us, the problem cannot be a permanent one. Nevertheless the issue remains a serious one and as the government seems unable to settle it, the load falls back on the municipal government.

The people who do not get enough, as well as those who are not paid any benefits now, have to appeal to municipal governments to obtain food, clothing, housing and heating, which considerably increases the cost of municipal administration with regard to public welfare. Therefore the government should consider it its responsibility, if it is able to do so, to find the means to remedy this persistent evil, which, even if it has been reduced in some areas of this country, has considerably developed in others.

Let us, for instance, take Newfoundland, where unemployment is on the increase, Quebec where it is also growing, and Ontario where an important rise has been noted even if unemployment did recede in some areas.

The Minister of National Revenue (Mr. Nowlan) told us this afternoon that employment is on the increase, that more people now have jobs than at the same date last year. That is normal, in view of the increasing population; in fact, it would not be quite normal, if there were no increase. In any case, with over 500,000 unemployed in Canada, even if more people now have jobs, for people who do not work and have not sufficient income to look after the needs of their families, the problem remains a serious one.

When there are more than 500,000 unemployed in the country, and when, in addition, there is inflation, it is normal that the worker should ask for higher wages, in order to keep pace with events; however, salary increases, as I said a moment ago, might be a dangerous thing. On the other hand, if the government, through its laws and taxes, hits every pocket without exception, increases the cost of living, can we blame the worker for claiming higher wages? The minister said it in Toronto: "People will have to tone down their demands."

Well, the only way to tone down people's demands for higher wages is to reduce the cost of living, and that is one of the duties of the Minister of Finance. He has been advised to do so since he took over his post; he has been advised by the Liberal party, by the C.C.F., by labour leaders across the country, by industrial management, by bank managers, by directors of insurance companies, in other words, by all those who are interested in the welfare of Canada. Now, what has he done, nothing or nearly nothing. And what has the government done? Of course, we will be told that it has spent about $15 million to help municipalities in their winter work

program. People had not had time to prepare in advance. We are told this helped 30,000 unemployed, but what are 30,000 people out of 550,000? On the whole, it is not a very substantial help. What we need is a much more energetic cabinet. Here are people who, at the present time, are content with saving their own skins, with saving their own political party from bankruptcy and from the disrepute into which it has fallen. That is why there are so many requests on the part of labour unions. Instead of always asking for higher wages, they should tell those who are responsible for the administration of this country: "If you do not want wages to go up, see to it that there is no increase in the cost of living." Drastic means should be found to reduce the cost of living. It is the only way for us to develop a link between capital and labour in Canada.

Mr. Speaker, our foreign market is in jeopardy. I do not blame workers for finding fault with the government, since the government brought about that danger. As a matter of fact, the problem facing us today is actually a Conservative problem. We had to face the same problem with the Bennett government which had imposed comparable legislation on markets, the same legislation on tariffs and the same increases in every segment of the economic life. It was described as the "blasting" Bennett administration. Today we have a new government which follows a policy strictly patterned on what the 1930 government has done. It will be called the 15 percent Diefenbaker government. For the people the result is the same: hardship, and the same difficulties. The cost of living is increasing and the people are unable to find what is needed for a decent living.

However, when the same gentlemen were sitting on this side of the house, they boasted they could administer everything without boosting taxes, that all they had to do was to cut down expenditures, and they promised everything in sight. To-day they keep apologizing and saying that they are compelled to take such action. They are compelled to do it because they placed themselves in a situation which forces them to take such steps. That is why, I submit this government was remiss in its duty when it tried to take office through promises it could not keep. Our friends criticized the Harris budget which, we realize it now, was a sound and wise budget, designed to work out a policy capable of checking inflation, as well as of reducing unemployment. Now, after blaming the previous administration for some tax increases, they have no hesitation in taxing everybody. In point of fact, only four-legged animals are not taxed.

Mr. Speaker, I dealt with the necessity for the organized workers to ask for higher wages due to the lackadaisical attitude of the present government. But there is also the danger that some elements might avail themselves of the plight of the organized workers and proceed to infiltrate into the labour movement. They succeeded in some instances in introducing people like Knowles, and there was already a Forsey to prepare the ground for them.

And in that way, organized labour is being brought into the political field, something that is extremely dangerous. Instead of being helped, the workers are being enslaved. The idea is not new, because it was attempted in the United States in 1920. It is an idea against which labour should react, because when it was put forward, in the United States in 1920, such intelligent leaders as Lewis, Hutcheson and Gompers, fought tooth and nail against the encroachments of politicians into the field of organized labour.

La Patrie, in its Sunday issue of January 4, published an article written by Mr. Manuel Maître, which reads as follows:

> Canada, a young country with a brilliant future, but not immune to political adventure, unfortunately seems ready to throw itself into the wolf's jaws heedless of the experience of others. Indeed, it requires no crystal ball but merely good eyesight to say that Canada's national labour organizations and unions affiliated with American bodies—which admittedly are a vital necessity throughout the world—will tomorrow be rallying under the sole banner of the CCL (beginning with our own CCCL) and will, as a result, become an obedient and well disciplined tool in the hands of the C.C.F. which by throwing the working masses, whether passive or militant, into the great adventure of the next federal electoral battle, may become a dangerous opponent for the Conservative party, replacing the Liberal party which is greatly weakened in several provinces. As the saying goes, forwarned is forearmed. Canadians . . . should look before they leap, because it will be too late after. It will be too late if a socialist government eventually gains power in Ottawa, as this might be the first step towards communism sooner or later. Let us hope, therefore, that labour will keep "outside politics" in Canada as elsewhere, so that we may avoid the dangerous excesses to which such a course might lead.

I have here an article written by Mr. Hutcheson, an American labour leader of the 1920's who kept the unions from falling into a political movement. I quote his words:

> For some time now, under the skilled leadership of certain politicians—

Mr. Speaker, I shall have to cut this short, because my time is running out.

(Text):

No one will gainsay or deny the importance of political action on the part of wage earners in their constant struggle to right the wrongs and to secure to the workers a full and equal opportunity to life and liberty and the pursuit of happiness.

(Translation):

This is something written in 1920 by Mr. Hutcheson:

(Text):

Differences arise not on the principle of political action, but to the extent of which economic trade union determinism should be supplemented by political power and influence of the wage earners should be manifested.

That there is room for improvement in the efficient exercise of the political power of the wage earners is freely admitted. *The dangers of exercising this power from a purely partisan political standpoint* (emphasis ours) is convincingly portrayed in the report of the executive council . . . With the increasing tendency to place employees in public and semi-public utilities under public and governmental control there is an increasing need of more closely solidifying the forces of labour in all their varied manifestations and in such a manner as not to interfere with the workers' freedom of choice and freedom of action. To render ineffective, or to hamper in any degree, or to lessen the importance and value of trade union economic determinism merely to attain possession of political authority, to place into dominance political parliamentarianism will not have been a gain but a loss to the advancement of the workers to a fuller, a freer, a better and nobler life.

(Translation):

As you realize, Mr. Speaker, intelligent leaders, the American labour leaders who created the American unions out of nothing in 1907, fought like lions to get for the workers the right to be represented when the importance of organized labour was being discussed. Well, those men, who even risked imprisonment to fight the cause of the worker did oppose the intervention of politicians who tried to creep into their organization in order to bring them to defeat. That is why I believe that organized labour should be exceedingly careful before dealing with those matters.

Mr. Speaker, I notice that time flies and I must shorten my remarks to a certain extent.

It was said this afternoon that federal grants to the provinces, which were $689 million in 1956-1957, would reach $1,212,500,000 for the fiscal year 1959-1960. Well, Mr. Speaker,—and here I address my remarks to the members from the province of Quebec, —this was done by telegram or through the newspapers, even without calling a federal-provincial conference. These gentlemen should recall that during the last general election, they promised that the Conservative party would change that situation, that it would call a federal-provincial conference and that nothing would be done that would not be in accordance with the constitution. Well, Mr. Speaker, today, they have increased everything without even consulting the provinces and I wonder if these gentlemen could tell me where are the centralizers today, and who really abides by the constitution?

Mr. Speaker, I know that they will keep the complacent silence that they have kept from the beginning on that matter. They have not the courage to express their opinions because they are blinded, some of them by the Conservative party theory, others by their leader of the Union Nationale. Nevertheless, it is a good thing that people should know that their promises in that field, as in all other fields, have not been fulfilled.

Mr. Speaker, I still had two points that I wanted to deal with, but I feel that you look at me as if you wanted to tell me that my time has already run out.

But just the same, I want to say that, in a few years, we will be celebrating the hundredth anniversary of our constitution, of the foundation of our Canadian nation. I know that for years there have always been those problems arising between the provinces and the federal government. This situation is natural, because when the constitution was adopted in 1867, Canada was nothing but a small and sparsely populated colony of England and the problems which resulted at the time could be compared to traffic problems. At the time, horses and buggies were all that we had; today, with automobiles, aircraft and all you can think of, the situation has changed a great deal.

The present government should therefore call a meeting with the provinces to review all aspects of this situation, so as to ensure that past errors be avoided in the future, and that there be no repetition of a situation such as that brought about in Newfoundland by the present government. It would also clarify the position as between the provinces and the central government. If the government has the character and the courage to defend its beliefs, it will follow this course. Thus at least one of its promises will not have been ignored, but will have been fulfilled in the best interest of Canada.

(Text):

Mr. John MacLean (Winnipeg North Centre): Mr. Speaker, I doubt whether I shall ever be as volatile as the hon. member for

Hull but I hope the house will find my comments just as interesting as his. At the outset I should like to compliment the Minister of Finance (Mr. Fleming) on the capable, competent and courteous manner in which he presented the budget to the house. In the course of this debate—it has been a short debate so far—the minister has been criticized in rather a destructive way. Of course, in such a responsible office as his he should expect criticism; for he cannot hope to please everyone all the time. But I do believe some of this criticism is unjustified.

The hon. member for Kenora-Rainy River (Mr. Benidickson) made comments at length upon the budget and I should like to deal with some of the points which he attempted to make in this house. He saw fit to suggest that the government had increased taxes at this time only so that in two years time they might decrease taxes. I suggest, Mr. Speaker, that this sort of statement is not in keeping with the hon. member's position in the house. Who likes to raise taxes? To think for one moment that we are going out of our way to raise taxes so that in two years time we can decrease taxes is absolutely fantastic. Do hon. members think that I am pleased, or any member of this government, or any member in this house, for that matter, is pleased when taxes are raised? I know that I myself, and I am sure this feeling beats eternally in the hearts of everyone across Canada when budget time comes, hope that taxes will be decreased. However, that is not always possible. I point out this to the hon. friends to my right. If taxes are decreased next year and the following year, or three years from now, it will only be because of the policies followed by the Minister of Finance and by this government.

There has been much talk this afternoon, and there was much talk in the latter part of Thursday evening, with regard to our decrease of taxes late in 1957. It is even being intimated that perhaps this was a pre-election scheme of some sort of the Conservative party—

Mr. Pickersgill: Was it not?

Mr. MacLean (Winnipeg North Centre): I see my friends are following me very closely. I think it is fairly well recognized—and it is recognized by some of the best financial people across this country—that our decrease in taxes at that time, along with our higher expenditures, the two of them combined, were probably the most important forces in stemming and halting the business decline in 1958.

Then, we have this statement by the hon. member for Kenora-Rainy River that the Prime Minister (Mr. Diefenbaker) is breaking faith with the electorate; he is not fulfilling his promises. He even moved an amendment to this effect. He said the Prime Minister stated that there was no great difficulty to be encountered in bringing about deductions in taxes and also having increases in pensions. The Prime Minister probably did make this statement, but what the hon. member for Kenora-Rainy River forgot to mention in this house was that there was a budgetary surplus of $282 million in 1956; that there was a forecast budgetary surplus of $305 million in 1957 which—and I want to be fair about this—the former minister of finance took upon himself to apply in only his own inimitable fashion and in devious ways to cut down the surplus to $152 million. We have then the Prime Minister making those statements before the election of June, 1957, statements based on huge surpluses two years running by the former Liberal government.

Is it too far out of line to say that the Canadian people took this for granted, that when we were in office, if there was a surplus, we would take that surplus and use it for the benefit of the Canadian people? Surely it is misconstruing the facts entirely and underestimating the intelligence of the Canadian people to say that they believed this hodgepodge; that what was said at that time dealt with economic conditions during the recession or when financing needed to be done in such a huge manner as was needed last year and is needed to be done this year.

The hon. member talked about unemployment, but he is not the only one who talked about it. The hon. member for Hull (Mr. Caron) and the hon. member for Burnaby-Coquitlam (Mr. Regier) talked about unemployment. I would like to talk about unemployment. This is something I want to point out to the Liberal party. Last year and this year they have taken a keen interest in the problem of unemployment. Where their interest was in 1954 and 1955 I have failed to discover. I have searched *Hansard* for those years and have failed to find one comment by any member of the Liberal front benches about the importance of the disastrous unemployment in 1954 and 1955. Certainly, all unemployment is bad. Let us not forget that. Regardless of what explanation or excuse we place upon it, nobody wants unemployment. I do not want unemployment. We would all like to see everybody with employment.

During the debates on this topic we are forever talking about statistics and figures. The government brings out statistics; the hon. member for Essex East (Mr. Martin) brings out his statistics; and we have a battle royal. But those statistics and figures do not mean

anything to the man on the street who is out of work. This is a problem that was thrown upon us when we assumed office, a problem that was not of our doing, and do not think for one moment that the people across this country recognize that it is any different. And yet, we have our winter works program where we pumped millions of dollars into the program. We have a statement by the Leader of the Opposition (Mr. Pearson) on November 11, 1958 with regard to what he thought of the winter works program. He said in Toronto, Ontario, according to a Canadian Press report of November 11, 1958:

> The federal government's winter work program has been made too late to be of maximum effect this winter.
>
> The government's attack on jobs has been "unco-ordinated, unplanned—actions which have resulted in large expenditures without corresponding results in terms of employment."
>
> During the summer there was a seasonal improvement in trade and employment. Canadians showed vigour and initiative in combatting recession and preventing it from sliding into depression, he added. This was in large part due to the social and economic policies brought into operation since 1935 by Liberal governments, policies which had kept up consumer purchasing and cushioned the impact of recession.

He says in effect that if unemployment gets worse it will be the government's fault; their policy and program have no value. Then he goes on to say there was an improvement during the summer in employment and, of course, this was due to the social and economic policies brought into operation since 1935 by the Liberal government. What he says in effect is that if things get worse it is the fault of the present Conservative party; if things get better it is only because the Liberal government was in power for 22 years. What a remarkable statement for the Leader of the Opposition to make. Possibly he has never made a more inaccurate and misleading statement since he assumed office.

On unemployment the opposition currently talks in generalities. I am, of course, concerned with the general picture, but I am more vitally concerned with the situation as it exists in the city of Winnipeg. During the debates on unemployment and during this debate here we have heard their cries about the terrible picture of unemployment and how terrible it is today. Let me point out to them that the situation in the city of Winnipeg at the present time is better than it was in 1955. Where were the cries of the member for Kenora-Rainy River (Mr. Benidickson) in 1955 about unemployment or, for that matter, the cries of any of those on the Liberal front benches? They are not fooling the people of the city of Winnipeg on this very important matter.

Just for the record I want to put these figures on *Hansard* as they make very interesting reading. On December 18, 1958, there were 17,927 unemployed in the city of Winnipeg while on December 18, 1954 there were 17,447. On January 22, 1959 there were 23,568 unemployed while on January 22, 1955 there were 22,744. On March 19, 1959 there were 22,594 unemployed while at the end of March, 1955 there were 23,374. At the beginning of March, 1959 there were 23,240 unemployed and at the end of February, 1955 there were 23,554, this being the only comparable figure I could get. At this point in our economy the city of Winnipeg has fewer people unemployed than in 1955.

Mr. Pearson: What about 1956 and 1957?

Mr. MacLean (Winnipeg North Centre): I can get those figures for you too and they would not be far off.

Mr. Pearson: I would be glad to have them.

Mr. MacLean (Winnipeg North Centre): We are not fooled by the outbursts of concern and anxiety of the Leader of the Opposition (Mr. Pearson), the hon. member for Kenora-Rainy River and the other members to my right about unemployment. We are not fooled because nothing was said by them about unemployment in the city of Winnipeg in 1955.

The hon. member for Kenora-Rainy River also speaks about trade, but does he speak about credit restrictions under Liberal policy? Is it not apparent, and I believe it is—if it is not apparent to all members of the house it is apparent to the people across Canada—that under a Liberal policy of credit restrictions the recession from which we have now emerged would have in effect become one of the blackest depressions from which this country has ever suffered? He does not tell us of these matters. He does not speak of the greatest trade deficit in Canadian history which was built up under a Liberal government; the greatest trade deficit in the history of the country with the United States of America in the amount of $1,280 million. He does not speak of these things when he is criticizing the budget.

These are some of the things I want to point out to the hon. member for Kenora-Rainy River and his associates. I would also remind them that although the deficit for last year was large, if the Liberal party had been in power the deficit would have been greater, greater by perhaps $675 million.

Some hon. Members: Oh, oh.

Mr. MacLean (Winnipeg North Centre): Oh yes, $500 million in tax reductions and $175 million of a tax holiday. The Leader of the Opposition has never said that this is not

correct. He made these promises during the election campaign. Can you imagine what the deficit would be today? Can you imagine what the tax increases would have to be? The people of Canada are not being fooled by all this shillyshallying on the part of members of the Liberal party.

I point out all these facts to the members of the Liberal party and the C.C.F. party and their friends in the province of Manitoba who are attempting to use federal politics in a provincial election.

Mr. Pearson: Shame.

Mr. MacLean (Winnipeg North Centre): I point out all these facts just to put it on record in order to show that the people of Manitoba are not fooled. We are well aware of the huge budget surpluses of the former Liberal administration before the election of 1957. I am sure that the hon. member for Kenora-Rainy River underestimates the intelligence of the Canadian people when he suggests that they are misled with regard to promises made by the Prime Minister (Mr. Diefenbaker) or by any other responsible member of the cabinet. Does he underestimate their intelligence by thinking that they believed that they were going to get something for nothing? Any promises made with regard to tax decreases can only in effect deal with budgetary surpluses.

With regard to the C.C.F. subamendment I will say that it is quite typical of the thinking that goes on in that corner of the house. It calls for a planned financial and economic program. Those are words they use continually whenever they wish to move an amendment to a speech from the throne or a budget debate. Their amendment is vague in its beginnings. Just what planned financial and economic program they would put into being, heaven only knows.

Then they make two points. This planned financial and economic program would have to do with reversing the trend of interest rates. My heavens, that is exactly what we are trying to do with this budget. Do they think any government wants higher interest rates? The budget dealt with that effectively.

Second, they call for a capital gains tax. There may be some merit in that suggestion but I would think that this matter has been before the present Minister of Finance and Mr. Harris, his predecessor. I would think that the difficulty with regard to a capital gains tax is where you put it into effect and what means you use. For instance, I point this out to my friends on the far right. If you had a capital gains tax in effect, an old age pensioner selling his house and moving into an apartment would be taxed on the proceeds of that sale.

[Mr. MacLean (Winnipeg North Centre).]

Mr. Regier: Nonsense.

Mr. MacLean (Winnipeg North Centre): A capital gains tax would deal with bank accounts. It would deal with everything.

Mr. Winch: Absolute nonsense.

Mr. MacLean (Winnipeg North Centre): The pensioner with a bank account would be affected. You would have all kinds of difficulties to surmount. Just how this would be done I do not know. If it is possible to do it on an equitable basis, fine.

Mr. Winch: You might but we wouldn't.

Mr. MacLean (Winnipeg North Centre): There is that chatter again. We hear that chatter every so often. Having regard to the way the subamendment is worded and its ambiguity, it is impossible for me to even think of supporting it. We have heard repeated pleas with regard to reducing capital expenditure. The latest plea to that effect was made by the hon. member for Hull. This would be fine in itself. I am one of those who support such a proposal. We must reduce government expenditures in every way possible.

As a matter of fact, the government has reduced expenditures in this budget when you consider our total expenditures in the light of the increased services and the increased population. However, at this point in our economy when we are emerging from a recession I cannot see for the life of me, and I have looked over the budget quite thoroughly, how we can cut expenditures any further.

There are three main branches of expenditure. One of them has to do with national defence. Expenditure on national defence in any free country is very large. It does not appear at this time that much can be done with regard to cutting expenditure on this department. As Mr. A. G. Gardiner sets out in his "Life of Harcourt":

> What a good thing for the world it would be if all nations were altogether insolvent. How much less mischief they would do.

But as he noted, "Even beggars will fight." This has been true ever since Victorian days. Beggars have learned to fight with modern weapons and to pay for a good stock of the most up-to-date killing machines, even if they can pay for little else. Perhaps this example is a little far-fetched but in reference to the world scene today a disarmament policy has not been put into effect and at the present time we cannot afford to cut our expenditures on national defence.

Then we come to social security which is another item of major government expenditure. I hope that no one here is suggesting that we cut old age pensions or family allowances. Certainly I for one believe that all Canadians realize that social security has to

be paid for by way of taxes, and I do not think there is anyone who would not expect an increase in the rate of taxation in order to balance the old age security fund. I do not think there is anyone who believes this is unfair at the present time. Let us be realistic.

I should like to say a few words about our old age pensioners. Many of our old age pensioners are barely existing on the $55 a month they receive, and I think most members will agree with me when I say that old age pensions should be increased and perhaps the age qualification should be reduced to 65 years. I am in favour of these two things as are many members of this house. The only obstacle that remains is how to accomplish them.

The government has received Dr. Clark's report which is the result of an extensive investigation into the present social security system in the United States in relation to Canada's old age pension scheme. I have read the report thoroughly, and I must say that Dr. Clark made a very complete and thorough investigation. This report is now in the hands of the government and the existing problems in connection with old age security must be met in the near future. How far such provisions should go and what form they should take are still open problems. There are two things that appear to be needed: one is stability in real terms for payments, and the second is an agreement on a stable proportion of the national income to be devoted to this purpose.

A simple system is needed, in my estimation, to tie the payments to the movements of national money income. I believe the old age pensioner across Canada realizes that this government has his interests at heart, and since this is the case we should stand prepared to alleviate any of the sufferings of our senior citizens. I have every confidence that this assistance will be forthcoming by way of legislation after a thorough study has been made of the fine report submitted by Dr. Clark.

However, I do not believe that this will be enough. I would think that after the government has studied this report in all its details, a national conference should be called to consist of the government and all interested agencies across this country as well as representatives from the various provinces. Then, this conference could re-evaluate the present situation of the old age pensioner. Something must be done and the problem must not be left to the haphazard guessing game of other days. The policy must be a long range one and must be for the benefit of old age pensioners across the country in the years to come.

There is another item, probably the last major item of government expenditure mentioned by the hon. member for Hull, and that is the servicing of the national debt. Surely, no one could suggest that this be discontinued. After these three items, defence, social security and the servicing of the national debt, have been dealt with, there are really very few places for the government to economize. At this time, therefore, we are faced with the only alternative and that is to raise some taxes, yet not raise them too high so as to prohibit the expansion of our economy. Certainly, some budgetary deficit would be appropriate in order to ensure the continued economic recovery of this nation.

Our economy has become dependent on growth and, therefore, very substantial increases in both domestic and foreign demand will be necessary in order to keep pace with the growth of the Canadian labour force and its increased efficiency. We have two problems, therefore, to solve in our present day Canadian economy. One of these problems is unemployment and the other is inflation. It is important, and I believe all financial experts agree with me on this, that the soundness of the Canadian dollar be preserved.

In this connection it was mandatory that an attack be made on last year's deficit, as it was made by the Minister of Finance. I do not believe there is anyone who disagrees with the statement that inflation creates more unemployment than it cures. Not only does it do this, but it affects the savings and investments of a great many people and, in the end, it would lower productivity. It is important, therefore, that we attack inflation. Why do we not go all the way and raise taxes still further in an attempt to balance the budget? This would not be a proper thing to do for, as the minister has pointed out in his budget speech, we have to combat inflation and yet ease unemployment. We have to have an expanding economy, that is our industrial output must be increased. We have to be careful just how high we raise taxes to ensure that our economy does not retract but keeps on expanding. It is not possible at this stage in our economy to ensure an expanding economy other than by way of a deficit budget, although this deficit is a great deal smaller than the deficit of last year.

Our national budget is supposed to provide us with a picture of our finances which will enable us to reorganize the economic life of our country. Our national budget should give us an indication of whether or not the government is really grappling with the problems prevailing in our economic society. I believe in all sincerity, Mr. Speaker, that the budget brought down by our Minister of

Finance does fulfil these conditions. Since it does this, I believe it reflects the outstanding characteristics of the present government. Let us never forget that the manner in which we govern our country is linked with the manner in which we govern our finances. The wealth of this nation is not measured by statistics relating to fiscal policy; it can be measured only by the amount of goods and services provided to our people and by the standard of living they enjoy as well as their freedoms as evidenced during their daily life in this great country.

It is the dream of every minister of finance to build a perfect budget. Perhaps before too long the present minister may have occasion to do just that. I hope I am sitting in this house when he does. This year's budget has been described in various ways in speeches by hon. members and in the various newspapers across the land. It has been described as a belt-tightening budget, as a recovery budget and in the Winnipeg *Free Press* in my own home town as a castor oil budget. Some of these things, in essence, are true. I should like to name this budget and call it a sincere budget. I would call it a sincere budget because it is typical of the responsible attitude of this government toward the people of Canada.

In closing I should like to reiterate the statement the Minister of Finance made while presenting his budget last year. This represents the true position of this government. "We stake our unwavering belief in Canada's destiny, and we shall strive to meet the challenge of our responsibilities."

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, in his reply following the presentation of the budget on the evening of April 9, the opposition financial critic, the hon. member for Kenora-Rainy River (Mr. Benidickson), stated that unfortunately, as we often find in such presentations by the Minister of Finance (Mr. Fleming), there was an exceeding amount of passion in the presentation of his case but not very much consistency. In so far as the degree of passion is concerned in this year's budget, we are not surprised at all because if we care to look at page 2435 of *Hansard* we will find that under tariff item 95c the rates in effect prior to the rates proposed in the present budget on passiflora edulis, remain the same. Passiflora edulis, of course, is nothing else than what is commonly known as passion fruit. This fruit is to be allowed free entry under the British preferential tariff and must have been available to the minister in the preparation of his budget at no extra cost.

In so far as consistency is concerned, I can agree with the hon. member for Kenora-Rainy River that this new budget seems to be

directly opposed to the policies the minister and other members of the government have enunciated in recent years. It is my intention, in the course of my remarks this evening, to elaborate to some extent on this lack of consistency in the present policy of the government, as compared with the pre-election stand of its members, and particularly with the stand taken by those who have been sitting on the opposition side of this house in the years past.

My criticism of the present budget will be based on six different points, all the factors concerning which I intend to elaborate, which show the complete lack of consistency, even the lack of policy of the present government. This lack of policy on the part of the government was clearly indicated in an editorial which appeared in the *Globe and Mail* on Saturday, April 11, under the title "No Policy To Guide Him". This newspaper which is commonly known as being generally not too unfriendly to the present administration clearly states that present tax increases will also increase costs and prices in every sector of Canada's economy. They will make Canadian goods dearer and less competitive at a time when the budget speech tells us, as found at page 2408 of *Hansard*:

> World markets are becoming increasingly competitive, and unless we can keep our costs of production in line with those in other important trading countries we shall find it increasingly difficult to sell our goods abroad and meet the competition of imports at home. Indeed this is happening now.

The minister admits that Canada's prices are too high and still, in the same breath, he introduces tax changes which will increase commodity prices by another $352 million in one full year.

If I were assigned the task of moving an amendment to the present budget I would be tempted as my first suggestion to move that the government has failed to reduce taxes which are an excessive burden on the Canadian people and place our producers under a severe disadvantage in meeting competition from abroad.

The present Minister of Finance, when speaking in the budget debate on April 28, 1954, described the Abbott budget of that year as a "poor, scrawny creature dragged into the chamber by the minister of finance". He then went on to describe the members on the government side as following their usual course of obedient cheering but nevertheless with not much "stomach" for the task that had been assigned to them. He also criticized the Minister of Finance for not offering a substantial reduction in taxes on commodities and for keeping on adding to the cost of living by collecting taxes on the basic necessities of life.

Where is the evidence of consistent policy of the present government in the fiscal field? No later than February 9 of this year when speaking on an amendment to a non-confidence motion introduced by the hon. member for Essex East (Mr. Martin), the Minister of Finance warned the opposition members not to dare to accuse the Prime Minister (Mr. Diefenbaker) of this country of not carrying out the undertakings that he had given. If you dare to do such a thing, said the Minister of Finance, you will find 207 loyal members and followers of the Prime Minister of this country rallying to his support.

An hon. Member: Hear, hear.

Mr. Robichaud: There they are. I think the trained seals are not so well trained after all because there is only one performing at this time.

An hon. Member: Stick to your text.

Mr. Fleming (Okanagan-Revelstoke): I rise on a point of order Mr. Speaker. I hesitate to suggest this, but I suspect that the hon. member is reading his speech. That is a practice that has been declared to be not in accordance with the rules of the house.

Mr. Robichaud: Mr. Speaker, I am following my notes. I understand it is permissible to follow one's notes.

Mr. Speaker: I hope that the hon. member who has the floor will bear in mind the fact that it is contrary to the practice of the house to read a prepared speech verbatim.

Mr. Robichaud: Mr. Speaker, on Thursday night last, those witnessing the performance of the Minister of Finance, whether sitting on the opposition side or whether sitting in the galleries, were offered a rather amusing spectacle.

Mr. Fleming (Okanagan-Revelstoke): He is reading verbatim.

Mr. Robichaud: Amid the usual obedient cheering of 207 followers of the Prime Minister, there were bursts of applause as the Minister of Finance proceeded with his remarks. I am wondering how much stomach those members had for their task when applauding the minister's statement to the effect that the 1958-59 deficit would be in the vicinity of $616 million.

An hon. Member: Turn the page.

Mr. Robichaud: Those same hon. members must have had in mind the warning of the Minister of Finance when again they burst into applause following the announcement of $352 million of increase in the taxation field. In 1954, under a Liberal administration, it was a crime for the government of the day not to offer tax concessions or reductions in excess of $26 million with a forecast surplus of $4 million. Let us see what the present Minister of Finance had to say on that occasion. At page 4208 of *Hansard* we find the following remarks made by the hon. member for Eglinton:

> The effects of high taxes are having ever-widening consequences. We see them reflected increasingly today in the high cost of production which is having secondary effects in this country of very serious significance. We see on every hand, every day, Mr. Speaker, the effects of these high taxes in the increasing cost of production, and they have been a major contributing factor in bringing about a situation where our export trade has been falling off to a disturbing degree.
>
> Do you realize, Mr. Speaker, the extent to which, by reason of these high taxes and high costs we have been pricing ourselves out of some of our best markets abroad? The government seems to take no account of that fact, and no responsibility. The effects do not stop with our markets abroad, for right here at home, by reason of these high taxes and the high costs to which they have given rise, we are seeing the loss of our domestic market to goods which are being imported from countries abroad where the burden of taxation is less heavy.

The hon. member for Eglinton is occupying today the post of Minister of Finance, and he is doing just the opposite of what he was advocating in 1954, and this is with the applause and approval of his government supporters.

What did the Prime Minister have to say about high taxation when appealing to the electors of Canada for their support prior to the last election? In Edmonton on March 8, 1958, as reported in the Vancouver *Sun* of March 10, we find this:

> Prime Minister John Diefenbaker indicated here Saturday that if re-elected he will make drastic changes in taxation treatment of oil companies.
>
> He promised "tax adjustments to put Canadians in a more equitable position compared with Americans in exploration and development".
>
> He said later he was referring to the depletion allowances treatment accorded firms under Canadian tax laws, and the allowances permitted against earned income to offset unsuccessful wells.

Then again in Selkirk, Manitoba, on March 17, 1958, as reported in the Winnipeg *Free Press*:

> —Mr. Diefenbaker promised that Canadians would be given opportunities equal to foreign investors in developing the country's natural resources.
>
> Until now, he said, Canadian investors had found themselves at a disadvantage but this would be changed by tax revisions.

What is the result of the present government's policy? What is really happening in the foreign capital investment field? Let us listen again to the Prime Minister's own

words. What did he have to say in a "Nation's Business" broadcast on March 9 of this year? Listen to this:

> Now, as to the maintenance of Canadian sovereignty—that's a concern, and that's one of the reasons that over the years I've advocated the necessity, in the interests of Canadian defence and of Canadian sovereignty, and of preserving Canadian sovereignty, that action must be taken to assure Canada's destiny by a northern development plan. And it's worked out—in the last few weeks 75 million acres of northern Canada, the wastes of northern Canada they used to say, have been taken up for oil and mineral development. And I want to underline this—that's the way to preserve Canada's sovereignty.

In a question which was addressed to the Minister of Northern Affairs and National Resources (Mr. Hamilton) by the Leader of the Opposition (Mr. Pearson) and answered on March 11, as reported at page 1833 of *Hansard*, we find that a check had been made of the status of the various successful bidders. There were ten successful bidders, of whom two were United States corporations, and four were Canadian subsidiaries of such corporations. One corporation is owned by United States, Canadian and British interests and there were two Canadian firms. Later on it was found that as to these Canadian firms, only five per cent of the rights in the 75 million acres mentioned by the Prime Minister went to them.

Let us be realistic. Are those United States investors now to be branded as "Yankee pirates" or "Texas buccaneers"? Those were the terms used by hon. members now on the government side when they were in opposition. Are the tax revisions offered by the present government the revisions referred to and promised by the Prime Minister in Selkirk on March 17, 1958? Is this the government's way of protecting Canadian investors? Maybe not, but at least we must take the Prime Minister's word when he stated, and I repeat again his own words: "That is the way to preserve Canada's sovereignty."

What about tobacco? I have here an excerpt from the Toronto *Star* of February 18, 1958 containing a report of what the Prime Minister had to say at that time about the tobacco industry in Brantford, Ontario. It reads as follows:

> Prime Minister Diefenbaker last night dropped a clear hint that the taxes on cigarettes, cigars and tobacco soon may be cut.
>
> He told an audience of 1,400 that no industry in Canada suffers a greater degree of taxation than the tobacco industry.
>
> Tobacco growers, he said, are the one segment of agriculture that has not received the attention it deserves, although growers long have clamoured for government aid.
>
> The Prime Minister added: "We want to give them this assistance. We are having a study made of this industry to see what action is needed to give tobacco growers a reasonable return and some security for their efforts.

Let us be realistic. We know what the Minister of Finance has done to the tobacco growers in his present budget now under discussion. The government has failed to reduce taxes which are placing an excessive burden on the Canadian people and putting our producers under a severe disadvantage in meeting competition from abroad. The facts are that the Minister of Finance expects to collect this year a total of $5,165 million, plus an additional $245 million in new or increased taxes, or, altogether, an additional $638 million over and above the total tax collections for 1958.

Mr. Brunsden: On a point of order, the hon. member reads very well.

Mr. Robichaud: Mr. Speaker, with your permission, I am continuing my speech.

Mr. Speaker: If the hon. member continues his speech he will do so on the basis that he observes the practice of the house.

Mr. Robichaud: I will try to follow the practice which has been the practice of this house for years, and especially during the present session. I was just saying that the Minister of Finance expects to collect this year an additional $638 million over and above the total tax collections for 1958.

My second criticism of the present budget is that it has failed to reduce unnecessary expenditures. Hon. members of this house who were here in 1954 will remember the criticism which was made by the opposition of that day when the then minister of finance presented a budget estimating expenditures of $4,460 million. We well remember the official critic for the opposition, the hon. member for Greenwood (Mr. Macdonnell) telling us that as long as the government has the pocket of the taxpayers open to it, it does not become realistic. We also remember him saying: "We all know that taxes enter into the cost of production and we all know that non-defence expenditure should be coming down." As a member of the present cabinet, was the hon. member for Greenwood consistent in advising the government to put into practice what he was preaching in 1954? I have reasons to believe that he has been warning his colleagues in the cabinet, but that unfortunately his advice and counsel have reached deaf ears.

What did the present Minister of Finance have to say about waste, extravagance and unnecessary expenditures? Let me refer again to page 4208 of *Hansard* for April 28,

1954 where we find the hon. member for Eglinton saying the following words:

> Mr. Speaker, there will be no effective significant reductions in taxation at Ottawa here until this government faces up, as it has never done, to the problem of its own waste and extravagance. Time after time when proposals have been made in this house for review of the operations of government with a view to introduction of efficiency and elimination of waste and extravagance, our efforts have been defeated by the government.

And again, on page 4207 we find the hon. gentleman saying:

> Hidden taxes go on. There has been no attempt on the part of the minister to bring these taxes out in the open so that the consumer, the man who pays for the goods, knows what portion of the price is going for taxes.

Not only is the hon. member for Eglinton now a minister of the cabinet, but he occupies the chair of the Minister of Finance. What has he done to put into practice what he was preaching in 1954? Oh, when I was listening to the minister on Thursday last telling the house and the country that at an income level of $4,000 a year, under the new rates a taxpayer will pay a total of $208, an increase of $14 from the 1958 level, but still $44 less than before the reductions introduced in 1957, I could not help but be reminded of the minister's own words: "Hidden taxes go on." Yes, hidden taxes go on, and the consumer keeps on paying. This same taxpayer will see his $44, his "Tory gift", being gradually pulled out from his other pocket day after day until he himself will be compelled to reach into his left pocket in order to pay his share of the $352 million of additional taxes imposed on him by the present budget. In other words, as a Canadian consumer he will be asked to share and share fully in meeting the requirements of the record Tory budget of 1959 presented by a minister of finance who has lost his regard and concern for the same human beings for whom he was appealing in 1954.

As my third point, I should like to ask the question: what real and noticeable changes have taken place in the administration of government since June 1957? Where is the evidence of all this waste and extravagance which was supposed to take place in the administration of various departments of government? The only change we are able to find is an increase of approximately 9,000 civil servants together with an unknown number of patronage appointees which has added to the ranks of government employees since this government took office. Is this the government's major move to improve the efficiency of its administration?

A fourth subject which is of major interest at this time is the government's complete lack of policy with regard to offering relief to those who are unemployed. In other words, the present budget fails to recognize the plea of the unemployed. What did the hon. member for Eglinton have to say with reference to unemployment when he was speaking in the 1954 budget debate? Then, as recorded on page 4208 of *Hansard* for April 28, the member for Eglinton, now the Minister of Finance, made this statement:

> In consequence we see today Canadian unemployment at a post-war peak. The latest government figures issued by the national employment service have shown that on March 18 the number of Canadians applying for work through that service totalled no less than 570,000. We have had no figure to compare with that in the last decade and a half.

If there were 570,000 Canadians applying for work on March 18, 1954, hon. members might like to know that the registrations at national employment services offices on February 19, 1959 reached a total of 791,210. The March figures when released may prove to exceed 800,000. In other words, the fact of 570,000 unemployed was viewed as representing a serious problem in 1954, but the fact of 800,000 unemployed or an additional 230,000, an increase of 40 per cent, does not seem to worry the minister too much in 1959. "So what?" would say the Minister without Portfolio, (Mr. Browne), the representative in the cabinet from Newfoundland. The present government chooses to ignore the pressing problem of unemployment.

We all know that the Minister of Labour (Mr. Starr) has taken pride and satisfaction in the total cost of projects undertaken by municipalities involving the expenditure of $70 million and providing employment to 30,000 people with the federal share amounting to $15 million. The minister did not state, however, that a large proportion of these 30,000 workers were employed only for the period of a few weeks and in some cases for only a few days. In effect to alleviate winter unemployment the government contributed $15 million or approximately $500 each for two or three per cent of the workers registered for employment throughout Canada.

What has happened to the huge pre-election public works program of $1,185 million that was enunciated to ensure the development of our country and to provide as well help to Canadians, work to Canadians and an opportunity for Canadians to acquire the better things of life? Where are those work projects promised by the Prime Minister (Mr. Diefenbaker) in February of last year when he said that his government would not allow the possibility of deficits in the national budget to stand in the way of providing work projects to try to take up the slack in unemployment?

The words of the Prime Minister in his telecast of February 18, 1958, as reported in the Montreal *Star* the following day, must be repeated at this time in order to remind the Canadian public of phony election promises:

> "As long as I am Prime Minister of Canada," said the Prime Minister, "everything that can be done—everything without regard to limit—will be done to the end that no one will suffer."

In Cornwall on February 24, 1958, as reported in the Winnipeg *Free Press*, the Prime Minister said:

> We have given young Canadians the hope. We have given them the vision.

Yes, a vision it was and a vision it will remain. The Prime Minister must be reminded once again of his pledge to the Canadian electors in an address in Charlottetown on February 27, 1958, as reported in the Toronto *Star*, when he said:

> I make this promise. We acted. My pledge is to every man and woman in this nation who is unemployed—

And there are 800,000 today.

> —so long as I am Prime Minister, no one will be allowed to suffer in this nation.

There are public works projects which could be undertaken and which would provide not only temporary employment and temporary relief but that would at the same time contribute to the stabilization of the general Canadian economy. Major public works such as the Chignecto canal between New Brunswick and Nova Scotia if undertaken would help to relieve the unemployment situation in the maritimes. An over-all national program to include consideration of projects which would be of lasting and definite benefit to Canada, should be the aim of the government under existing conditions.

In my own constituency of Gloucester, the Minister of Public Works (Mr. Green) has been offered the possibility of providing employment, and I mean permanent and repeated seasonal employment, to a large number of fishermen and shore workers in different fishing communities. I have placed before the minister requests for a wharf extension at Maisonnette; for the replacement of a wharf at Lower Caraquet which was partly disintegrated in a storm last fall; for the construction of a wharf at Pigeon Hill, to accommodate the fleet of 60-odd fishing boats of the area; for improvements to the entrance of Tracadie Harbour, and Ferguson Gully. Those are the kind of public works projects which should receive priority in the preparation of public works estimates. A new post office building or a new federal building will provide employment during the construction stage, but it will not add to the economy of an area as much as a public wharf which can accommodate a fishing fleet and bring in new industries to the communities concerned. In delaying the construction of a public wharf, where its construction has been proven economically justified, the department is contributing to the extension of the serious unemployment situation such as exists today in my constituency, and in other fishing areas of the maritimes.

A request is before the department for the construction of a new wharf at Bathurst. There is a progressive town with a paper mill, lumber mills and other industries, but nevertheless it is deprived of proper shipping facilities. The matter has been before the department for some time and it is urgent that a decision should be reached without delay to provide Bathurst harbour with adequate docking facilities to permit shipping by water the production of its industries.

An important factor in Canada's economy is the disposal of our surplus primary products. Time will not permit me to elaborate on this fifth factor, which shows the lack of direction of the present government and its inconsistency in the application of its trade policy. This is the government which had pledged itself to switch some of Canada's trading eggs out of the United States basket. This is the government which has boasted of its accomplishments in increasing trade and beginning the shift away from an overwhelming percentage of Canadian purchases in the United States. This is the government which, on the eve of the last general election, claimed to have a real plan worked out in detail in order to give opportunities to provide markets. Nevertheless, this is the same government under whose administration the value of merchandise exports in 1958 amounted to $4,890 million, compared with $4,909 million in 1957, a decrease of $19 million, and this notwithstanding the gifts of wheat shipments made under the Colombo plan and without at the same time taking into consideration the annual increase in our population. This is the same government which has lead the country to unwarranted restrictions of quotas on the part of the United States, on imports of certain Canadian products such as oil and base metals.

I am not surprised, that on April 1, 1958, the day following the last general election, a mining company in my constituency, the Brunswick Mining and Smelting, made the announcement of its decision to cease operation at once and place its equipment and machinery in mothballs until the advent of better days to come.

A sixth factor which is clearly noticeable from the present budget is the failure of the

government to reach agreement with the provincial governments in regard to a clearly defined reallocation of taxing powers so that provincial governments and municipal councils may have adequate financial resources to carry out their rapidly increasing responsibilities. Here again, time will not permit me to discuss this subject at length this evening. May I be permitted, however, to remind the house of the words of the present Minister of Finance, then the private hon. member for Eglinton who, when speaking on the 1954 budget debate as reported at page 4212 of *Hansard* of April 28, 1954, said:

> There is the hard fact of the situation, and there is the fact that makes this sophistry we have listened to from the Minister of Finance and others so completely unrealistic. You can talk today about concurrent rights on the part of the provinces, the Minister of Finance and others can say that the provinces have just as much right as they ever had to levy income tax on persons or corporations but, Mr. Speaker, you must take account of the fact that the federal government is already taxing to the limit in those fields.

Further along he continued:

> Nothing will change it except action on the part of the dominion and the provinces to come together to reach an agreement in this field and then action on the part of parliament and the legislatures in consequence.

It is not surprising that a government with no policy to guide it would devote so little attention to a subject of such cardinal importance. It is a surprise, however, that the Minister of Finance has forgotten so soon his own statements as well as those made by the Prime Minister during the last federal election campaign.

I know that I have only a few minute left at my disposal. I have elaborated on six different points which demonstrate the complete failure on the part of the government to cope with existing problems and I have illustrated its inconsistency and lack of policy in the administration of the affairs of the country. I am sure the hon. member for Greenwood (Mr. Macdonnell) will be quite familiar with the six points I have mentioned this evening. So far as the other members on the government side are concerned, I would refer them to pages 3992 and 3993 of *Hansard* for April 12, 1954, where they will find those six points included in the amendment of the official critic of the opposition on the 1954 budget presented by Mr. Abbott.

In view of the contents of the present budget, I cannot see how the hon. member and those on the government side who were sitting in the opposition at that time cannot vote in favour of the amendment introduced this afternoon by the hon. member for Kenora-Rainy River (Mr. Benidickson).

We were accused then of failing to reduce taxes when in reality the budget offered $36 million in tax reductions as compared with increases of $352 million in the present budget. We were accused of failing to reduce unnecessary expenditures when our total expenditures in the 1954 budget were estimated at $4,460 million, as compared with total expenditures of $5,660 million, or an increase of $1,220 million; yes, an increase of $1¼ billion in the present budget. We were accused of failing to improve the efficiency of the administration when in fewer than two years of administration the present government has increased the civil service force by over 9,000 and has failed to show evidence of waste and extravagance in any of the departments.

We were accused of ignoring the problem of unemployment when we had a temporary 570,000 registrations for jobs at the national employment service which, two months later, had practically been entirely absorbed owing to the policies of the then government, against a present force of over 800,000, which has constantly remained at a level 30 to 40 per cent higher since the present government took office.

We were accused of failing to retain and regain markets for our surplus primary products when the expanding trade and the real plan to provide markets promised in the 1958 election campaign have failed to materialize.

We were accused of failing to reach agreement with the provincial governments in regard to a clearly defined re-allocation of taxing power, so that municipal councils may have adequate financial resources to carry out their rapidly increasing responsibilities, when the present budget offers no relief whatsoever in this field and when the present government refuses to meet with the provinces and municipalities to discuss their mutual problems.

With the exception of the war years the Liberals produced an almost continuous series of surpluses which were associated with years of progress and prosperity. In a spectacular fashion, under a Conservative government, the pattern has been altered and the lower taxes promised in 1957, and partially applied in 1958, have been of short duration. In fact, the over-all picture is that Canadians were offered a thin slice of $200 million in tax reductions out of a promised $500 million reduction, and fewer than 10 months later they were being asked to pay back this same $200 million, plus an additional amount of $152 million, making a total additional burden of $352 million in a full year. This, is quite different from what most Canadians were led to expect when they listened to election promises and decided to let new political hands take over the administration

of Canada's business. It is no wonder, that we find members on the government side rebelling, as we saw in an article published in the Ottawa *Citizen* of this day, which has the title, "Tory Rebel tells P.M. to amend Newfoundland's Ways". Part of this article, which has reference to the hon. member for Restigouche-Madawaska (Mr. Van Horne), reads as follows:

> He said the government's decision to end special payments to Newfoundland in 1961 was "contrary to everything we said or preached while in opposition.
>
> We were, remember, the party for maritime rights. We were going to right the wrongs of previous governments. We cannot have one policy when in opposition and another when in government."
>
> Mr. Van Horne said that in order to be on the government side of the commons, "we sold the Canadian people a bill of goods. Our purpose now must be to deliver those goods in fulfilling all our promises.
>
> He said it was not too late for the Diefenbaker government to "regain the vision we apparently have lost. The best possible thing this government can do is to admit it was wrong, correct its mistakes and adopt a new attitude."

These were words spoken by a member about whom the Prime Minister said during the campaign, "I need him on my side in Ottawa; I want him in Ottawa." The attitude of the member for Restigouche-Madawaska exists also among some of the members on the government side and the day is not too far away when some of them will have the courage to expose the lack of policy of the present government as well as its failure to keep its promises.

(Translation):

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, early in this session, when I came back to the House of Commons, I found my seat had been changed. You may recall that last session I was sitting beside you, to your right, facing the opposition. If by-elections between the two sessions did not modify the Progressive Conservative representation of March 31, 1958, they had, at least, the effect of establishing me in this part of the house. However, be assured that I am happy about it, because the effect was to take me further away from the opposition, and anyone getting away from the present opposition can truly have the feeling of getting nearer to the Canadian people. That is why tonight I want to speak on the problems of education, of international trade and also on another subject, if time allows.

Mr. Speaker, since I came to this house, I was astonished to note with what care, and also sometimes with what indifference, a good number of hon. members avoid referring to the significant problem of education. When dealing with such matters we must always go back to the confederation pact of 1867, because our parliamentary thoughts and actions must be ruled by our constitution. We may say immediately that if the Canadian constitution is a good one, it should be respected. If it is bad, it should be amended with the consent of all parties concerned. But as long as it is not changed, we should respect all that it prescribes.

As far as I am concerned, I would be in favour of amending the federal pact with regard to some matters of a physical nature, like the trans-Canada highway and hospital insurance. We know that since 1867—it is not difficult to confirm it—Canadian economy has developed considerably. Economic problems have changed and we have now eleven governments, i.e. ten provincial governments and one federal government. When these governments want to carry out their projects, they sometimes, in certain fields, feel with regard to the constitution as if they were stifled by a straight jacket.

In regard to problems of a practical nature, it would therefore be desirable to amend the Canadian constitution. At a federal-provincial conference, it would be proper to set up a national economic council, with economists from the federal government and from each province as members, who would study and report their views to the various governments, precisely in order to co-ordinate the production of each and to allow an appropriate development of our natural wealth.

However, Mr. Speaker, there is a field which, in my humble opinion, cannot be touched and that is the field of education. In 1867, the two main races and the four provinces of the time created the federal government of which we are now part. In doing so, they wished to set up in this country a federal system, that is the Canadian federal system.

But what is federalism? It is a system of association between autonomous governments; in other words, the governments adhering to and composing such a system, are not subordinated to one another, but are co-ordinated governments. Under such a system, those governments co-operate in common tasks, such as, for instance, under article 95, in immigration and agriculture. Those same

governments respect the exclusive rights of each. Under such a system, those same governments know that they cannot do indirectly what they are prohibited to do directly by the constitution.

Those principles of Canadian federalism were recognized and sanctioned several times by decisions of the privy council in London, especially in the Great West Saddlery case, 1921, in the Edwards case, in 1930, and in the aeronautics case, in 1932.

Mr. Speaker, if the province of Quebec, in 1867, adhered to the confederative pact, it was precisely to safeguard its rights, prerogatives, traditions, as well as its teaching and educational system.

Under the Canadian constitution, article 91 provides that the federal government may legislate for the peace, order and good government, in all matters not coming under the exclusive jurisdiction of the provinces. Under section 93 of the constitution, the provinces are granted exclusive rights in the field of education.

But what is meant by an exclusive right? It is a right that belongs peculiarly to the holder and cannot be shared, except with mutual consent. An exclusive right is of a higher order than an ordinary right, and even overrides a priority right, a relative right. In its own field, it is an absolute right.

But it is not enough to have rights; there must be the financial means to exercise them. So the fathers of confederation had the foresight to include subsection 2 of section 92, which grants to provinces the financial means of exercising their prerogatives. I am referring to direct taxation, within the provinces, for the purpose of raising income to meet provincial needs.

That is the basis of the position taken by some provinces, and particularly the province of Quebec, in claiming exclusive rights in the educational field. It is a matter of justice, of right and of freedom.

Mr. Speaker, whatever formulas may be invented, whatever contortions of the mind are resorted to, I think sooner or later, we shall have to come back to the spirit of the confederation pact of 1867, and hand back to the provinces that want them the taxation fields they need to discharge their exclusive prerogatives and rights.

In 1901, the following statement was made by Boucher de la Bruyère, superintendent of education in the province of Quebec:

> The majority of the people in the province of Quebec insist on controlling their own schools, and in no way favour the encroachment of the federal government in the educational field outside the limits set by Canada's constitution.

A few years ago, Mr. John P. Rowat, then chairman of the Protestant committee on education in the province of Quebec, in discussing federal government interventions into the field of education, made the following statement:

> I oppose such interventions, because they go against our laws and against the traditions of the majority in Quebec.

Mr. Speaker, the only case where, under subsections 3 and 4 of section 93 of the confederation pact, the federal government may subsidize schools is where the schools of a minority group in a province are being deprived of their rights.

But under what principle do many Canadians and those of the province of Quebec in particular object to the active role of the federal government in the field of education? It is because of the principle of the responsible government which we have been enjoying in this country since 1841. Responsible government requires ministers to account to the people for their management and expenditures. Now for an administrator to be able to account for his managership, he must control the moneys he is distributing. And it is precisely this control which defeats the purpose of the confederation pact and which the province of Quebec is not prepared to accept.

An objection might be raised to the effect that the federal government can give unconditional grants. But such a procedure is fraught with danger, and the best evidence I can marshal on that score was given by the former justice minister in the Liberal government, Mr. Garson, who in March 1952 said in this house in the course of a debate:

> If they were large enough to be worthwhile, the dominion treasury simply could not defend handing out these large sums of money to the provincial governments without assuming some responsibility as to the manner in which they would be spent.

It will be recalled that when the Liberals were in power they did indirectly what the constitution forbade them to do directly in this field. During the winter of 1957, they passed two pieces of legislation under which they established an arts council and granted financial assistance to universities. To justify their encroachment upon this field of education they referred to an excerpt from the judgment of Lord Atkin, of the privy council in London, in a case concerning unemployment insurance. That part of the judgment reads as follows:

> That the dominion may impose taxation for the purpose of creating a fund for special purposes and may apply that fund for making contributions

in the public interest to individuals, corporations or public authorities could not as a general proposition be denied.

But while they were referring to that judgment, Mr. Speaker, the Liberals were hiding the truth and knowingly failed to communicate the other part of the same judgment of Lord Atkin, of the privy council, which rightly limits the governmental activity in the field at issue. That second part of the judgment reads as follows:

But assuming that the dominion has collected by means of taxation a fund, it by no means follows that any legislation which disposes of it is necessarily within dominion competence.

It may still be legislation affecting the classes of subjects enumerated in section 92 and, if so, would be *ultra vires*. In other words, dominion legislation, even though it deals with dominion property, may yet be so framed as to invade civil rights within the province; or encroach upon the classes of subjects which are reserved to provincial competence. It is not necessary that it should be a colourable device, or a pretence. If on the true view of the legislation it is found that in reality, in pith and substance, the legislation invades civil rights within the province or in respect of other classes of subjects otherwise encroaches upon the provincial field, the legislation will be invalid. To hold otherwise would afford the dominion an easy passage into the provincial domain.

Briefly, such are the law and the precedents that establish the exclusive competence of the provinces in the field of education. The province of Quebec is then perfectly right in claiming its exclusive rights in that field. But while it was offering resistance, claiming its dues and being thus deprived of money, the Quebec universities were thus less favoured by the provincial state than the other universities in the other provinces.

In fact, the Quebec universities received, in 1956, provincial subsidies for general purposes, equivalent to 20.83 per cent of their budget. In Ontario, that proportion was 32.43 per cent; and, in the west, 45.52 per cent.

To settle that problem, formulas were suggested, among which a reduction in taxes, the surrendering of the direct taxation field, the restitution of levied overtax and the deduction of taxation.

But in my humble opinion, Mr. Speaker, the main remedy for the provinces under the constitution would be the gradual return of their taxation fields to the provinces who want them back, so that they may exercise their financial prerogatives guaranteed by the federal pact.

The federal government has to face so many problems in national and international affairs, that it is ill-advised to deal with matters in which it is not concerned.

[Mr. Allard.]

If the Liberals, when they were in power, had looked after their business, the country would not have been so badly administered and it would not have been left to us in such a state of unemployment and inflation.

As they are now in opposition, Mr. Speaker, we often hear them hold forth and make interjections, and the questions we are asked precisely arise from that die-hard centralizing policy they have embarked upon.

In that regard, I recall a statement made by the Liberal member for Megantic (Mr. Roberge) who on January 29, said in this house, as reported on page 133 of *Hansard*, and I quote:

Therefore, I repeat that in my opinion the fathers of confederation, in good faith, did not think in terms of universities when section 93 was enacted.

Mr. Speaker, I must reply to that statement made by the member for Megantic that I have never heard such a superficial and inadequate interpretation of the Canadian constitution.

It was rightly said: in 1867, in addition to Laval University, McGill University had already been erected on the Burnside estate by the royal institute for the advancement of science. Established in 1856 under chapter 54, Victoria 19, the higher education income and investment fund was to be distributed by the superintendent of lower Canada schools to such universities or colleges as were approved by the governor in council. This higher education income fund, as well as education, the permanent university fund and the royal institute, are mentioned in the fourth schedule to the British North America Act as part of the assets taken over by the provinces of Quebec and Ontario. How then can someone rise in this house and say that section 93 does not include education at all levels, including the university level?

Mr. Speaker, I am confident that the present government will restore things to their proper place. I know the right hon. Prime Minister shows respect for the Canadian constitution. I should like to quote from a statement he made during the last session before a delegation of the Canadian conference on education:

Education must remain under the exclusive jurisdiction of the provinces. The sections of the British North America Act which grant to the provinces the exclusive jurisdiction in the field of education must stay intact. Such constitutional rights are not apt to be amended. All Canadians must recognize the necessity of maintaining the constitution inviolate in this respect.

In turn, the hon. Minister of Finance (Mr. Fleming) September 6 of last year, while explaining his estimates to the house, stated:

> Now I say, Mr. Speaker, on the matter of Canadian universities and about the attitude of the present government, that while the formula contained in the present agreement has not so far been such as to be viewed with favour in the province of Quebec, if there is any formula or modification of the present agreement which anyone cares to put forward which would permit the institutions of higher learning in the province of Quebec to participate, and which is in keeping with the national interest, we as a government are prepared to give it serious consideration.

That is why if the Quebec government cares to offer a suggestion, to make an official proposal, an appropriate and constructive one, I am positive that this government will consider it with great care and that, eventually, a decent solution will be found in this field.

Some hon. Members: We have been waiting for it for a long time.

Mr. Chevrier: Mr. Speaker, would the hon. member allow me—

Mr. Allard: Mr. Speaker, I shall allow my hon. friend to ask questions when I am through with my speech. It will then be a distinct pleasure to answer his questions.

(Text):

Mr. Speaker, before going any farther I should like to sincerely congratulate the Minister of Finance (Mr. Fleming) who last Thursday night presented in this house a budget which was most favourable to economic recovery. He completely confused those in the opposition who seemed to prophesy a billion dollar deficit. His statement revealed our economy is presently healthy and progressive under an intelligent administration.

(Translation):

Mr. Speaker, through the federal parliament we deal with national problems, we also must turn our thoughts to international issues.

I wanted to inform this house of a particular observation I made during my stay in New York as a parliamentary observer last fall, during the thirteenth regular session of the general assembly of the United Nations Organization. The house certainly remembers that the six main institutions of the United Nations are: the general assembly, the secretariat, the security council, the trusteeship council, the economic and social council and the international court of justice. Now, one of these bodies, i.e. the general assembly, mainly functions through a bureau and seven larger committees. Those committees are: the committee on political and security questions, comprising control of armaments; the special policy committee, which during the thirteenth session studied the opportunity of maintaining the police force in Gaza; the committee on financial and economic questions, which considered, during the thirteenth session, technical assistance to underdeveloped countries; the committee on social, cultural and humanitarian matters; the committee on trusteeship comprising non-autonomous territories; the committee on budgetary and administrative matters and, finally, the committee on legal matters. It is therefore, in the economic and social council, one of the six bodies mentioned, and also in the third important committee, that economic problems are discussed. Some people, when speaking of the United Nations Organization, think that it has attained no concrete or practical results and they point out, amongst others, the field of politics. Indeed, if we consider some aspects like armaments, for instance, we find that since 1946 there has not been much progress yet in this respect. More than 863 meetings took place, either at the atomic energy commission, or the disarmament committee, or even at the security council. But nations have always developed new armaments. However, in the economic and social fields, commentators recognize that the United Nations have attained practical results.

One can wonder if, in the economic field, the United Nations Organization has used its influence to improve trade relations, labour conditions and production methods for or between its members.

On February 18, 1946, a resolution adopted by the economic and social council recommended the establishment of an international organization on trade and employment. An international conference was therefore held in Havana, from November 1947 to March 1948. It was intended at the time to promote the economic progress of underdeveloped countries as well as to improve their standard of living. At that conference, 53 countries, including Canada, adopted regulations known as the Havana charter. To give permanent form to the international organization on trade and employment, a provisional committee was created and Mr. L. D. Wilgress, of Canada, became the first chairman of the executive committee. But, since that event which took place in Havana and which was designed to regulate international trade and employment, there has been no practical result, except that resolution coming every year before the

economic and social council. That resolution is urging member nations to approve, through their respective domestic legislation, that principle of international organization of trade and employment.

It seems that the U.S. congress, at first reticent for several years, would support that principle. Canada, for its part, would wait until the United States and the United Kingdom take legislative action in this matter. Pending the belated setting up of such an international organization, some countries have joined together and concluded general agreements on customs tariffs and trade. These agreements are known as GATT. In 1947, at Geneva, 23 countries adhered to that multilateral trade agreement and, in 1949, at Annecy, 10 other countries took part in another series of negotiations on customs tariffs. But in spite of those international efforts to smooth international trade relations, the United Nations does not seem to sponsor any co-ordinated system in the field of production. It would be advisable if member nations agreed to determine and co-ordinate the nature of their production. For instance, here in Canada, in Ontario and Quebec, and particularly in the eastern townships, where I come from, we produce textiles; other countries like Japan, the United States and England are producing identical or similar textiles. The result is, therefore, that without wishing it perhaps, we are sustaining against each other a very keen competition, a very unhealthy one. Would it not be preferable then, that countries competing in the manufacture of a similar product should agree to diversify their production and co-ordinate their industrial activities? In that regard, would it not be desirable within the United Nations, through the economic and social council, or within the North Atlantic pact, to set up some sort of body, namely an economic guidance council, in order that such member countries might study the problems relating to the diversification of their production and the co-ordination of their trade and industrial activities? Indeed, such an organization might be set up within the UNO or under the North Atlantic pact. Article 2 of the North Atlantic treaty reads as follows:

> The parties will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting conditions of stability and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them.

Since the North Atlantic treaty was signed on April 4, 1949, economic alliances have begun to take shape, such as Benelux, the coal and steel pool, EURATOM, the six-power customs union, the European common market plan, but all these moves are outside NATO, and the leading American partners of the alliance are kept outside.

Mr. Paul-Henri Spaak, secretary general of NATO and chairman of the North Atlantic council, stated on April 8, 1959, during a brief press conference held at the St. Hubert airbase:

> However, in the economic field, very little has been done: we shall have to lay particular stress on co-operation in this field. In that regard, I think the NATO countries should co-ordinate their efforts with regard to helping underdeveloped countries.
>
> The fifteen NATO countries will have to do much more and much better in that field and NATO should be the ideal instrument for the co-ordination of endeavours intended to contribute to the economic growth of underdeveloped countries.

So, whether through UNO, NATO or the commonwealth, Canada should continue to initiate economic endeavours. I am inclined to believe that the allies will defeat communism and will restrain its effects to the extent that they will co-ordinate their efforts and their economic relations.

Mr. Speaker, may I call it 10 o'clock?

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

Mr. Allard: Certainly.

Mr. Chevrier: About his earlier argument concerning the interference of federal authorities in the provincial field, does the honourable member not agree that his argument applies much more strongly in the case of this government with respect to the increase in the contributions to universities and to the construction of the trans-Canada highway?

Mr. Allard: Mr. Speaker, I am pleased to tell the hon. member for Laurier, who is now in the province of Quebec, that his question like many others which are asked by members of the opposition are a result of and spring from the uncompromising and centralizing policy which the Liberals implemented when they were administering this country.

(Text):

Mr. Speaker: Order. I am sorry but I must remind hon. members that it is ten o'clock.

BUSINESS OF THE HOUSE

Mr. Chevrier: Since I did not get an answer to that question, perhaps I could ask the leader of the house what the business is for tomorrow.

Mr. Green: The hon. member will do a little bit better on this question. Tomorrow we shall continue with this debate.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

SALES OF AGRICULTURAL PRODUCTS ABROAD

Question No. 147—**Mr. McIlraith:**

1. Were any agricultural products, other than butter, sold abroad by any agency of government, other than the Canadian wheat board, since December 31, 1957?

2. If so, what products were sold abroad, and in the case of each commodity, to what countries, in what quantities and at what prices?

3. What prices did the agency pay to acquire each such product?

4. What was the difference between the price to the Canadian consumer and the export price for each product at the time of such sale?

Answer by: **Hon. D. S. Harkness (Minister of Agriculture):**

1. Yes.

2. Period January 1, 1958—March 12, 1959—

Products	Quantities	Countries	Prices ex Warehouse
Cheese	12,387,663 lb.	United Kingdom	29¢ per lb.
Skim milk powder:			
Spray process	1,885,250 lb.	Venezuela	9.05¢ per lb.
"	4,000 lb.	Barbadoes	—
"	160,050 lb.	Peru	—
"	20,100 lb.	British Guiana	—
"	108,000 lb.	San Salvador	—
"	51,000 lb.	Dominican Republic	—
"	85,900 lb.	B. W. Indies	—
Roller process	112,000 lb.	Dominican Republic	7.55¢ per lb.
"	9,550 lb.	B. W. Indies	—
Spray process (feed)	5,005,900 lb.	Belgium	5.00¢ per lb.
"	9,016,000 lb.	Denmark	—
"	1,556,450 lb.	Italy	—
Roller process (feed)	10,315,000 lb.	Belgium	4.30¢ per lb.
"	23,512,550 lb.	Denmark	3.15–4.30¢ per lb.
"	2,237,000 lb.	Italy	4.30¢ per lb.
Egg powder	57,850 lb.	West Germany	53¢ per lb.
Egg Melange	4,856,870 lb.	West Germany	9.5–14.5¢ per lb.
"	2,138,336 lb.	Switzerland	9.5–15.5¢ per lb.
"	849,832 lb.	Italy	12¢ per lb.
Shell eggs	364,917 cases	Venezuela	25–36.5¢ per doz.
"	6,945 cases	Mexico	25¢ per doz.

3. Products

	Prices Paid by Government Agency	
Cheese		34 cents per lb. Ontario warehouse
Skim milk powder:		
Spray process	January 1 to April 30, 1958	17 " " warehouse
"	May 1, 1958 to date	15 " " "
Roller process	January 1 to April 30, 1958	14 " " "
"	May 1, 1958 to date	12 " " "
Egg powder and egg melange	Purchased as shell eggs at 38 cents per dozen for grade A large and 31 cents per dozen for grade B delivered warehouses throughout Canada.	
Shell eggs	January 1 to May 4, 1958 at 38 cents per dozen, grade A large, delivered warehouses throughout Canada. May 5 to present, basis 44 cents per dozen, grade A large, delivered warehouse Montreal.	

4. Since Canadian consumer prices for these commodities vary widely, depending on area, type of outlet, and associated services, it is impossible to give specific answers to this question.

ENGINEERING SERVICES, ATOMIC ENERGY OF CANADA

Question No. 305—**Mr. Fisher:**

1. What companies supplied engineering service to Atomic Energy of Canada Limited, during the fiscal year ending March, 1958, and for the subsequent period to March 23, 1959?

2. What was the amount, by company, of these services?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

Questions

LISTING OF COMPANIES SUPPLYING "ENGINEERING SERVICES" TO ATOMIC ENERGY OF CANADA LIMITED DURING THE TWO YEARS ENDED 23RD MARCH 1959, TOGETHER WITH AMOUNTS PAID FOR THESE SERVICES

* Those marked with an asterisk include cost of manufacturing as well. No breakdown of these accounts to determine the engineering services component is possible.

**In some cases, the figures shown include amounts paid to March 31, 1959.

Company	Description of work	Amounts Paid		
		Year ended 31st March 1958	Year ended 23rd March 1959	Total for 2 years
*AMF Atomics (Canada) Limited	Design, develop and manufacture shut off rod control mechanism and development and fabrication of reactor fuel elements	69,365	82,345	151,710
Babcock Wilcox & Goldie McCulloch Limited	Design heat exchanger for steam generation in a nuclear power plant	—	5,000	5,000
* Canadair Limited.....	Design and fabrication of pool test reactor and of beta-ray spectrometer coils; design of vacuum chamber; fuel charge and discharge gear	135,823	3,567	139,390
* Canadian Badger Company Limited	Design and fabricate a heavy water upgrading plant	—	69,984	69,984
Canadian General Electric Company Limited	Design of nuclear power demonstration reactor; development program for fabrication of UO^2 pellets; and design of a flask to remove defective rods	8,931	923,122	932,053
Canadian Locomotive Works Company Limited	Design heat exchanger for steam generation in a nuclear power plant	—	3,808	3,808
Canadian Vickers Limited...	Design heat exchanger for steam generation in a nuclear power plant		12,992	12,992
Canadian Westinghouse Company Limited	Design and development work on loops for NRU reactor; design of heat exchanger; pressure relief study, etc.	164,888	174,178	339,066
Catalytic Construction Limited	Design out-reactor corrosion test loop.....	26,776		26,776
Combustion Engineering Super-heater Limited	Design heat exchanger for steam generation in a nuclear power plant	—	20,179	20,179
Computing Devices of Canada	Engineering development for a 100-channel sorter	11,268	1,500	12,768
Dobush & Stewart.....	Design of biology and health physics building, cafeteria, decontamination building, etc.....	13,890	62,884	76,774
Electronic Associates Limited	Development of a halogen quenched Geiger Mueller tube.....	2,646	—	2,646
*Foster Wheeler Limited.....	Design, fabricate and install large zeep reactor and design of a heat exchanger for steam generation in a nuclear power plant.....	—	118,491	118,491
Giffels & Vallet of Canada Limited	Design of an extension to metallurgy building, garage, firehall, heavy decontamination building, etc.....	27,288	32,747	60,035
*High Voltage Engineering Corporation	Design and fabrication of tandem van de Graaff accelerator.....	496,500	136,170	632,670
C.D. Howe Company Limited	Design and supervision of construction of NRU reactor and loop power facilities for same.....	486,555	—	486,555
*Humphreys & Glasgow (Canada) Limited.....	Design, supply and install main test rig..	—	92,444	92,444

Questions

LISTING OF COMPANIES SUPPLYING "ENGINEERING SERVICES" TO ATOMIC ENERGY OF CANADA LIMITED DURING THE TWO YEARS ENDED 23RD MARCH 1959, TOGETHER WITH AMOUNTS PAID FOR THESE SERVICES—*Concluded*

Company	Description of Work	Amounts Paid		
		Year ended 31st March 1958	**Year ended 23rd March 1959	Total for 2 years
John Inglis Company Limited	Develop improvements on NRU control rods; design of fuelling equipment for a nuclear reactor; and design heat exchanger for steam generation in a nuclear power plant	—	34,379	34,379
Montreal Locomotive Works Limited	Design a heat exchanger for steam generation in a nuclear power plant	—	6,878	6,878
Ontario Research Foundation	Investigation of ceramic methods of fission product disposal	1,096	15,999	17,095
*Orenda Engines Limited	Design of a gas-cooled loop; design and supply compressors for same	—	343,363	343,363
Shawinigan Engineering Company Limited	Canada-India reactor project	608,122	487,034	1,095,156
John Thompson-Leonard	Design a heat exchanger for steam generation in a nuclear power plant	—	10,249	10,249
		2,053,148	2,637,313	4,690,461

HOUSE OF COMMONS

Tuesday, April 14, 1959

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

RAILWAYS, CANALS AND TELEGRAPH LINES—CONCURRENCE IN THIRD REPORT OF STANDING COMMITTEE

Mr. W. M. Howe (Wellington-Huron) presented the third report of the standing committee on railways, canals and telegraph lines, and moved that the report be concurred in.

Motion agreed to.

Third report of standing committee on banking and commerce—Mr. Cathers.

EXTERNAL AFFAIRS

FOOD FOR PEACE CONFERENCE—CANADIAN REPRESENTATION AND POLICY

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in view of the statements which have come out of Washington, can the Prime Minister inform the house whether a food for peace conference is to be held in that city on May 4? If so, will the Canadian government be represented by a minister, and can the Prime Minister perhaps give us a general indication of the principles which should govern Canadian policy at such an important conference?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am sure the hon. gentleman will agree that such a question might very well have had notice given in order to make it possible to give a very full report on the situation.

In so far as this conference is concerned, Canada will be represented at the meeting. The design of the conference was set forth in the state of the union speech of the President some weeks ago. The purpose is to bring together the various food-growing nations to the end that through discussion and consideration of their problems of distribution and also of the needs of other parts of the world, some policy applicable to all the food-producing nations might be arrived at. In point of fact I am hopeful that at that meeting consideration will be given to a proposition which I placed before the meeting of NATO in December, 1957. As the house will recall, I suggested the formation of a food bank to the end that by the establishment of such an institution surpluses would be stored against the probability of crop shortages or failures in the future. It would also constitute a storehouse for the assistance of those countries which find themselves and their populations short of necessary food.

I will make a further statement on this. If the Leader of the Opposition will agree, I shall go into some detail in a day or so.

IMMIGRATION

INQUIRY AS TO RECENT CHANGES IN REGULATIONS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the Minister of Citizenship and Immigration whether she is going to make a statement today or very soon on the changes in the immigration regulations, as seemed to be indicated by her remarks last week.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Yes, Mr. Speaker; I hope to deal with this matter during the course of the current budget debate. I have given some consideration to it, and it occurs to me that the information I wish to give the house is probably a little more comprehensive than that which might be given in an answer on the orders of the day.

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask a supplementary question? Does the hon. lady not think that the simplest way to deal with the matter would be to withdraw this unnecessary and inhuman order?

Mr. Diefenbaker: The inhumanity goes back to the order in council passed on May 24, 1956.

An hon. Member: Rubbish.

Mr. Bell (Saint John-Albert): He knows all about inhumanity.

Mr. Pickersgill: More of the Prime Minister's diversions.

Mrs. Fairclough: If the hon. member is serious about that, I can say to him that all aspects of the problem are being considered.

Mr. Pickersgill: I am serious about it.

Inquiries of the Ministry

COMBINES INVESTIGATION ACT

HULA HOOPS—ALLEGED RESALE PRICE MAINTENANCE IN SASKATCHEWAN

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Justice. I sent him notice early this morning, and I hope he received it in sufficient time. Has the minister's attention been drawn to an article in the November, 1958 edition of the Canadian Federation of Agriculture news and information bulletin to the effect that a manufacturer of hula hoops in Saskatchewan had engaged in a resale price maintenance practice and a refusal to supply hula hoops when the resale price level established by the manufacturer was not adhered to, which appears to be contrary to section 34 of the Combines Investigation Act? If so, is an inquiry under way or is one contemplated into this alleged contravention?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, the hon. gentleman was kind enough to give me notice of his question. I note that it refers to a report which appeared in the press in November, 1958, and I am not quite certain whether I am in order in answering an inquiry relating to a matter occurring that long ago, on the orders of the day. But if I am in order I can inform the hon. gentleman that a reference to this matter appeared in the daily press early in October and at that time the director made some preliminary inquiries. In view of the fact, however, that there was a direct conflict of evidence as to what had transpired, and also in view of the fact that the manufacturer, who had been operating on a very small scale, advised that he had discontinued production of this article entirely, it was considered that further inquiry was not warranted.

HEALTH AND WELFARE

SASKATCHEWAN—OBSERVANCE OF MAY 3 AS CHILD SAFETY DAY

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I have a question I should like to ask the Minister of National Health and Welfare. It arises out of the commendable campaign being carried on in Saskatchewan to prevent accidents involving children, and particularly the announcement that Saskatchewan will observe May 3 as child safety day. Can the minister assure the house that his department will lend its co-operation and support to Saskatchewan and other interested provinces in this worth-while project?

[Mr. Pickersgill.]

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I should like to thank the hon. member for giving me notice of his intention to ask this question. My department's health grants include one directed to child maternal care, and I am always interested to hear of projects in this field. If there should be any move to sponsor child safety day on a national basis, my department would be prepared to lend any suitable support. If Saskatchewan or any other province submitted a project in this field within the terms of the national health grants we would always give it every consideration.

Mr. Argue: Is the minister or his department prepared to issue a statement supporting the efforts of the province of Saskatchewan in this regard?

Mr. Monteith (Perth): I have answered the question, in that I said we would give every suitable support to any of these projects.

ST. LAWRENCE SEAWAY

INQUIRY AS TO OPENING OF NAVIGATION

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport. I have not given him notice, but the story to which I have reference appeared in this morning's press and perhaps he may have seen it. Can the minister tell the house when the seaway will be opened to navigation this year, and why there has been so much criticism of the department for its fumbling and bumbling of the opening, according to the story in this morning's *Gazette*?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, as the hon. member for Laurier knows very well, just about two weeks are necessary once the ice has been cleared in order to set up buoys for navigation. As I announced last winter, it was our hope that navigation could be opened on April 20. Since that time ice conditions have proven to be extremely severe, more severe than in most winters. I had expected to make an announcement today that navigation would open on April 25. However, I am not able to do so because, just before coming into the house, I received a report from my department that a number of attempts to set up buoys have not proven successful because of the severe ice conditions.

We are making a final ice survey this afternoon, and I will make an announcement in the house tomorrow. I can assure the hon. member, as I think he appreciates only

too well having been minister of this department and dealt with these matters, that there has been no fumbling or bumbling at all in connection with this matter.

ATOMIC ENERGY

REQUEST FOR GOVERNMENT PARTICIPATION IN CONSTRUCTION OF ATOM SMASHER

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): I should like to direct a question to the Minister of Trade and Commerce. Was a proposal made to the government by the Canadian association of physicists or by any other association, asking the government to participate in a project in the field of nuclear science involving the construction of an atom smasher? If such a request was made, what was the government's reply to it?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I would have preferred to have notice of a question of this importance. Such a proposal did come forward and was discussed with the national research council. The matter was gone into very thoroughly and it seemed that at the present time we would be unable to accede to the request of the physicists, and they were so informed.

Mr. McIlraith: As a supplementary question, Mr. Speaker, may I ask what was the main reason for the refusal to accede to the request?

Mr. Churchill: I would have to look back at the material I have with regard to this particular problem. I know that the amount of money involved was rather substantial. running into some $20 million.

TRADE

URANIUM—REQUEST FOR STATEMENT ON MINISTER'S VISIT TO WASHINGTON

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I wonder if the Minister of Trade and Commerce is in a position to report to the house on a visit which, according to the press, he made to Washington yesterday to discuss with the United States government the very important matter of the renewal of the contract for uranium sales to the United States by Canada after 1962?

Hon. Gordon Churchill (Minister of Trade and Commerce): I was in Washington yesterday. The main purpose of my visit was to meet with the members of the atomic energy commission. There have been some changes made on both sides during the last 12 months, and I thought it advisable to get acquainted with Mr. McCone, head of that commission at the present time. This is the first opportunity I have had to meet with him and with other members of the commission. We discussed matters of general interest with regard to the atomic energy program affecting our two countries. Further conversations with respect to the particular matter raised by the Leader of the Opposition will be held in the near future.

PUBLIC BUILDINGS

TRAIL, B.C.—INQUIRY AS TO PLANTING OF SHRUBS AROUND ARMOURIES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question on floriculture to the Minister of National Defence. I apologize for not giving him notice, but I was only prompted a few hours ago to ask this question by responsible citizens of the Trail district. In view of a recent visit by the minister to Trail when he promised a number of important citizens that he would have grass, flowers and shrubs planted around the armouries at Trail, and in view of the fact that nothing has been planted to date, will he inform the house when this work is going to be done.

Hon. G. R. Pearkes (Minister of National Defence): I have no knowledge of any planting to be done around the armouries at Trail.

ADMINISTRATION OF JUSTICE

DOUKHOBORS—REPORTED DECISION TO REMAIN IN CANADA

On the orders of the day:

Mr. W. H. McMillan (Welland): I should like to direct a question to the Minister of Justice. Has the minister any comment to make on the reported decision of the Doukhobor Sons of Freedom sect to remain in Canada? Was their entry into Russia refused? Is there any objection to the admission to Canada from Uruguay of their spiritual leader, Stefan S. Sorokin?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, dealing with the three questions in the order in which they were asked, may I say, first, that so far as I am aware no formal decision has been made by the Sons of Freedom sect to abandon their plan to return to Russia. I understand that press reports to that effect have been circulated, as a result of which we have had the Royal Canadian Mounted Police make inquiries. I also received a copy of a petition from the Sons of Freedom relating to the matter of the

readmission of Stefan Sorokin. It was apparently as a result of the presentation of that petition that the impression was given that the Sons of Freedom had abandoned their intention to return to Russia. I am informed, however, that no such decision, in a formal sense at any rate, has been made by them.

With regard to the second question, which I think was "has their admission to Russia been refused?" the answer is that we have no knowledge of the attitude of the Russian government. Up to the time I left this city before Easter we had had no direct or indirect communication from the Russian government on this point. We have made it clear to the Sons of Freedom that so far as we are concerned, the Russians must indicate their readiness to accept the sect before we shall be in a position to proceed further.

In so far as the third question is concerned, namely the attitude of the government toward the readmission to Canada of Stefan Sorokin, may I say that to the best of my information no formal application for his readmission has been received. However, my colleague the Minister of Citizenship and Immigration (Mrs. Fairclough) would probably be in a better position to answer further questions in that regard.

[*Later:*]

Mr. Fulton: Mr. Speaker, perhaps I might be permitted to supplement the information I gave a moment ago in answer to the hon. member for Welland, in case I may have left an incorrect impression. The petition to which I referred, a copy of which I have seen, which was submitted by or on behalf of the Sons of Freedom sect, refers to the possible readmission of Sorokin, but to my knowledge we have had no formal application for readmission from Sorokin himself. The contents of the petition are receiving our careful consideration.

Mr. H. W. Herridge (Kootenay West): On this question I would like to ask a supplementary question of the Minister of Citizenship and Immigration. I must say how much I appreciate the interest of the hon. member for Welland in some of my constituents. Has the minister any further information with respect to the question asked by the hon. member for Welland, namely with respect to the application for readmission?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Was that with reference to the re-entry of Sorokin?

Mr. Herridge: Yes.

Mrs. Fairclough: As far as I know there has been no formal application for re-entry on behalf of Sorokin.

[Mr. Fulton.]

POWER

COLUMBIA RIVER—REFERENCE TO ANNOUNCEMENT BY INTERNATIONAL JOINT COMMISSION

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct to the Prime Minister a question of which I have sent him notice. Can the Prime Minister give the house any detailed information regarding yesterday's announcement from Washington by the international joint commission to the effect that a mutually satisfactory basis for agreement had been reached between the United States and Canada regarding the development of the Columbia river?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I assume that the hon. member has reference to a press report that was issued by the co-chairmen of the international joint commission, namely Douglas McKay for the United States and Andrew McNaughton for Canada, in which were given the results of the commission's semi-annual meeting which took place in Washington between April 7 and April 10. The only portion of the press release which deals with the matter in question is this:

> Following its meeting with the Columbia board, the commission held further discussions concerning the formulation of principles for the determination of downstream benefits and their apportionment. The commission has now reached a mutually satisfactory basis for proceeding to a consideration of a first draft of principles. These principles will be discussed and further developed at the next meeting of the commission in Montreal on April 30.

The international joint commission, of course, is an independent international body which issues its own press releases. We have had no official communication by the commission with respect to the request made by the governments of the United States and Canada on January 29, 1959. However, I would point out to the hon. gentleman that the mutually satisfactory basis is not stated to be for an agreement between United States and Canada but for "proceeding to a consideration of a first draft of principles". In short, I assume that the commission is proceeding with the task assigned to it several months ago, and that in due course an official report will be made thereon to the two governments.

COAL

APPLICATION OF DOMINION COAL COMPANY FOR LOAN OF $6 MILLION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): May I ask a question of the Minister of Mines and Technical Surveys. Can the minister say

what consideration has been given to the application of the Dominion Coal Company for a loan of $6 million under the Maritime Coal Production Assistance Act in order to improve the lagging coal mining industry?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, I will have to consult the dominion coal board and get a report on this matter, which I will give to the house at the next sitting.

FISHERIES

SALT COD—INQUIRY AS TO SUPPORT PRICE

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): I should like to direct a question to the Minister of Fisheries. In view of the suggestion made at the fisheries council meeting last week that the government place a floor price under salt cod fish, can the minister tell us when the government intends to carry out its promise made prior to March 31, 1958 by the Prime Minister at Charlottetown and elsewhere in the Atlantic provinces, that the government would place a floor price under their salt fish?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, I want to thank the hon. member for giving me notice of his intention to ask this question. Unfortunately I received it only since coming into the house. I would say, however, that if the situation warrants it the government is prepared to apply price support to fish products at any time, and legislation is already in existence for such purpose. In applying such a program we must be careful not to act in a way which would expose our products to dumping duties or to embargoes by any of our best customers.

However, in the last year or so fish prices have been going up, and in the last fiscal year the industry had one of the best years it has had for some time. I might add that as far as Newfoundland products are concerned, through the efforts of my colleague the Minister of Trade and Commerce we succeeded in selling a quantity of salt fish to Brazil at a good price for the first time in a number of years.

I feel, Mr. Speaker, that the hon. member has in mind chiefly the problem which everyone admits existed in Newfoundland last year. The fisheries prices support board held special meetings last September in Halifax and St. John's to look into the problem of the income of the Newfoundland fishermen who fish cod to be processed into dried salt cod. The advice of the fisheries prices support board was that the problem in Newfoundland was one of catch failure rather than of prices, and that no action could be taken under the Fisheries Prices Support Act which would meet that problem. I want to say, however, that the whole matter is reviewed from time to time, and is under careful consideration by the fisheries prices support board.

HARBOURS

MONTREAL RIVER, ONTARIO—REQUEST FOR ICE REMOVAL

On the orders of the day:

Mr. G. E. Nixon (Algoma West): Mr. Speaker, I wonder if I might ask the Minister of Public Works if he would see to it that immediate action is taken to have the entrance to the Montreal river harbour, some 80 miles north of Sault Ste. Marie, opened as soon as possible so the fishermen may be able to make use of the harbour as soon as the ice leaves.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I shall be very glad to have the situation checked.

ARTS, LETTERS AND SCIENCES

REQUEST FOR ESTABLISHMENT OF SCHOLARSHIPS IN HONOUR OF THE LATE SIDNEY SMITH

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct a question to the Prime Minister. Has the government given serious consideration to the proposal of the national federation of Canadian university students for the establishment of a system of national scholarships in honour of the late Sidney Smith?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, no consideration has been given to that question.

POLYMER CORPORATION

INQUIRY AS TO STRIKE SITUATION

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Labour if, in view of the long lapse of time since the strike at Polymer Corporation in Sarnia began, he has any report to make to the house.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I deny that there has been a long lapse of time such as the hon. member refers to. The strike has been going on for only a few days. I have now received notice of concurrence from the Polymer Corporation, and the processing of the appointment of a mediator to assist in this dispute is now going on.

Mr. Martin (Essex East): A supplementary question, Mr. Speaker. Could the Minister of Labour, who is obviously very well disposed today toward constructive suggestions, advise the house what he means by "just a few days"?

Mr. Starr: Just slightly over one week.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Monday, April 13, consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson, and the amendment to the amendment of Mr. Regier.

(Translation):

Mr. Armand Dumas (Villeneuve): Mr. Speaker, what are the outstanding facts arising out of the budget brought down last Thursday evening? In a speech which lasted almost two hours, and with his well-known aplomb, the Minister of Finance (Mr. Fleming) told us that, for the fiscal year ending March 31 last, his government had managed to come up with the largest peacetime deficit in our history. He confessed that his government had managed to reach an all-time record in regard to expenditures. He also pointed out that, by means of an entirely novel plan for the reconversion of part of the debt, his government had succeeded in raising to a more respectable level the interest rate on money. The minister of Finance also added that Canada's debt had increased considerably, that the Canadian standard of living is declining, that there are far too many unemployed, that the danger of inflation remains great, that production costs are too high, etc.

In fact no one could have done a better job of showing up the policy of bankruptcy which has been followed by the Conservative government since it took over in 1957. It was that policy of bankruptcy which prompted a Toronto paper to say last Saturday, with reference to the budget:

(Text):

No policy to guide it.

(Translation):

The newspaper went on to say that the Minister of Finance had been faced with a difficult task. This we readily admit, Mr. Speaker, the Minister of Finance did have to face a difficult task in preparing the estimates for 1959-60. His cabinet colleagues have spread money around rather casually, they have administered their departments in an easy-going way, they have promised favours right and left, with the result that the Minister of Finance had to ask the Canadian taxpayers to pay the piper.

The minister was therefore obliged to conclude his speech, on Thursday night, by saying that the deficit for the fiscal year 1959-60 would again be phenomenal, but that Canadians would get off, at least for the time being, by paying about $350 million a year in extra taxation. Nor did the minister fail to stress that of this increase of $2.3 billion in gross national revenue, he proposed to take in as his share no less than 23 per cent or to be more accurate an amount of $640 million.

The hon. minister took great pains to make it appear that the average Canadian would not be too much affected by this fiscal increase of $245 million for the current year and of $350 million for a full year. Now let us see how the matter stands. Here is what we note in table 8, page 2425 of *Hansard*. First, with regard to tax increases, in the field of budgetary levies, we note that personal income tax has increased by $54 million. We also note that corporation income tax has increased by $56 million. And we note further down the table that customs duties, sales tax and other duties and taxes, included in the budgetary levies, have increased by $46 million. And, in that field only, by a total of $156 million.

But, that is not all. As regards contributions to the old age security fund, we note that taxes have gone up by 50 per cent, since the personal income is being taxed by 1 percentage point with the result that instead of 2 per cent, each individual has to contribute 3 per cent to the old age security fund. And the corporation income tax has gone up also by 50 per cent. The same goes for the sales tax, with the result that in that field we note an annual increase of $196 million. And that table summarizes the increases in taxes as follows:

Personal income tax, $129 million; corporation income tax, $84 million; sales tax, $93 million; cigars, cigarettes and spirits, $46 million; and that, for an overall total of $352 million for a full year.

Now, who are those—and that is the interesting point—who will be called upon to pay this increase in taxation of $245 million for the current year or of $350 million for a complete year?

Mr. Speaker, here is the answer to that question: each and every one of the 4,600,000 Canadian taxpayers will be called upon to pay that increase in taxation. It will be the price of reality, as was so ably said by the honourable Leader of the Opposition (Mr. Pearson). Canadians now realize that the Prime Minister could not carry out his promises, as the people believed he would. The people are now being asked to pay the price of reality.

That is why, the day following the budget speech, the man in the street, wishing to express his opinion on the recent events, made the following remarks: "That is too much", "It is an excess"; "We've had it", said another one; another one added that it was the last drop overflowing the cup and still another one said: "The party in power is the party of one man only". And the wisest of them all said: "I did not vote Conservative in the last election, because I knew what was coming".

Mr. Speaker, why has there been such a forthright reaction from the man in the street? This government's liberalities to the Canadian taxpayer, in the taxation field, for 1957-58, though they amounted to only a small fraction of what had been promised, have now been washed away and engulfed by the 1959-60 tax increase. As evidence of this, I am going to use the very illustrations used by the minister last Thursday night. As quoted on page 2417 of *Hansard*, the minister, having briefly mentioned the liberalities of 1957, quoted the following examples to illustrate the efforts I was mentioning a moment ago:

> Taxpayers in the lower and middle income brackets will find that their tax increases this year will cost them less than the relief granted to them by the reductions of 1957.

And for purposes of illustration, the minister made this statement:

> For purposes of comparison, let us consider the position of a typical married man who is the father of two children of family allowance age.
>
> At an income level of $3,000 a year, under the new rates this man will pay a total of income tax and social security contribution of $56, an increase of $4 from the 1958 level. He will, however, be paying $34 less than he paid before the reduction we introduced in 1957.

Well, Mr. Speaker, I say that so far as income tax is concerned, that is the true situation, but the minister forgot to add that in the course of the year, the taxpayer will have to buy certain things, and will therefore have to pay the increased sales tax when the time comes to purchase a refrigerator, an electric range, or perhaps even a car or some other commodity. It can therefore be readily seen that not only will the taxpayer not pay less than before the 1957 deductions, but will now have to disburse more to pay for the tax increase.

Now if you take the case of the three other classes of taxpayers, those earning $4,000, $5,000 and $7,500, it must be concluded that the minister was not telling the whole story when he stated that the taxpayers would be paying less taxes, because there are some among them who will be buying a car, and they will have to pay for the increased sales tax.

In fact, it was no later than Friday, or immediately after the budget speech, that we were told the tax on cars would be raised by at least $25 to $30. So the poor Canadian, in the coming year, not only will be forced to return the few favours he enjoyed in 1957, but will have to reach into his other pocket and pay the difference through the amounts he will have to pay in the current year because taxes have been raised.

Now, Mr. Speaker, with regard to federal-provincial relations, the minister noted that since the house had discussed the matter at least twice during this session, he did not intend to again deal with the matter in his remarks. However, with apparent satisfaction, the minister put on record certain remarks that I am pleased to recall to him, and that are of particular interest to the taxpayers and people of the province of Quebec. We find at page 2410 of *Hansard*, that the minister said:

> Under the Federal-Provincial Tax-Sharing Arrangements Act we are making unconditional payments to the provincial governments or unconditional tax abatements amounting to $684 million in the current year, of which $167 million is in the form of fiscal aid through equalization and stabilization payments.

It is to be noted, Mr. Speaker, that the minister has said:

> We are making unconditional payments—

Have you ever heard of anyone paying back a sum of money to some one he really owes it to and saying: "I'm paying this back to you unconditionally"? Who ever heard of such a thing? In fact, if the Liberal government had dared to use such a phrase in a

budget speech, I do not know what would have happened, but I doubt that somebody would have raised his voice and talked about centralization.

Moreover, Mr. Speaker, the minister also seems to rejoice over the fact that the total conditional grants now reach $460 million, instead of the $136 million reached in 1956-57.

There again I presume that Quebec taxpayers are taking a wide-eyed look at this figure because they will never see a good part of those $460 million, at least not for quite some time.

In hospital insurance, the federal government will be making conditional payments of $160 million, of which the province of Quebec will not get a single penny.

In conditional payments for highways and transportation, the government will spend $70.3 million. We might get part of this for railway crossings, but the province of Quebec will get mighty little of this $70,300,000.

However, as regards item 7, in paragraph B, providing for conditional payment of $23.8 million for resource development, I do not believe that we shall see a single penny of that amount.

University grants will amount to $26.2 million, of which, of course, we will not receive a penny. Quebec taxpayers must indeed be vastly impressed!

And what will be the reaction of those who heard our hon. friends opposite say, when they used to sit on this side of the house: "What a bunch of centralizers", with reference to those who were managing the country at the time? But today, where are the true centralizers? I ask you, Mr. Speaker: Where are they? They are sitting there, on the other side of this floor.

Mr. Speaker, I would now like to say a few words about our trade and about our foreign trade relations, especially with our neighbours to the south.

While in his budget speech the Minister of Finance dealt fairly at length with our international trade and our foreign economic relations, he practically said nothing about what action his government proposes to remove the uneasiness which is now being felt in our trade with the United States.

After saying that much of the increase in European gold reserves came from the United States and that this country was continuing to act as a "good creditor", he said, and I quote from page 2408 of *Hansard*:

> But it is to be hoped that the people and the government of the United States will become less timid regarding imports, particularly imports from a country like Canada, which buys from them far more than it sells, and is linked with them by bounds of common continental defence.

This is fine, Mr. Speaker, and the minister goes on:

> In particular the actions of the United States in imposing during the past year new import restrictions on lead and zinc and mandatory controls on petroleum have aroused strong resentment in this country. We shall continue to press for the removal of these and other unjustifiable impediments to our export trade.

Well, Mr. Speaker, that is rather a hesitant and lukewarm statement, and we wonder if that is all the government means to do.

In last year's budget speech, the minister was much more categorical. Let me quote a few paragraphs of his remarks at that time. I have before me the French *Hansard* for he 1958 session and I quote from page 1237 of volume II. The minister said this:

> While access to the United States market has been improved in the last decade, and its tariffs have been significantly reduced entry into that market remains difficult and uncertain for many classes of goods produced in Canada.

Further on the minister added:

> Perhaps most troublesome of all are the uncertainties arising from the many escape clauses in United States legislation and administrative practices. Hon. members do not need to be reminded of the recent restrictions imposed against Canadian oil and the continuing threat to our exports of lead, zinc and copper—notwithstanding firm trade agreement obligations.

When he said this, the minister was right. And a little further he stated:

> We find it difficult to understand why the United States should treat its best customer and friendly neighbour in this way. We have made it clear to the United States authorities that measures which add to our difficulties in selling in the United States market or in third countries cannot but impair our ability and willingness to import from them.

That was, so to speak, a kind of threat. And the minister added:

> This brief examination of the nature of our trading problems with the United States points up the need for vigorous action of a constructive nature. We intend to press for wider access on reasonable terms to the United States market; and we will continue to oppose with all the means at our disposal any threat to impose greater obstacles against Canadian exports to that market.

There again, Mr. Speaker, the minister was right.

> At the same time we will continue to foster the growth and diversification of efficient Canadian

industries so that a constantly larger supply of our requirements may be met economically from domestic production.

That, Mr. Speaker, is what the hon. minister was saying last year; he gave the appearance of being quite firm. He appeared determined to convince his colleagues of the necessity of making certain representations to our friends to the south—at least that is the impression we got—and that he would lose no time about it. However, the excerpt I have just read from this year's budget speech, sings a rather different tune. The minister is now using the soft pedal. He does not say that the United States should buy more of our products, nor does he say that the government will continue insisting that the United States purchase more of our goods.

Mr. Speaker, we should realize—and this is most important, that many of the difficulties and problems confronting both the Canadian people and our friends in the United States are rooted in our trade exchanges.

In this regard let me give an example. I refer to the present unquestionable uneasiness in Canada about the future development of a particular industry, mining.

In that industry, and in the economy as a whole, inflationary pressures continue unabated and constitute a serious danger. Competition for the conquest of world markets is keener right now than it was before the second World War. Other ore-producing countries are developing their resources at a fast pace. However, in many of those countries wages and production costs are but a fraction of what they are in Canada.

Let us not forget for a minute that the mining industry in Canada is geared to export trade and that ore resources are valuable only to the extent that they are developed, put into production and marketed. Otherwise, they are but worthless rock.

The widest market for our mining products and for many others is unmistakably the United States. The contracts we are able to obtain in that field are awarded under terms imposed by the American administration as a result of pressures by the producers exerted by American producers who look upon those measures or restrictions as increased protection for their products, and even the very survival of their own industry.

Canadian mining companies hope for and anticipate the possibility of remaining the greatest suppliers of copper, zinc, lead, uranium and iron ore and many other metals in the United States, for many generations to come, on an ever increasing basis.

However, Mr. Speaker, Canadian producers are worried, and I would even say greatly worried. They naturally realize the difficulties we have to face at this time and which are caused by that protectionist policy of our neighbours to the south. But their concern goes further than this. Canadian producers are wondering whether the Canadian government is actually taking the necessary steps to avoid a still more detrimental policy on the part of the American administration.

We might get an answer to this question when we know the attitude the U.S. government proposes to take with regard to the options which the United States atomic energy commission is holding in respect of Canadian uranium production after 1962 and 1963.

Mr. Speaker, the Canadian uranium industry is admittedly facing great difficulties, especially as regards the period following the years 1962 and 1963, when the sales contracts with the Eldorado Mining and Refining Limited will have expired and, hence, as regards arrangements between this corporation and the United States atomic energy commission.

The Canadian uranium industry has developed amazingly in the last three years. It now ranks first among metal and ore producers in Canada in dollar value of exports.

During 1958, the value of uranium exports was no less than 5 per cent of all Canadian commodity exports.

The following figures show how much that industry has advanced. In 1957, uranium exports reached a total of $131 million, as compared to $260 million in 1958. For the current year, and taking into consideration the number of mines and plants holding production contracts, our uranium exports will probably reach the $350 million mark.

We know that uranium producers have contracts with the Eldorado Mining and Refining Limited to the value of $1,500 million, and that the latter, in turn, has contracts for a similar value with the United States atomic energy commission. Therefore, it is evident that the United States is our main purchaser of Canadian uranium.

General opinion seems to indicate that in the next ten years the uranium market, for civilian purposes, will be fairly insignificant compared to the productive potential of mines.

So, for a period of six to eight years, that is from 1962 and 1963, after the contracts with the Eldorado Mining have expired, there will be a gap.

In addition to its existing contracts with the Eldorado Mining the United States atomic energy commission has options on a large portion of the uranium potential of Canadian mines for the period subsequent to the lapsing of its contracts, that is until December 31, 1966.

The commission will thus be in a position to take advantage of those options until March 31, 1961.

We all know that if that industry has reached its present development, it is because of the demands and representations of the United States government which wanted to provide for its own basic requirements of uranium oxide. Canadian uranium companies have therefore every reason to impress upon the Canadian government the necessity for the United States government to take up its options on Canadian production until December 1966, and to do so with the least possible delay.

That is most important, Mr. Speaker, and in this connection, I should like to refer to a brief submitted to the Canadian government about two or three months ago. In that brief the Canadian Metal and Mining Association outlined as follows the Canadian producers' approach to this matter:

(Text):

As the civilian market for uranium up to 1966 will be very limited, it is of vital importance to the Canadian uranium industry that these options be taken up. It is respectfully requested that the Canadian government examine this situation and bring to the attention of the United States government the importance its attaches to the taking up of the options before March 31, 1961, and the desirability of giving notification of its intention to do so at the earliest possible date.

(Translation):

Then, Mr. Speaker, we notice—

Mr. Martin (Essex East): What is the date of the brief?

Mr. Dumas: It is dated January 1959. This shows how important it is that the government make representations at the earliest possible moment.

I should like to say a few more words about our Canadian uranium industry. I would have liked to deal with the subject more extensively, but I notice that my time is fast running out.

Did the government take action on that recommendation of the Canadian Metal and Mining Association?

Is the Canadian government doing something to induce the United States government to amend its apparently ever-expanding protectionist policy? Or will Canada's own trade policy turn to protectionism? That is the question raised by the budgets brought down in this house by the Conservative government since it gained power in 1957.

This afternoon, in reply to an inquiry from the Leader of the Opposition, the Minister of Trade and Commerce (Mr. Churchill) stated—much to my surprise—that only on one occasion had he met with officials of the atomic energy commission in the United States. And yet, everyone knows how important it is to urge the U. S. government to let us know whether it intends to take up its options on Canadian uranium production after 1962 and 1963. This is of the greatest importance. If we fail to get a statement from the U. S. government as to its intention of instructing the A.E.C. to take up its option, there is grave danger that several mines located in the constituency of the Leader of the Opposition will be forced to close down, and then, only the mines with very high grade ore will be in a position to continue production.

In the light of recent developments, Canada is more than ever in need of assurances so that large segments of the Canadian economy might not be adversely or seriously affected as result of certain decisions that might be taken in the United States. In the case of Canadian uranium purchases by the United States, American producers are exerting pressure to prevent the options I have mentioned from being taken up. And to think the Minister of Trade and Commerce has only just met with officials of the United States atomic energy commission! That is astonishing! Moreover, we expect and demand that the Canadian government take all necessary steps to insure that these options be taken up as soon as possible.

In fact, Mr. Speaker, we must resist any pressure tending to curtail future trade between Canada and the United States.

Besides, to the extent allowed under existing legislation and essential administrative principles of both countries, it is important that consideration be given to the possibility of easing certain restrictions which have already caused some misunderstanding and which are apt to give rise to more.

(Text):

Mr. E. J. Broome (Vancouver South): Mr. Speaker, I am indeed pleased to take part in

the budget debate, and first of all to pay tribute to the Minister of Finance (Mr. Fleming) for a job well done. It is very pleasant and easy to pass out tax reductions and concessions and ministers of finance, being only human like the rest of us, must yearn for that fiscal paradise where every year social services can be increased and taxes reduced.

A year ago, as the minister stated, we were still in a recession which, while world-wide, was more severe on the North American continent than any other place. As he said, federal fiscal policies played a major role in arresting the decline and sustaining the economy until the balance of economic forces again swung toward recovery, a recovery which is well under way. I can do no better in explaining the steps taken than to quote the words of the minister as found on page 2405 of *Hansard* for April 9, where he said:

> The most important forces stemming the decline in business activity during 1958 were to be found in the fiscal policy and position of the federal government—lower tax rates and revenues, higher expenditures and increased cash disbursements particularly in housing loans. The additional spending power provided in this way helped to arrest the decline and underpinned both consumption and investment to a substantial degree until the major retarding influences had spent themselves. The tax reductions announced in December, 1957 helped to maintain the purchasing power in the hands of the public. Personal taxes paid in the calendar year 1958 were $142 million lower than in 1957, despite an increase of $1.4 billion in personal incomes. In addition, there were increases in social security payments, such as old age pensions, veterans' benefits, and unemployment insurance payments, and these also had the effect of maintaining personal incomes and consumer expenditure.

The net result of this policy was a deficit of $617 million in the year 1958-59. The budget for this year anticipated a deficit of $680 million if there were no tax changes. It is obvious that continued deficits of this magnitude are beyond the capacity of the country if national solvency is to be maintained. It is equally obvious that there is no hope at this time of a balanced budget. The amount of extra taxation required to bring this about could conceivably halt the whole process of recovery and throw us back to the point where we started. The compromise suggested by the minister in this budget will still result in an anticipated deficit of $393 million.

I wish particularly to commend the minister for facing up to the problem of deficits in the old age security fund. The deficit in this fund this year amounted to $184 million. Contributions have never covered the cost of pensions in any year since the fund started, and the total deficit to date is over $600 million. The fund has been financed by a tax of 2 per cent on personal incomes with a ceiling of $60, 2 per cent on sales tax and 2 per cent on corporation taxes. This figure has now been raised to 3 per cent on corporation taxes and sales tax and on personal income tax, with a ceiling of $90. I think all Canadians will be in favour of this fund being placed on a pay as you go basis. The pension fund will now be fully contributory and not maintained out of general revenue.

I think it only fair, however, to warn the minister that this change removes the major argument against these pensions being paid outside of Canada, and I would strongly urge the government to make this change as soon as the fund is on a self-sustaining basis. There are no residence restrictions on the payment of United States pensions, and United Kingdom regulations have recently been relaxed in the same manner. Many pensioners have children or relatives outside of Canada with whom they could live on their pensions in comfort and dignity if they could take them with them, whereas living alone in Canada they will likely have a lower standard of living even with additional assistance from other sources. Pensioners who may emigrate to other countries such as the United Kingdom or other areas in the sterling bloc will help to increase the supply of Canadian dollars in those countries, which will come back to Canada in the way of increased purchases of our lumber, wheat and other products.

Besides covering the deficit in the old age security fund, these increased taxes will help to finance the federal hospital insurance scheme, which it is estimated in this its first full year of operation will cost about $100 million. Considering all this, I think Canadians will agree that this is a reasonable budget. It has been designed to have little effect on low income groups and the greatest impact on high income groups who, in all honesty, can best afford to pay higher taxes when these are necessary.

Perhaps the best index of our growing recovery is the fact that for some months now opposition members have ceased badgering the Minister of Labour for unemployment statistics. When unemployment was mounting, hardly a day went by without such a question. According to recent releases from the national unemployment service, as of April 2 there is a reduction of 71,454 in the number registered this year as compared to last year. In January of this year there were

88,000 more people with jobs than last year, and in February of this year there were 152,000 more people with jobs than last year. The improvement on the Pacific coast has been greater than the national average, in that there has been a drop of 25 per cent in the national employment service figures for both the Pacific region and Vancouver this year as compared to last year. In recent months even the cost of living has held steady. Retail sales, now at an all-time high, continue to climb and capital expenditures this year will once again be in excess of $8 billion.

I do not wish to leave the impression that we are at all complacent in regard to the unemployment picture. It is still our major concern. I do say that we believe the tide has turned at last, and that some credit for this must be given to government policy in general and in particular to such policies as our housing and winter work program.

With regard to housing, the Minister of Public Works has told the house that housing starts in 1958 numbered 164,632, some 42,000 more than in 1957. He estimated that housing construction in 1958 provided 200,000 man-years of employment at on-site construction alone. Then of course there is in addition the employment provided in servicing the land, in the production, transportation and handling of building materials, and in the manufacture of furniture, materials and equipment used in a house. Almost all the materials used to build and furnish a house are made in Canada. Therefore the tremendous funds made available by the government to the home building industry had an immediate effect in providing employment and sustaining consumer spending. Between government agencies and private lenders some $800 million was provided in loans to builders during 1958. It is estimated that the housing program provided in 1958 at least 600,000 man-years of employment in Canada.

I think even its bitterest critics will give the government credit for the action taken in regard to housing. But just in case there are some doubters let us compare the results in Canada with those in the United States. In both Canada and the United States the previous record year for the housing industry was in 1955. United States construction in 1958 was 13 per cent below their 1955 record, while Canadian construction in 1958 was 18 per cent above our previous record in 1955. The conditions in both countries were the same. We were both in a business recession causing acute unemployment, with the added complication in Canada of more rigorous climatic conditions severely restricting construction in the winter months. Yet despite this major handicap, because of government action our record is one of which we may well be proud.

This parliament has voted a further $250 million to Central Mortgage and Housing Corporation for housing purposes, bringing the total made available to date to an even billion dollars. Without in any way reducing the tempo of home building, I should like to see more emphasis placed on providing housing for old age pensioners and those in lower income brackets. In my opinion C.M.H.C. has not adequately promoted or publicized the use of the limited dividend section of the National Housing Act, whereby the government will loan up to 90 per cent of the cost of low rental housing. Limited dividend projects are usually sponsored by non-profit organizations such as churches, legion branches, service clubs and other public spirited bodies, but to date the number of such projects has been far too few in relation to the need. It is true that in 1958 more money was spent in this field than in any previous year but this amount, some $49 million, falls far short of satisfying the demand for this type of accommodation.

Limited dividend housing is relatively low-cost rental housing, but it is not subsidized housing. Subsidized housing is a joint municipal-provincial-federal project with the three governments sharing in the capital cost and in the subsidy required to cover any operating losses. In addition there is provision for the federal government to contribute 50 per cent of the cost to a municipality in acquiring and clearing slum areas for redevelopment programs.

It is in these three areas of slum clearance, subsidized rental housing and low-cost but non-subsidized rental housing that more activity is required because the need is so great. Present restrictive regulations, such as the one limiting old age pensioners to 20 per cent of the total accommodation of a subsidized housing project to prevent so-called "islands" of elderly citizens, prevent full utilization of provincial help designed to provide housing for senior citizens only. The financing of limited dividend projects by non-profit organizations should be made easier by allowing prospective tenants to

subscribe part of the initial capital if they wish and are able so to do. Above all, an intensive promotion program by Central Mortgage and Housing Corporation is required to acquaint services clubs, legion branches, churches and other possible sponsors as to how they can help to provide decent housing accommodation for families in need, at a price they can afford.

A peculiar feature of our Canadian economy is the effect our long and severe winter has on employment, particularly in the construction industry. Therefore we have each year our peak unemployment in winter months. This government has tried to combat this by extending unemployment seasonal benefits to make them payable from the first week in December to May 15, in place of from the first week in January to April 15 as was the case under the former government. It has often been said that the former Liberal government were out of touch with the Canadian people. I would suggest they were also out of touch with the reality and severity of the Canadian winter.

A second attack on the problem of winter unemployment was the joint municipal-federal winter work program. Under this program the government agreed to pay half the labour costs of approved municipal projects carried out in the winter months. Let me make it clear that this refers to paying half the cost of additional jobs; that is, for labour specifically hired for the approved project, labour which would not have had a job if the project had not been started. As of March 20, 1959, as we were informed by the Minister of Labour, a total of 32,000 jobs have been provided under this scheme, and of the total of 1,909 applications from municipalities across Canada, 1,838 applications or 96 per cent were approved.

The scheme was deliberately designed to give the greatest federal help to those projects which would have the highest new labour content and so help the most in combating seasonal unemployment. Parliament voted $15 million to cover the cost of the program, and it appears that the greater part of these funds will be expended when the program ends on May 31. I hope the program will be reinstated next winter, when the experience gained in this first year of operation will allow an even more successful program. Planning should be started as early as possible so that a well thought out program will be ready for implementation as soon as the proper time arrives.

Mr. Speaker, from Canada's earliest history Canadian expansion has been geared to high levels of foreign trade and to massive capital inflows required to finance and stimulate the growth in our economy. Because the greatest part of our capital inflow now comes from the United States, and because the greatest part of our trade is with the United States, the Canadian economy is highly sensitive to United States business cycles. The current recession which had its birth in the United States was well under way when this government first took office. The financial critic for the Liberals, in commenting on the budget statement of the Minister of Finance, had this to say at page 2456 of *Hansard*:

> He did not tell us that carloadings in the United States, compared with last year, are up almost six per cent but in this country our carloadings are down. The *Financial Post* of March 28 pointed out that the United States industrial production will likely get back to its boom-time peak within a matter of days but by contrast Canadian output is only one-half up to its low in recovery.

I suspect what is meant is only one-half up from its low in recovery.

Let us examine this statement to see what did happen. The complete story is that industrial production started to drop in Canada early in 1957 but did not start to drop in the United States until after August of that year. This drop in production in Canada was therefore well under way by the time the first Conservative administration was formed. Through government measures outlined by the Minister of Finance consumer expenditure, which is much the largest and most stable element of demand in our economy, was maintained at a high rate and the drop in industrial production was halted at a point 6.6 per cent below the previous record level. In contrast in the United States, though the drop in industrial production started eight months later than in Canada it fell twice as far, namely to 13.1 per cent below the previous record. The *Financial Post* article which the Liberal critic quotes states that United States production has regained all but 1.5 per cent of its decline. This may be true; indeed I hope it is. In regard to Canadian industrial production, however, according to dominion bureau of statistics figures the industrial production index as of January, 1959 was 157.2 as compared with the previous peak of 159.6, showing that we also are about 1.5 per cent below our all-time record.

In regard to carloadings, it is true we are down from last year. According to dominion bureau of statistics figures carloadings for

the first three months of this year were 828,516, as compared with 829,079 last year. We are therefore down one-twentieth of one per cent. I think you will agree, Mr. Speaker that the ground for this criticism was not well chosen. If the Liberals wish to compare the effects of the recession in the United States and Canada I suggest they read the Bank of Montreal *Business Review* of February 24, 1959, or *Labour Research* of August, 1958, a bulletin published by the Canadian Labour Congress. Both these issues are devoted to a comparison of the recession in Canada and the United States. In almost every comparison both publications show that the recession in Canada was less severe than in the United States.

We are not trying to minimize the effect of the recession in Canada, with the resulting slow-down in business and employment and the hardships Canadians are suffering as a result. We do say that what a government can do to help, that we have done. We have been aided in this by helpful suggestions from labour, management, interested organizations and ordinary citizens. In fact we have received constructive ideas from almost every group except the opposition, who have given us a great deal of destructive criticism.

I have already indicated the close dependence of our economy on the United States and our sensitivity to business fluctuations in that country. We are the fourth largest trading nation of the world and are more dependent on export trade than any other nation, in that one out of every five Canadians is directly dependent on export trade to keep his job. The United States is our biggest customer and supplier, selling us 70 per cent of our imports and buying 60 per cent of our exports. Although our imports from the United States were down 11 per cent in 1958 compared with 1957, we still bought more from the United States last year than we did in the boom year of 1955. In fact we bought $660 million more from the United States than the United States bought from us.

In 1957, despite our position as one of the leading manufacturing nations of the world, we imported fully finished manufactured goods to the tune of $262 for every man, woman and child in the country. By comparison the British figure was $48 and the United States figure a mere $28. It is my conviction that the overwhelming ownership of Canadian manufacturing facilities by United States firms tends to restrict the natural expansion of these subsidiaries in serving both domestic and export markets. The tendency is for the parent company to continue to supply fully manufactured products to its subsidiary long after the Canadian market has grown to a point where local manufacture is possible and profitable.

There are other problems in regard to United States-Canada relations, such as the United States wheat disposal program, restrictions on imports of Canadian oil and base metals, the imbalance in trade between our two countries, and of course the question of continental defence. We have been accused by the opposition on the one hand of having an ultra-nationalistic point of view and thus antagonizing the United States, and on the other hand we have been accused by the opposition of having a very subservient attitude in regard to defence problems.

Mr. Speaker, I suggest that they cannot have it both ways. Our policy of bringing our problems with the United States into the open for frank discussion has resulted in a better understanding by the United States of Canadian economic conditions. We have stood up for Canadian rights and in so doing we have earned the respect of the American people. We are no longer taken for granted. At the same time we have been realistic enough to acknowledge that in matters of continental defence we must play a lesser role and merge our defence system with that of the United States. This is only common sense and it is in the interest of the preservation of both our countries and our common way of life. In both these attitudes, I submit, we are serving the best interests of Canada. We shall continue to press for more independence in the operation of foreign subsidiaries in Canada to the end that these subsidiaries shall be operated in the best interests of Canada and that they shall be, as far as possible, truly Canadian operations.

Much has been said about our overwhelming dependence on the United States market. We have frequently been told that we place all our trading eggs in one basket and that it would be the mark of common prudence to try and diversify our trade pattern. To this end the Prime Minister (Mr. Diefenbaker) took the leadership in calling a commonwealth trade and economic conference in Montreal last September, the first such full scale commonwealth conference on trade and economic problems to be held since 1932. It was the largest commonwealth conference ever held and indeed one of the largest international conferences ever held in Canada.

The sterling bloc represents the greatest single trading area in the world today. Close to half the world's trade is conducted in sterling, but up to now we have had extreme

difficulty in penetrating this market primarily due to quotas and currency convertibility restrictions.

As a result of this conference there was an immediate freeing of trade channels between Canada and the United Kingdom, culminating in the decision of the United Kingdom government in December to make sterling convertible. An immediate result of the conference was the sale of the record British Columbia salmon pack to the United Kingdom. Another result is commented upon in a *Financial Post* article in the April 11, 1959 issue, stating that Australia has relaxed quota restrictions against Canadian goods for the third time since last fall when the conference was held. We had an expanding trade with Australia up to the second world war. The war broke this trade pattern and it was not restored because of Australian import restrictions. The Liberals in their preoccupation with trade with the United States, neglected commonwealth trade. We propose to build up this trade and I believe a good start has been made.

There is one thing certain and that is if we wish to sell we must be prepared to buy. In this regard it is interesting to note two recent announcements. The first was by International Harvester and said that in future heavy duty trucks would be manufactured in Hamilton, rather than imported from the United States. Also, in place of bringing in United States diesels to power these trucks they would use Rolls Royce engines imported from the United Kingdom. The second announcement was by Cummins Diesel, one of the largest diesel manufacturing companies in the world, which stated their Canadian organization would, in future, purchase diesels from the Cummins subsidiary in the United Kingdom rather than from the parent plant in the United States. It appears that private United States industry recognizes our need to diversify our trade pattern, to correct in part our imbalance of trade with the United States, even if the official opposition does not.

Mr. Speaker, high levels of employment are neither reached or maintained in automatic fashion. Inflation must be held in check if our standard of living is to be protected. The government must continue to be vigilant in holding down governmental costs and industry and labour, while each guarding its own special interests must work together in the overall interests of Canada. If this is done, we will be able to maintain high levels of employment in an expanding economy and with a constantly rising standard of living.

Mr. M. W. Martin (Timmins): Mr. Speaker, on March 26, I received my copy of the local newspaper, the Timmins *Press*, and I received a very rude shock when I glanced at the headline featured on the front page which read as follows:

> Pensions May Cause Tax Boost

The first paragraph of that article stated:

> Canadians may be in for a round of higher federal taxes aimed at making the old age pension fund pay its way—

That part of it is very true but the fact remains that there appears to be a deliberate attempt on the part of this newspaper which has always been extremely friendly toward the present government to create the impression that present tax increases announced in the budget presented to the house last week were caused by the poor old age pensioners. What a change from the impression which was given to us and to the old age pensioners by the Prime Minister (Mr. Diefenbaker) in the past.

We well recall when the last increase of $9 in old age pensions was authorized. The impression given to the house and to the Canadian people was that this was merely an interim measure to tide us over until the government could tidy up the affairs of the country and then the old age pensioners could really look forward to something much better. As the months went by nothing was done and the question was handed over to a royal commission. Finally, after many long months of waiting, the report of that commission was handed down. That was some time ago but to date we have not heard a word about what this government is going to do for the old age pensioner although, as I say, scare headlines now appear in Conservative newspapers across the country which seek to blame the old age pensioner for present tax increases. The old age pensioner has received no increase in his pension but has been the recipient of blame for present tax increases.

I ran across another very interesting item this morning in what is probably the leading Conservative newspaper of the host of such newspapers across the country. The article appeared on the editorial page and the first paragraph stated:

> In the wake of last week's dominion budget, leading companies in two major industries—oil and rubber—have increased the price of gasoline and tires. Tax increases were the decisive factor in each case.

I refer, of course, to the *Globe and Mail*, issue of today's date. Here we have a deliberate, bald-faced statement by companies in two of our leading industries that they

simply will not be taxed because immediately upon the announcement of increased taxation they announced their intention of passing the tax on to the consumer. I do not have figures concerning the amount by which they increased their prices so I have been unable to compare the increase in price with the increase in tax. I do not know if the price was raised sufficiently to equal the tax, or if it was raised three times as much as we have seen in many cases in the past.

A favourite preoccupation of newspapers of this political flavour, and particularly the *Globe and Mail,* over the years has been to blame labour for everything. I wonder what would have happened if the Canadian Labour Congress had immediately announced, as these companies did, that it refused to accept the increased taxation and that the increase would be passed on to the consumer through the medium of the congress immediately seeking raises in pay across the country? Would the *Globe and Mail* have written an editorial in defence of its action as it did in the case of these companies to which I referred?

Certainly the working people have as much right to pass along increases in taxes as has any company. The editorial goes on to point out how justified these companies are in taking this action. Incidentally, the editorial also points out how foolish hon. members of this group are in attempting to tax corporations. The editorial states very clearly that as soon as corporations are taxed they pass the increase on to the consumer and therefore they ask what is the sense of taxing them. The suggestion is that one might as well tax the consumer in the first place and be done with it.

One thing this editorial has accomplished has been to explode the carefully prepared and promoted theory that obtained across Canada that this was the small man's or working man's budget that laid off the little man and went after the big fellow. Within a week of the bringing down of the budget the *Globe and Mail,* the leading Conservative newspaper in Canada, has come out with an editorial stating that this was not the case at all because even before the budget debate concluded in the house many companies have already taken action to pass the increases on to the consumer, the little man for whom the government was supposed to have shown consideration in this budget.

These tax increases and especially those that are passed on by the corporations to the Canadian consumer lead to nothing other than a further boost in the cost of living, a general rise in prices and an increase in the so-called danger of inflation that threatens us. The greatest criticism one could offer this government, a criticism it has justly deserved, is that it is seeking to avoid facing up to the two most vital problems in the country. It presents them in a rosy hue and attempts to make believe they do not exist. I refer, of course, to the problems of inflation and unemployment which are closely interwoven. The combination of these two elements gives rise to an even greater danger to our way of life and that is the growing economic offensive of the Soviet union. A British economist of note, Barbara Ward, broadcasting on the C.B.C. T.V. on April 5, 1959, had this to say:

> If the west could achieve stability along with economic growth we would have little to fear in the threat from soviet economic offensive. Indeed such an offensive would be a good thing not only for the world but for the west as well.

It is very obvious that we have not achieved any stability in the past and certainly the government is not taking any serious steps to try to achieve any stability in the future. With this lack of stability we see the hard fought gains in welfare and security measures falling by spurts over very short periods of time, with the whole situation leading to more and more unemployment.

This so-called inflation we have at the present time is a new phenomenon. It is no longer the old-fashioned inflation of too much money chasing too few goods. What we have in its place now is a case of sellers overcharging for their surplus products. There is only one reason for it and only one reason can exist in this country today. The reason is that today in this country we have price control by big business, with organized labour fighting for its life to maintain its position and by so doing giving big business an alibi to maintain its prices. The trade union movement in this country is tied to business just as the tail is tied to the dog.

The Prime Minister was supposed to have recognized this new situation when he spoke at the Canadian Labour Congress convention in the city of Winnipeg just about a year ago. At that time he made an appeal to labour and business to hold the line, and he was supposed to have recognized the new situation which is arising. If we find that our inflation is the old-fashioned type, then the Prime Minister's appeal last year would have no meaning whatsoever because the natural process of supply and demand would straighten out matters and would bring things back into equilibrium. But the Prime Minister made his appeal to labour and to business. The chief difficulty was there were no businessmen present; there were only labour representatives. That is why there has been no record of the Prime Minister giving the same speech to the Canadian Manufacturers Association. It is very similar, Mr. Speaker, to a referee stopping a fight by throwing one man into the penalty box and letting the other man go

free. It was recognized as such. Certainly business did not curtail itself in any way and as a result labour followed suit. We have just carried on in our own regular, merry way.

The most important thing is that prices are not rising because of the pressure of buyers. Prices are rising today because of the pressure of sellers. We have a sellers' inflation instead of a buyers' inflation. What we see is that each and every day sellers are engaging more and more in strenuous and furious activities and we find that business people are able to do everything except lower their prices. This situation was recognized by our Minister of Finance (Mr. Fleming) in his remarks the other day, as reported at page 2408 of *Hansard*, when he said:

> Advancing technology might have been expected to reduce the cost and selling price of many products to consumers. It is evident, however, that developments in corporation pricing policies, in labour organization and even in our political democracy are producing increased rigidities which inhibit the free play of competitive forces and thereby promote inflation and price increases.

I think the minister put his finger very close to the sore spot here, but we notice again that labour is brought in and given almost equal billing with business when actually, as I said before, the only thing that labour is trying to do is to hang on by the coat tails in this society of ours today. Labour is part of the cycle but labour is no more responsible for it than the tail is responsible for the mad dog which exists in our society today.

In the face of this phenomenon which we see rising, it is no wonder that the Liberal cure as applied to this situation was of no effect. I refer to the cure of high interest which the Tories like to refer to as the tight money policy. It did not work and it could not work because it was an old remedy for a new disease. It was trying to use a cold cure to cure pneumonia. The Canadian people realized that this scheme would not work and they got themselves a new physician, and they are now under the tender care of the Minister of Finance. When we look at it very closely we find that we still have a cold, we still have pneumonia, we have bronchitis along with it and the odd bit of flu. The result of all this treatment by the minister has not been a reduction in prices; it has not contributed to the general employment; in fact, it has retarded our economic growth.

In spite of all the fine words of the Minister of Finance, employment and inflation, or the high cost of living, whichever you prefer, still remain two of our biggest problems. Before any improvement can be hoped for the government has first to recognize the problem which so far they have not done and, second, they have to do something about it. So far, I am sorry to say, the government obviously proposes to do neither.

The minister is very industrious. It took a very industrious man to dig out all of the statistics necessary to paint such a rosy picture as he painted the other night. Unfortunately, it has an ominous ring. This prosperity around the corner is something we heard about all during the 1930's. I hope we shall not have to listen to it again during the next 10 years.

There is another very important problem, Mr. Speaker, which apparently has been given no consideration whatsoever, namely the problem of education in this country. The hon. member for Davenport (Mr. Morton), and the hon. member for York Centre (Mr. Stinson) during the throne speech debate outlined very clearly what we are facing with regard to our educational standards across the country as compared with those behind the iron curtain. This problem is confined, not only to secondary schools, which this special report dealt with, it applies also to our universities across the country which are finding it more and more difficult to make ends meet. If we go back to *Hansard* for March 4, 1959 we find that I asked the Minister of Finance the following question, as recorded at page 1596:

> I should like to direct a question to the Minister of Finance which arises out of an article on page 1 of the Vancouver *Sun* of February 24, 1959. The question is this. In view of reports that the University of British Columbia finds it necessary to increase its fees by $100 per student next year, and in view of the prospect that other universities may find it necessary to do likewise, has the government considered the necessity of increasing its grants to universities in order to ensure that Canadian youth have every opportunity to obtain an education commensurate with their ability?

Now, the minister's answer at that time was as follows:

> Without taking the time to comment on some of the questionable assertions contained in this question, I can only say that no consideration has been given to the subject.

Apparently, Mr. Speaker, we are still in the same situation. There has been no consideration given to this subject. I do not know to what the minister was referring when he spoke of the questionable assertions in my question, but I have done a little checking since that time and I find that since this government took office the following universities have had to raise their fees: The University of British Columbia, McMaster University, Toronto University, Assumption University, Windsor, University of New Brunswick, Carleton and Ottawa universities. The increase in fees ranges from a low of $25 at Ottawa University, to a high of

$100 at the University of British Columbia or possibly the increase at McMaster and Toronto which was 10 per cent.

I think it is obvious to all hon. members that we are moving more swiftly all the time toward a technological age. The days, relatively speaking, of the pick and shovel are over. The wealth of tomorrow is going to be produced by brainpower rather than by manpower. I noticed that today the Prime Minister, in answer to a question from one hon. member, gave a similar answer to that which the Minister of Finance gave last month, that is that no consideration has been given to this problem. I would like to know why. There is no question but that the government knows about this problem. It has been pointed out very clearly by members from their own side. It certainly has been pointed out time after time by members of the opposition. It has been pointed out in newspapers across this country from coast to coast. When is this government going to realize that there is a problem in this field, or are they going to sit back and let the iron curtain countries outstrip us completely in this field?

Yes, Mr. Speaker, I am afraid that this is government policy to ignore the problems, to paint rosy pictures and, possibly worst of all, to embark upon a deliberate policy of raising interest rates across this country. As we have seen, the government has no money for old age pensioners. They have no money for the civil servants. They have no money for the western farmers. They have no money, relatively speaking, to spend on unemployment. They have no money for education. They have no money for health insurance. I hear an hon. member mention small business. There is another one that I left out. What is more, he is right; they have no money for these purposes. But it is no wonder they have no money, because all their money has gone to the money lenders of this country. There is nothing left for the essential services or to meet the serious problems of this country.

We had the example of the bond conversion last year. The terrifying costs of this conversion were outlined very well by the hon. member for Kenora-Rainy River (Mr. Benidickson). This subject was raised first, you may recall, by the hon. member for Burnaby-Coquitlam (Mr. Regier) last year, and then by me, when we spoke in the budget debate. I well recall the contribution made to that debate by the Minister of Finance. All he could do was say "rubbish" and "poppycock".

What has been done as a result of this policy? Let us first of all take a look at the treasury bills. I have here a weekly listing, starting with the week of January 7, 1959 and going up to the week of April 8, 1959. We see that treasury bills in Canada have risen in that time from 3.25 up to 4.42 as of April 8. Many questions were asked of the Minister of Finance during the last couple of years, and particularly in the last two months, concerning this problem. We heard various answers to the effect that this rate fluctuates from week to week; that it is dependent on the United States, and so forth. We have in this list a comparison of the spread on treasury bills between Canada and the United States over that same period of time. This spread has widened from 57 cents on January 7 to $1.47 on April 8. I should like, Mr. Speaker, with the permission of the house, to include this table in *Hansard* for today.

The Acting Speaker (Mr. Rea): Has the hon. member leave to include the table?

Mr. Fleming (Eglinton): May we ask the source of the table?

Mr. Martin (Timmins): It is taken from the Bank of Canada weekly report.

Some hon. Members: Agreed.

Mr. Martin (Timmins): The table is as follows:

Treasury Bills

(The average rate of treasury bills is shown for Canada and U.S.A.)

1959 Week of		Canada T.B.'s	Redisc. rate	U.S.A.	T.B. spread
Jan.	7	3.25	3.50	2.68	.57
	14	3.36	3.61	2.81	.55
	21	3.46	3.71	3.04	.42
	28	3.28	3.53	2.98	.30
Feb.	4	3.37	3.62	2.72	.65
	11	3.57	3.82	2.81	.76
	18	3.78	4.03	2.73	1.05
	25	4.07	4.32	2.59	1.48
Mar.	4	4.06	4.31	2.82	1.24
	11	4.05	4.30	3.06	.99
	18	4.22	4.47	2.76	1.46
	25	4.30	4.55	2.77	1.53
Apr.	1	4.33	4.58	3.24	1.09
	8	4.42	4.67	2.95	1.47

Note: Tenders for treasury bills are called on Monday in the U.S.A. and on Thursday in Canada, and are shown in this table to the nearest Wednesday of each week.

Previous high August 21, 1957
(Bills + differential=rediscount rate)
(4.08% + .25% = 4.33%)

I should like to move on to a consideration of the present bond situation in this country. I should like to deal with just two aspects of that matter. I am not going to deal with other moneys owed across this country, but I should like to stick specifically to the bonds. This information comes again from the statistical summary. We find that provincial bonds

total $5,708 million; municipal bonds, $3,318 million; corporation, $6,853 million; institutional and others, $170 million. This makes a total of $16,049 million. The government of Canada securities, direct market issues, amount to $10,993 million; treasury bills, $1,495 million; Canada savings bonds, $2,895 million; guaranteed issues, $1,023 million; making a total of $16,406 million or just about half of the complete total. We find that the two of these together reach a grand total of $32,455 million, which by chance is just approximately our total gross national product.

I should like to show just what a 1½ per cent increase would do to this over-all picture, the same 1½ per cent increase that the minister used last year with his conversion bonds. A 1½ per cent increase on the total bonds owed by the various organizations that I have listed would amount to $496,825,000. I think that that shows where the money is going in this country today. I feel that is why it is horrible to see such headlines as these which try to put the blame for any increase in taxes in this country on the poor old age pensioner.

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, in examining the budget, it would appear to me that the Minister of Finance (Mr. Fleming) has done a very fine job in his method of taxation for the current year. He has made reductions where possible and has increased taxation where necessary. If one looks over the places in which he has increased taxes, one finds that he has increased from two per cent to three per cent the taxes on incomes, corporations and sales to meet the needs of the huge deficit in our old age security fund. Surely, there is no one in this house who will raise any objection to making this portion of our social security program self-supporting.

Then the minister has increased the excise tax on cigarettes by two cents per package of 20. I am not sure that this increase should not have been greater because it would serve as an added deterrent. I think this is a wise move in view of the great volume of medical evidence that has accumulated on cigarettes and the harm which is suspected as a result of smoking them. Surely no one will disagree with the increase of 12 cents per quart bottle of whisky. Personally, I would feel that this increase could have been doubled because 90 per cent of the liquor drinking is social or compulsive and less than 10 per cent has any medical basis. In many cases the use of alcohol results in a long line of social expenditures by governments for the treatment of alcoholics. In many cases broken homes are the result, diseased bodies, loss of jobs and so forth.

The taxes on cigars have been increased by $1 per thousand and since most cigars are now 10 cents and up, I do not think this will work any hardship on the cigar smokers. Then there is the tax on corporation income. There is no increase in taxation on small businesses with incomes of less than $25,000. However, there is an increase on incomes over this amount from 45 per cent to 47 per cent.

Surely no one will disagree with those increases in taxes which will increase the grants under compensating payments to the provinces of something like $162 million over 1956-57. Surely there is no one in this house who will disagree with the $160 million that will be required for the health insurance scheme with the participating provinces which all parties in this house have agreed to.

Then we have for straight health alone an increase of almost $30 million over 1956-57. There is also an expenditure of almost $20 million more in our resources department which will help to develop Canada, this great country of ours. Trans-Canada highway transportation is up around $45 million. No one can quarrel with this. Therefore I see no alternative to what the Minister of Finance has proposed to this house. If we are going to have these social security programs, if we are going to carry our share of the defence burdens, we must be prepared to pay for the same.

The Minister of Finance's proposals will not only meet these problems but will cut the deficit very substantially. Yet it will not interfere with normal recovery from a condition that has gradually built up over a period of years and must be corrected. I refer to the fact that we are now paying off some of the obligations incurred unwisely over the last decade. Let us look in brief retrospect at what happened.

Canada, a young and virile country, came out of the last war untouched and unscathed as far as her lands and industries were concerned. She occupied the third exporting position in the world but what do we find ten years later under a Liberal administration? Great Britain with half her industrial capacity ruined at the war's end, today more than challenges us in the quality of the goods produced and the cost per man-hour. Germany, almost in rubble after the last war, today in most fields can outsell us and beat us with respect to the cost per man-hour. Japan, a defeated, conquered nation, an occupied country, also challenges us and, in many cases, in spite of high tariffs, can outsell us on the spot in our own country.

This did not happen today; it happened over the period since the last war. Textile mills across Canada, one after another, had to close down until in 1957 there remained only a shadow of what once represented a great Canadian industry, close to the hearts of the people, because those industries were mostly located in the small cities and towns across Canada.

We saw this happen in the rubber footwear industry and in many other industries that I could mention. In the forestry industry we find Japan laying down mahogany, although facing heavy duties, and challenging British Columbia fir right on the very ground on which it is growing.

All three nations that I have mentioned are members of the Colombo group, nations that are, in large part, short of the raw materials they need to manufacture the finished articles which they have to sell in the markets of the world. They are obliged to depend on the import of those raw products which carry the price tag of labour costs in primary industry of the country from which they are imported. We in Canada sit on an abundance of almost every known raw material. What a tremendous advantage we should have over those other countries.

I have not said anything of the challenge of the U.S.S.R. in the economic field. Today we must face the economic challenge of a people who are looking forward to the day when they can outproduce the nations of the west, when they can outsell in the markets of the world those same nations. In some scientific fields today Russia is out far ahead of the free nations of the world. For example, the United States alone has three times the potential capacity for manufacture that Russia has. Where then is Canada's potential capacity going? Is it going into the manufacture of cars, television sets, radios and electric gadgets of all sorts? In this economic challenge, this challenge of our free way of life, it may be that some of this productivity must be channelled into increased productivity of goods that are needed for our defence or that are needed to increase new sciences or new methods which in turn will manufacture or be the means of manufacturing new products to sell in the markets of the world.

We in Canada, with the second highest standard of living in the world, with a country having some of the greatest resources in the world—which we did not place there—have we not become a little bit too demanding in our "keeping up with the Joneses"? Is it not a fact that over the past ten years we have been depleting some of those God-given natural resources and shipping them in payment for manufactured goods brought into this country when we could have, in many cases, bought in Canada to support the factories and manufacturers of this country or factories could have been built to produce in this line? Over the past ten years, do not let us forget that we have piled up the largest trade deficit ever before piled up by this country. In this period of time it would appear to me that more should have been done and could have been done to protect and nurture more industry in this country.

In the immigration field all of us can recall the severe prodding that the administration at Ottawa took right after the war to fill in the wide-open spaces of this country and how slow they were to get started. It was not until one of the provinces, namely the province of Ontario under a Conservative government, undertook on its own to bring in the immigrants they needed that the Liberal party at Ottawa adopted some semblance of an immigration policy. Just let me refer to one point. These newcomers brought with them, in addition to their skills, over $800 million in cash and securities; another $300 million was brought in in personal belongings. They have bought or commenced thousands of small businesses across Canada. They have settled on thousands of farms, many of which were semi-vacant. What a golden opportunity the previous administration had and what a loss we have now suffered as a result of what appears to me to have been an extremely short-sighted policy. Today we are paying the interest on those mistakes. However, we must face the future. Today there is no standing still. We must compete or perish. New sciences, new techniques, new machines must be developed by the scientists and utilized by management of this country so that our costs per man-hour will be on a competitive basis in the markets of the world. That means the utilization of all man-power and of all available brain-power. The challenge must be met in the schools and universities, in industry, in labour. In the common people of this country there must be a clearer understanding of this challenge. We all either pull together or sink separately.

I am one of those who believe that the boys or girls growing up in Canada should be given the opportunity and encouragement to go as far as their ability will carry them. I am not one of those who believe that only the top students should be given the opportunity for study. The opportunity should be given to all of them. I have lived long enough to have seen some great contributions made by students who were in the lower half of their class. We must also remember that the more education given in our schools today, the better understanding there will be of democracy, and how to make that

democracy function at its best. Time is of the essence. The challenge is here.

Have we, as Canadians—all of us, in whatever field we find ourselves—the moral, spiritual and economic dedication to meet this challenge and surmount the problems in a country blessed with some of the richest resources in the world today, a country whose ancestors wrote into the history of yesterday the freedom that we enjoy today.

In closing, may I say this. May we as parliamentarians accept this challenge and dedicate ourselves to our task as examples to our fellow Canadians.

Mr. W. H. McMillan (Welland): Mr. Speaker, it is almost five o'clock but since I probably would not get the unanimous consent of the house to adjourn the debate until eight o'clock, I suppose it is necessary for me to go on now for the ten minutes.

In rising to speak in this debate I want to refer to a speech made by the Prime Minister (Mr. Diefenbaker) in Vancouver on May 24. He said this and I hope he said it sincerely:

> The Liberals say they cannot increase pensions and reduce taxes. Give us a chance and we will show you.

In December, 1957, we had a prologue to a show which promised a happy ending, and on Thursday night last we had the full second act of that show, which I think has ended in tragedy. I am sure all the provinces and municipalities of Canada are interested. The stage was all set, and we in this house sat in the pit and applauded the hero of the evening, who we hoped would bring a rabbit out of the hat. The hero entered. He was smiling but was without the blue boutonniere that he usually wears. He reached great heights in a soliloquy in his heroic role against that two-headed monster of debt and inflation. Most, but not all, applauded him when he went on to tell how much better he now intended to deal with this beast; but some of us here realized that in order to carry out even a fraction of his election promises he had still to beat this beast. The provinces and the people of Canada wondered how long this show must go on. I was struck the other night by one sentence of the minister in his speech on page 2424 of *Hansard* of April 9. He said:

> With a good response to our Canada savings bond campaign this year, our net market borrowings in 1959-60 should be less than one-half of the $1,220 million borrowed in the market in 1958-59.

This was a master stroke to lull the public. There was no mention of the $1.35 billion that is coming due this year between July 1 and December 1. This must be refunded or dealt with in some other way by the Minister of Finance (Mr. Fleming). These people have to be sold again the new bonds, if the bonds are refunded, and we know that the interest rate has now risen to 5.06 per cent, according to table 48 in the budget papers. The market is waiting to see what happens. I think that is one reason the bonds have not gone up and might go down; in fact they have gone down somewhat in the last day or so. The minister needs close to $2.2 billion made up of next year's deficit borrowing for capital account plus the refunding of maturities due this year between July 1 and December 1. I realize that the Prime Minister can speak on the radio and tell little stories about patriotism and that the Minister of Finance can get a more modern version of the 1958 Fleming hat and have it advertised in every newspaper across the country. I expect a lot of these people will refund their bonds, likely at a higher interest rate.

Over and above this the minister has to deal, and deal constantly, with an amount of $1.6 billion approximately, which he has borrowed from time to time from the Bank of Canada or other banks in treasury bills. I know this has always been the practice, and therefore at the present time the minister is dealing at least with an amount between $3.7 billion and $3.8 billion. This is serious, and I think our country is in some rather deep financial trouble. I hope that the stage is not being set for the second Fleming folly.

What was there in the budget speech that the colleagues of the minister applauded so heartily the other night? I would say they applauded an increase in our gross public debt of $1.8 billion to the amount of $20.2 billion. That is in *Hansard* at table 2A. This represents an increase in debt of over $420 for every family of four in Canada. The minister's colleagues applauded that deficit of $835 million, made up of $617 million announced by the minister, plus $212 million taken out of the national defence equipment account, plus $6 million taken in fancy bookkeeping from an account which under section 11 of the National Defence Act represents surpluses from sales of national defence material. This deficit alone adds up pretty close to a debt of $200 for every family of four in Canada. They also warmly applauded another whopping deficit, and a major tax increase in spite of the prophecy that we would have a 7 per cent increase in the gross national product.

After all, there was very little else to applaud unless it be the largest spending in history, our largest peacetime deficit in history, the highest interest since the days of the Bennett government, the largest number ever of unemployed and, according to the Minister of Finance, the conversion loan was the greatest transaction in the

history of our country. Then we have also the highest interest paid in respect to current borrowings of treasury bills. The Minister of Finance seems to revel in superlatives, and if I were to use a superlative I would say that this is rather a mess, the greatest mess in our history. On page 2413 of *Hansard* the minister said:

> Our net debt per capita was $847 ten years ago, $725 five years ago and is reduced to $676 now.

Surely in these words the minister is not trying to give anybody in Canada the idea that he has ever had anything to do with the reduction of debt. Of course, every baby born in Canada helps to spread the debt, not to reduce it as the minister infers. What a heavy extra load of debt he is handing to every newly born Canadian! The only unsolicited comment which I heard given the following morning by a man in Montreal concerning the budget was, "It took the Grits 22 years to get as unpopular as the Tories have in two."

An hon. Member: That is impossible.

Mr. McMillan: The government has got to the point where they simply cannot help our provinces and municipalities very much. They have reached the point where they cannot really help themselves very much.

Mr. Speaker: It being five o'clock the house will now proceed to the consideration of private and public bills, the former having precedence, pursuant to standing order No. 15, subsection 3. There are a number of private bills standing for consideration in committee of the whole. Is it agreed that in accordance with standing order 54 (1) they be referred to the committee of the whole in one motion?

Some hon. Members: Agreed.

Mr. R. J. McCleave (Halifax) moved that the Speaker do now leave the chair for the house to go into committee of the whole on private bills appearing in today's order paper as orders Nos. 43 to 68 inclusive.

Motion agreed to.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

House in committee on Bill S-13, respecting The Canadian General Council of The Boy Scouts Association.—Mr. Fleming (Okanagan-Revelstoke).

Bill SD-135, for the relief of Jan Roberti.—Mr. McCleave.

Bill SD-137, for the relief of Marie Marguerite Louise Leclerc Andrews.—Mr. McCleave.

Bill SD-138, for the relief of Lorlotte Juliane Selma Wilhelmine Gude Hirtreiter.—Mr. McCleave.

Bill SD-139, for the relief of Mary Alice Hadley Hutchison.—Mr. McCleave.

Bill SD-140, for the relief of Flore Crevier Plamondon.—Mr. McCleave.

Bill SD-141, for the relief of Karl Efraim Hill.—Mr. McCleave.

Bill SD-142, for the relief of Ina Charlotte Charleson Hyde.—Mr. McCleave.

Bill SD-143, for the relief of Gisela Antonie Anita Popp Sainitzer.—Mr. McCleave.

Bill SD-144, for the relief of Alfred Laliberte.—Mr. McCleave.

Bill SD-145, for the relief of Lawrence Crites.—Mr. McCleave.

Bill SD-146, for the relief of Marie Jeanne Madeleine Saint-Pierre Pare.—Mr. McCleave.

Bill SD-147, for the relief of Marie Louise Marguerite Therese Bernaquez Aubin.—Mr. McCleave.

Bill SD-148, for the relief of Jean Scott Bain Kunst.—Mr. McCleave.

Bill SD-149, for the relief of Josef Libich.—Mr. McCleave.

Bill SD-150, for the relief of Roger Desjardins.—Mr. McCleave.

Bill SD-151, for the relief of James Alfred Keelty.—Mr. McCleave.

Bill SD-152, for the relief of Agnes Forget Haymond.—Mr. McCleave.

Bill SD-153, for the relief of Maurice William Bell.—Mr. McCleave.

Bill SD-154, for the relief of Robert William Stamp.—Mr. McCleave.

Bill SD-155, for the relief of Tanya Burstein Yerzy.—Mr. McCleave.

Bill SD-156, for the relief of Yvonne Catherine Marie Vrancken Bruggemans.—Mr. McCleave.

Bill SD-157, for the relief of Mary Friedman Nussenbaum.—Mr. McCleave.

Bill SD-158, for the relief of Paul Rewoski.—Mr. McCleave.

Bill SD-159, for the relief of Tibor Kadar.—Mr. McCleave.

Bill SD-160, for the relief of Daniel Myer Glovinsky.—Mr. McCleave.

FINANCIAL ADMINISTRATION ACT

AMENDMENT TO PROVIDE FOR PRINTING OF NEGOTIABLE INSTRUMENTS IN BOTH ENGLISH AND FRENCH

The house resumed, from Tuesday, February 3, consideration of the motion of Mr. Boulanger for the second reading of Bill No. C-4, to amend the Financial Administration Act.

Mr. O. J. Godin (Nickel Belt): Mr. Speaker, I am pleased to rise at this time to speak to the bill before us which has been sponsored by the hon. member for Drummond-Arthabaska (Mr. Boulanger), my neighbour in this house. I am eager to have a vote taken on it. The bill has been discussed on various occasions in this chamber and we were enlightened by the contributions made by those hon. members who participated in the debate.

Before I resume my seat and request a vote on this bill I wish to make a few comments concerning bilingualism in relation to the constitution of Canada. It has been stated that bilingualism is not constitutional outside the province of Quebec. I intend to make reference to statements on the subject of the constitution of Canada written by some of the leading authorities on constitutional law.

The constitution of Canada, like that of many other countries including Great Britain, is based on two sets of rules. First, there are the rules of law which form that part of the constitution enforced by the courts. Second, there are the conventions of the constitution. These form what is known by the specialists as the morality of the constitution. These are the conventions that have grown up through usage and form the understandings, habits or practices which, though they may regulate the conduct of the several members of the sovereign power, of the ministry or of other officials, are not in reality laws at all since they are not enforced by the courts and do not appear on the statute books.

It has sometimes been stated in this house that bilingualism is not constitutional in Canada and because it has been stated by public men, various people throughout the country accept this remark and repeat it. In order to clarify the situation I shall read an extract from the book on constitutional law written by Dr. McCrea, former professor at the University of Toronto, volume 1, page 2. In paragraph 6 we find the following:

> Rules of law and rules of convention—Among the rules relating to function a distinction has to be made between "rules of law" and "rules of convention." Rules of law are simply those rules of constitutional law which are enforced by the courts. Rules of convention, on the other hand, are rules of the constitution which are not enforced by the courts. Though regarded as part of "constitutional law," they are not law in the strict sense, but merely rules of constitutional usage or understanding which are enforced by public opinion only. It is with the "rules of law" of the constitution that the lawyer is concerned. The conventions of the constitution are matters which concern those engaged in public affairs rather than those engaged in the practice of law.

He then refers to Mr. Maitland's volume on constitutional history at page 527:

> Now there is one use of the word constitutional which we must notice in order that we may put it on one side. Occasionally it is contrasted with legal; we are told for example that a minister's conduct was legal but not constitutional. We have seen that our rules of law touching public affairs are very intimately connected wih rules touching public affairs which are not rules of law, rules which are sometimes called rules of constitutional morality, or constitutional practice, the customs of the constitution, the conventions of the constitution, or again constitutional understandings.

The author then makes reference to a volume on the law of constitution by Mr. Dicey, 8th edition, at page 23 where two examples are given. One of these is that ministers of the crown resign office when they have ceased to command the confidence of the House of Commons. A second example is that a bill must be read a certain number of times before passing through the House of Commons. These requirements are not found in any statute but they are a part of our constitution and we must observe these conventions.

The author refers to the fact that Mr. Ridges in his volume on the history of the constitution, 5th edition, at pages 4 and 5, gives no less than 13 examples of these rules of convention that are constitutional and that should be adhered to by our parliament.

(Translation):

Mr. Speaker, before I resume my seat, I would feel remiss if I did not to say a word in French to my friends and fellow citizens of the province of Quebec. I hope that, as a result of the thorough discussion touched off by the introduction of this bill, all members will be unanimous in suport of the second reading of the bill introduced by the honourable member for Drummond-Arthabaska (Mr. Boulanger).

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, may I say that I feel greatly honoured in having the opportunity, this afternoon, to deal with the matter of bilingual cheques in Canada.

I am pleased to say, as I have indeed quite often repeated in and outside the house, that I readily support this bill concerning bilingual cheques, because I represent a constituency whose voters perfectly realize that Canada is a great and young bilingual country. The people in Brome-Missisquoi constituency also realize that there are more than two great races contributing to the glory and to the strength of this great country. The spirit of Cartier and Macdonald, still with us in this year 1959, apparently makes Canadians realize that today Canada's population is composed of many racial groups.

Mr. Speaker, is there need to recall at this time the speeches made by Liberal members when a similar bill was introduced by Dr. Poulin?

(Text):

Mr. Speaker, I should like to relate to hon. gentlemen an experience with which I am frequently confronted. Many hon. members of parliament from provinces other than the province of Quebec have in all sincerity asked me from time to time why bills of the nature of the one before us this afternoon are of seemingly great importance to French speaking hon. members of the house. I have endeavoured to explain that many bills analogous to the bill concerning the printing of cheques in both languages are of extreme importance in Quebec. I know that other hon. members of the house are not interested in hearing the personal political history of any one hon. gentleman in this chamber, but perhaps I may be permitted to make a brief reference to my own background.

I think it is known to some of my confreres in the opposition party that one of the real reasons why I personally left the Liberal party and switched my allegiance to the present Progressive-Conservative administration was that, as a citizen of the province of Quebec, I witnessed personally the divide and rule game that the Liberal party has always played and is continuing to play in the province of Quebec.

In spite of the sweet nothings whispered in this house by the hon. member for Laurier (Mr. Chevrier), we still see that this party has not learned its lesson; we still see that they have one program for the rest of Canada and yet another for the province of Quebec. If I speak in such a general way on the subject I do so because I fully realize that the members in the opposition know full well that this subject has far greater and broader connotations than merely bilingual cheques. I say that if after years of being in power we did not have bilingual cheques under the Liberal administration the reason is this. After 22 years of divide and rule the Liberals were unable to present that spirit of unanimity and national unity which would enable a bill of this kind to be passed by the members of parliament in this Canadian House of Commons.

This is a subject, that I never wanted to bring up in this House of Commons and I was more than surprised in my first year as a member to see the numbers of bills of this type put on the order paper by the party opposite. One had to be only a candidate or a resident of the province of Quebec during the last two federal elections to realize that the Liberals have not stopped playing the divide and rule game. I will never forget the orange cut-out dolls of the Right Hon. Prime Minister (Mr. Diefenbaker) which appeared in my district, and I would like all the members of the press gallery outside of the province of Quebec and all the members of the House of Commons outside the province of Quebec to make a point of obtaining one of these bits of literature and then realize exactly the significance of the bill which has been placed before this house today; if it is an attempt to divide us, an attempt, to show the people of my province that this present government is against the province of Quebec. But I will tell hon. members opposite that today, under the leadership of the Prime Minister, a spirit of pan-Canadianism and national unity exists which has never existed before in this country.

Mr. Godin: On a point of order, Mr. Speaker; I feel that the hon. member has strayed far from the principle of this bill. Unless he wishes to tell us what the Prime Minister has done or will do—

Mr. Grafftey: I am about to come to that point, Mr. Speaker.

Mr. Godin: —I do not think he should bring in the problems of the province of Quebec or the hon. member for Laurier or Mr. St. Laurent.

Mr. Speaker: I recall that the hon. member who raises the point of order dealt with the broad constitutional issue, and I think the hon. member is within the scope of the bill in trying to put it in its context.

Mr. Grafftey: At the outset of my remarks I believe I told the hon. member who has just spoken that I am entirely in accord with the constitutional interpretations which he offered the House of Commons. He mentioned Dicey. I agree with him. He mentioned several constitutional points of view. I agree with them. I simply want to say that while I agree with his constitutional point of view I do not agree with the method which his party has employed in order to pass such a bill. By explaining the general notions that I have attempted to explain to the House of Commons today I am trying to point out that under the present government and under the present spirit of national unity we are taking further and further steps in order, in my judgment, to make it easier for a bill of this kind to be passed.

I repeat, since I came to this House of Commons I have seen young and older members of parliament from all other provinces make a real attempt to speak the French

language. We have seen good-will tours by members outside the province of Quebec into the province of Quebec, and we have seen a real spirit of national unity in this house.

Last night the hon. member for Sherbrooke (Mr. Allard)—and I say this fits in to the general context of what we have to say because I think all hon. members from the province of Quebec know that this is the general subject which must be discussed—outlined to the house the attitude of this government with regard to dominion-provincial relations when he said that we are awaiting any suggestions which may emanate from the provinces with regard to educational matters.

Mr. Godin: Will the hon. member permit a question?

Mr. Grafftey: Yes.

Mr. Godin: Is the hon. member trying to indicate to the house that this bill pertains only to the province of Quebec?

Mr. Grafftey: I think I have already answered this question of the hon. member when I repeated before that I am in accord with his constitutional point of view. As I understand it, his constitutional point of view recognizes the pan-Canadianism of bilingualism and it goes from coast to coast.

We have seen the installation of a simultaneous translation system in this House of Commons. On this point with regard to bilingualism under the present administration, Mr. Speaker, I should like to read into the record some of the remarks made by the right hon. Prime Minister at pages 3332 and 3333 of *Hansard* of August 11 last, when he was introducing the motion with regard to simultaneous translation:

> There is general agreement that this assembly, now considering this motion, is under our constitution entirely bilingual in character.
>
> There is, therefore, no reason why the presenting of this motion should have been so long delayed; and the adoption of this motion will be belated recognition of the equality of the two basic languages of this country as related to discussions in this chamber.

In concluding his remarks on the introduction of the motion the Prime Minister said:

> Therefore on behalf of the government, and I hope with the support of hon. members in all parts of the house, I am placing this measure before the house to the end that by its achievement we will be actually symbolizing the constitutional provisions of the British North America Act and giving to them within this chamber the authority of this house.

In concluding the debate on this motion the Prime Minister said at page 3340 of *Hansard* of August 11, 1958:

> I am not going to deal with other steps that may be taken in future to assure the complete recognition of bilingualism under the constitution of our country, but I can say that in taking this step we in this government believe that while it is easy to talk about the subject of Canadian unity, in bringing in this motion a major step toward its achievement is assured.

I would simply like to state that under the leadership of remarks such as these and under the atmosphere which is generated by leadership of this kind, I am only too sure that bills of the sort presented in this house by an hon. member opposite will in the future be more easily passed than they were under the old regime.

Mr. John Pratt (Jacques Cartier-Lasalle): Mr. Speaker, apparently the question of bilingual cheques and documents is one which has been brought many times before this house. In fact, this year I believe there are two bills introduced for this purpose.

An hon. Member: No, three.

Mr. Pratt: I stand corrected, three bills. I am not a lawyer, Mr. Speaker, and therefore I do not feel qualified to deal with the constitutional aspects of this question. However, I am a Canadian and therefore I cannot see any real objection to the use of both languages on cheques and other documents. We already have bilingual stamps. We already have bilingual currency and recently, in this house, we installed a simultaneous translation system. I am sure all members will agree that it has been a great improvement. This move has resulted in improved attendance of English speaking members, at least, during French speeches.

I am sure that bilingual stamps and currency are accepted across the country today and go almost unnoticed by most Canadians because they are used to seeing these things. I think that bilingual cheques would be even less noticeable, except probably to tourists who may be intrigued and I feel that would be a good thing. These cheques would, of course, be noticeable to our fellow French speaking Canadians who would be very gratified at seeing their own language on government documents. Certainly, from the point of view of cost there can be no objection because the cost would not be too high.

Now I, personally, am from a bilingual riding. Everything is bilingual in the riding of Jacques Cartier-Lasalle. We have approximately 60 per cent to 70 per cent English speaking people and about 25 per cent or 30 per cent French speaking people. Our newspapers are bilingual, bus transfers and even parking tickets are bilingual. We accept all these things, as a matter of course. We accept these things as a matter of just plain, ordinary, everyday living. In fact, in the constituency

of Jacques Cartier-Lasalle French is so interchangeable with English that we almost speak a third language which you might describe as "Franglais".

There is just one other point I should like to mention, Mr. Speaker, and I feel very strongly about this. When documents are bilingual, they should be written in good English and in good French and not just in a poor, literal translation of either. When this is done, it is an insult to both languages and worse than using only one language. I would say this to any English speaking citizen of Canada who may feel a mental barrier upon seeing a document in a language foreign to his own. He should put himself in the place of his fellow citizen who speaks the French language and who never sees his own language on such a document, then imagine how he would feel under those conditions. I personally, believe that we should have bilingual cheques and other documents. If such documents were used generally across the country this might even encourage English speaking Canadians to learn our second language, as I feel they will all eventually do in any case.

In so far as cheques alone are concerned, I am sure that the numerals on those cheques are of much more importance to most people than the words. However, we Canadians have so much in common now, and this small gesture would mean so much to our fellow Canadians who speak the French language, that I say let us by all means have bilingual cheques. I am most heartily in favour of this measure for that reason.

(Translation):

Mr. J. C. Van Horne (Restigouche-Madawaska): Mr. Speaker, I am pleased to second the motion now before the house. Each time this bill comes up for consideration, several of my French speaking fellow-citizens in the maritimes ask me to emphasize the need for recognition of their right to have bilingual cheques.

Frankly, I wonder whether it is necessary to have a bill in order to carry out what all hon. members in this house want, i.e. that family allowance cheques be bilingual. Might not a simple order be enough to have these cheques printed in both languages. This would put an end to the discussion and eliminate all those motions that take up the time of the house, on various occasions, at each session.

Mr. Speaker, I honestly believe that not a single hon. member in this house is not in favour of bilingual family allowance cheques. It would be a simple recognition of a right provided by the constitution. As a matter of fact, if some government does recognize this right it is this government, for our country's history clearly shows that, when it came to recognizing Canada's two official languages, this was done by a Conservative government.

It would be a pleasant task if, putting an immediate stop to this debate, we voted to pass this bill, thereby stressing our unanimity in the matter of bilingual cheques throughout this country.

(Text):

Mr. Joseph Slogan (Springfield): Mr. Speaker, in approaching this bill with its implications of bilingualism as introduced by the hon. member for Drummond-Arthabaska (Mr. Boulanger), my mind carries me back to the origin of this country. It was nearly 92 years ago that the father of the fathers of confederation, John A. Macdonald, with his able lieutenant Georges Etienne Cartier united behind their leadership a group of men of differing views but common purpose. This group of men became known as the fathers of confederation. They were men of vision, dedication and of faith.

After years of outstanding leadership, and hard work, coupled with compromise and diplomacy, a new nation was conceived. This new nation united two languages and two creeds and was dedicated to the principles of equality, opportunity, unity and freedom. It is to that country, no longer new, that we in this chamber stand dedicated and loyal today. We the members of this House of Commons, subscribe to those principles which were embodied in the creation of this country. We are proud to serve those principles.

Today we are considering a bill to establish that negotiable instruments of the government be printed in both the English and French languages. I am proud to say that I am in favour of this bill. I would be proud if this bill were to pass under this Conservative administration, because it was under a Conservative government that this country was united and that these two great races were united. It was under a Conservative government in 1934 that bilingual currency was introduced. It was under the present Conservative administration that a simultaneous translation system was introduced into this house. It would only be fitting if we were to progress further in the recognition of the partnership of these two great languages and pass this bill today.

Now, I should like to quote from the explanatory notes to this bill as follows:

The purpose of this bill is to provide that every cheque, draft, traveller's cheque, bill of exchange, postal note, money order, postal remittance and any other similar remittance of any department as defined in paragraph (f) of section 2 of the Financial Administration Act or of any crown corporation

enumerated in schedules B, C and D of the same act shall be printed in both the English and the French languages.

This is in accordance with the principle established in the Bank of Canada Act where it is enacted (subsection (4) of section 21) that the notes payable to bearer on demand and intended for circulation in Canada issued by the bank shall be printed in both the official languages.

We can see that this principle has already been adopted and, as the hon. member for Parkdale (Mr. Maloney) pointed out very ably, the principle of bilingualism is well established. It is questionable whether or not this legislation is necessary at all in order to enable the government to print these instruments in both French and English. We already have, as has been pointed out, bilingual currency, bilingual stamps, bilingual money orders and excise stamps. Certainly, bilingual cheques would be a natural progression.

I have a very great respect for bilingualism in this country. My only regret is that I am not more fluent myself in the French language. According to the 1951 census only 8.5 per cent of the population of Manitoba were of French origin. I would say that there is no higher percentage than that in my own constituency. However, this fact does not make my feelings any less strong. I can appreciate the strong feelings of the members from Quebec in connection with this matter. In this regard I might say that although the French feel strongly, they feel strongly as Canadians.

I know something of the feelings of the people who live in Quebec because I lived there myself for two years. In fact, the first school to which I went was a school in which no English was taught, just French. I have further learned to appreciate the French Canadian viewpoint from various conferences and contacts I have had in the province of Quebec. Indeed, the greatest appreciation of French has been inculcated by being a member of this house. Therefore as a member coming from an area which is remote from the province of Quebec and one that is not primarily French Canadian, I should like to add my strong support of this bill. I should also like to express the hope that perhaps this bill might be voted on and passed before six o'clock.

(Translation):

Mr. Yvon Dupuis (St. Jean-Iberville-Napierville): Mr. Speaker, I note that all the hon. members who are speaking on this bill are telling us nothing new. All they say has already been said by many of our colleagues. If our friends of the Conservative party are sincere, if they are really in favour of this bill, I would ask them to join with the Liberals and pass it immediately.

Mr. Vincent Brassard (Chicoutimi): Mr. Speaker, I shall say but a few words on this bill. I represent, as you know, a constituency where 99 per cent of the people are French speaking, and yet, all municipal councils, all organizations do respect bilingualism; in fact, I may even say, like my colleague who spoke a moment ago, that parking tickets are printed in both English and French.

I am glad therefore to support the proposed legislation. I support it simply because bilingualism is the only thing which distinguishes Canada from the United States. Without the French language and culture in Canada, it is to be believed that with the passing of years, Canada would perhaps become the 51st or the 52nd state of the United States. That is why I am glad to support this bill, because it contributes to develop further this spirit of bilingualism in our country. I hope that, before long, the bill will be put into force.

Mr. V. F. Dubois (Richmond-Wolfe): Mr. Speaker, Bill C-4 today under discussion, is a project that was submitted to this house on many occasions, under a Liberal government, but it never came to a vote.

Bilingual instruments have always been asked for by our various organizations. In fact, our chambers of commerce have more particularly asked that negotiable instruments, like cheques, travellers' cheques, and all those instruments payable to the bearer, should be bilingual.

When in 1867, the fathers of confederation wanted the recognition of the two official languages of our country to be written into the British North America Act, they intended them to be treated on equal footing. Indeed, the present Prime Minister (Mr. Diefenbaker) paid great tribute to the fathers of confederation when he introduced simultaneous interpretation in this House of Commons. Simultaneous interpretation, Mr. Speaker, had already been asked for on many occasions in the past, but it needed a Conservative government to give it to the House of Commons.

That is why I am not afraid to state today that if we succeed in obtaining bilingual instruments throughout Canada, as mentioned in this bill, we shall owe it to the Conservative government and to a prime minister like Mr. John Diefenbaker.

We find in the 1951 census that there are in Canada 990,440 Canadians of French origin living outside the province of Quebec. Now, amongst those French-Canadians living in other provinces than Quebec, some do not

speak any English, and when negotiable instruments, cheques or travellers' cheques are presented to them, they are unable to understand what they have in hand, and they have to ask others for information. On the other hand, we have in the province of Quebec, some English people who are unable to speak French and when they receive documents written only in French from the government, they have to have them translated in order to know their contents. By printing all these instruments in both languages, the two groups in Canada would be fairly treated and each could thus read in his own language any document presented to him. We often find that government publications have a French and an English edition. When we write to the various departments, we find that, when we express ourselves in French, we receive a letter in French and that when we write in English, we get an answer in English. This shows that the present government is anxious to see both languages, well recognized in this country.

I recently read in a civil service publication that, as from April 1 last, applicants for civil service positions were required to be bilingual. Well, Mr. Speaker, we have there a commendable gesture by the government which is most anxious that both languages be officially recognized throughout Canada.

Mr. Speaker, I am in favour of Bill C-4 and I hope that, in the near future, the whole of Canada will rejoice at the vote taken under a Conservative government.

Mr. Gabriel Roberge (Megantic): Mr. Speaker, it seems to me that the hon. members who took part in the debate in the last few minutes have brought nothing new.

It looks to me as if our Conservative colleagues were claiming all the credit for introducing bilingual cheques. This is an approach that we consider unimportant. We are in favour of the bill, and we ask that it be put to a vote without further ado.

Mr. Frank McGee (York-Scarborough): Mr. Speaker, it is with great pleasure that I rise today in strong support of this bill—

An hon. Member: Hear, hear.

Mr. McGee: —whose purpose is to recognize bilingualism in our legislation.

(Text):

Mr. Speaker, my pronunciation reflects something of my neglect of a certain subject as a child in this city. We have heard from

two members of the so-called Liberal party interjecting and demanding that further discussion on this matter cease forthwith. Some parties and some individuals never seem to learn. When I first came to this house and inquired among the more experienced members just what were the processes and procedures concerning private bills, the explanation given to me was this. I was told that for the day and for the time when a member was introducing a bill into the house he was at the same time a government almost to himself, his own whip and his own gatherer of support. Since the Canadian public, in their great wisdom, removed that group from office, there have been few opportunities since then for them to behave in that small way I have suggested as a government. Yet when they do on those infrequent occasions, what do we observe? We observe immediately a demand that everybody else should cease discussion forthwith. I have one final comment on the behaviour of that group, Mr. Speaker.

An hon. Member: Why don't you stick to the point?

Mr. McGee: It seems more than passing strange that a member who pretended such a great interest in this bill did not see fit to be present in the house to participate in the discussion. On reflection, perhaps I do the hon. member a great disservice; if so, I apologize.

An hon. Member: Stick to the point.

Mr. Speaker: I hear some complaint, although no formal objection is taken. However, I would advise the hon. member not to continue too long in that vein because it seems to me that it is far removed from the purpose of the bill.

Mr. McGee: Thank you, Mr. Speaker. I presume that your remarks do not include the subject matter which has been discussed previously. I will not attempt to expand the remarks which were made by the hon. member for Brome-Missisquoi (Mr. Grafftey) but will merely say that I agree substantially with everything he has said. The thinking of people in Canada—and in particular those in the city from which I come, namely the city of Toronto—has changed, altered and developed considerably in recent years. This matter was referred to, as hon. members will recall, on February 3 of this year most eloquently by the hon. member for Parkdale (Mr. Maloney). To what he said in that regard I should like to add that in the city of Toronto there is a new, extended and rejuvenated interest in the subject of the French language. In my particular town, namely Don Mills, there is afoot, as there is in many other

sections of Ontario, a move to have included the teaching of the French language in the early grades in school.

Mr. Speaker, I spent my early youth in this city, and just about half our gang, as we called ourselves, were French speaking. Unfortunately the *modus operandi* which we worked out was that those of us who spoke French spoke French, and those of us who spoke English spoke English. We all understood each other, but it seemed to me that very little effort was made, particularly on the part of those of us who spoke English, to acquire a fluency in the other language. As I said in the early part of my remarks, I neglected an opportunity at that time of which I am very conscious. It was an opportunity that I shall do everything in my power to see that my children do not neglect, and I will support any measure, including this one, which will take us along the road to further extension of bilingualism in this country.

Mr. Godin: Vote it.

Mr. McGee: It is almost unnecessary to indicate the advantages which accrue to an individual who is bilingual, whether he pursue a business career, a political career, a professional career, or indeed almost any career in this country.

Mr. Godin: You are not enough in favour to vote.

Mr. McGee: This measure, the discussion of which has been allowed to develop in many directions, actually touches on a larger issue, the issue of brotherhood, tolerance and understanding. That is an issue which cuts across many of the unhappy inheritances with which the pages of Canadian history unfortunately are soiled.

There are those, Mr. Speaker, as has been mentioned in this house, who suggest that this type of bill extends bilingualism into yet other aspects of our national life. I read an argument recently in the Toronto *Globe and Mail* which developed along these lines, that once French is accepted then next will come other languages, and I think the term used by the writer of the letter to the Toronto *Globe and Mail* was that a situation approximating the tower of Babel would result. I think this is an argument based on an unsound and possibly uninformed premise, and certainly the extension of bilingualism as this bill, like others of Conservative members in this house, introduces would not result in the situation suggested both in this house and in letters and discussions which have taken place recently in educational conferences in the city of Toronto. I would like to express my support for this bill, the principles on which it is founded, as well as the issue implied by the discussion which has taken place here today and on previous occasions.

Mr. E. L. Morris (Halifax): Mr. Speaker, the purposes sought to be achieved by the bill now before us will, if it is not passed today, be brought presumably before the attention of this house at a later date. There are other bills on the order paper which would achieve the same objective. There is obviously wide interest in this matter, and I for one am not going to share the ambition of all other hon. members that this bill must necessarily pass in its present form today. Indeed, I am not satisfied that the purposes sought to be achieved by this bill are not better achieved in Bill No. C-9, which stands in the name of the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon).

Mr. Godin: Order. Mr. Speaker, I think some time ago you disallowed discussion of the other bill referred to, and to which the hon. member is wishing to draw a parallel.

Mr. Speaker: I hope I did not say anything which would indicate that it would be improper to refer to the fact that there were other bills on the order paper, or that it would be improper to make comparisons between this bill and other methods of achieving a similar result.

Mr. Morris: Mr. Speaker, in debating the purposes sought to be achieved by legislation which would require the printing in the two main languages of Canada of all the negotiable instruments issued by the Canadian government and its agencies I believe that we as members of parliament must have regard to the spirit which reflects the desire to have this type of legislation put through, and it is to my mind a matter as much of the heart as it is of the head. My constituents are not directly affected by this proposed legislation. Not more than 50 of the 200,000 people in my constituency speak normally in the French language, yet I am one of those who believes that this country in the nationhood we now share achieved that nationhood and will continue to prosper and flower only as we have regard each to the other, and that without those things of the spirit and the heart there would have been no possibility of nationhood. Indeed, in its beginnings it might have taken the form of other nations, one of them not at all removed and which achieved the beginnings of nationhood in the fires of civil commotion. We in this country achieved nationhood by the joining together primarily of two great lingual and ethnic groups. I am one of those who believes that there is no

such thing as a French Canadian, nor is there any such thing as an English Canadian. There are French speaking Canadians and English speaking Canadians.

Mr. Godin: What is the difference?

Mr. Morris: What is the difference? There is a great difference. The difference comes in the adjectival use of "French speaking". A French Canadian is not the same thing as a French speaking Canadian. I would be delighted to have the hon. member join us at dinner when some of the 55 Conservative members from Quebec will be glad to enlighten him as to the difference.

This sense of spirit seems to me to inhabit the one objection which could legally be made to this legislation, and that is in section 133 of the British North America Act. It is sometimes said that section 133 places a proscription, a limit, upon the use in official communications and official assemblies of the two languages. Section 133 requires that English and French are equally usable in the parliament of Canada, in its journals and its papers, and in pleading before any court established under that act. But I believe that section 133 of the British North America Act was intended to set the minimal standard for the use of the two languages, and I, as an English speaking Canadian, think the criterion, whether the principle of this bill merits our support, must be decided in the first instance by the French speaking members. If they have perhaps a minority feeling toward this legislation, and if they ask parliament for this legislation, then I think that their request should be taken by us as a guide to our conduct, for certainly nothing that we do should be inclined to retard or diminish the sense of the spirit which was achieved by the mingling of these two ethnic groups.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means and the proposed amendment thereto of Mr. Benidickson and the amendment to the amendment of Mr. Regier.

Mr. McMillan: Mr. Speaker, when this debate was interrupted at five o'clock I was proceeding to speak about how much this government has cost the people of Canada this year. Previously I had stated that this government, taking into consideration the depletion in the unemployment insurance fund, would cost the taxpayers of Canada over $1 billion this year. It has exceeded that amount; indeed, the figure of expenditure runs to $1.07 billion. This amount represents overspending. In the financial planning of the government it has built up increased charges which will be carried into future budgets and result in overspending in future years.

This overspending amounts to approximately $3 million a day, or $125,000 an hour. As I have stated before, that daily expenditure is about equivalent to the assessment of a town with a population of from 3,000 to 5,000. It means that the equivalent of the value of a $10,000 farm goes down the drain in overspending every 4½ minutes.

I know that the government has saved a lot of money this year in cutting down defence expenditures. I also know that military leaders in Great Britain, the United States and even our own Minister of National Defence (Mr. Pearkes) have stated that we need manned interceptors. We were informed that the Arrow would go 2½ to 3 times as fast as the interceptors now in use, but we were also told that those now in use would suffice at the present time. Even at that the minister admitted they would not overtake the modern bombers. I should like to know what protection we in this country have with manned interceptors? In my opinion what we have does not amount to adequate protection. I hope that the safety of our people has not been jeopardized in order to meet election promises.

I am not sufficiently well informed to know whether our course in dispensing with the Arrow was a proper one or not but I do know there has been a saving of many millions of dollars in reduced defence expenditures. The former government spent a great deal more of the tax dollar in defence and certainly if this government were putting the same proportion of the tax dollar into defence its deficit would be considerably larger than it is. The Canadian air vice-marshal has said we need the Arrow. I have seen or heard no reasonable argument to the contrary. I am not saying this government made a wrong decision but it failed to present us with any technical reasons in support of the course it followed. The voice of the one man who should know was heard but once and never heard again. I cannot help but feel that a select committee made up of hon. members from all parties in this house should have had an opportunity to hear him and others giving

expert opinions. In that way the Canadian people would have had confidence in the safety of this country. They would know that the decision was made purely for military and not for political reasons.

The Minister of Finance (Mr. Fleming) in referring to the conversion loan described it as a huge success when in fact we on this side of the house think it was the biggest flop in the financial history of this country. The hon. member for Kenora-Rainy River (Mr. Benidickson) said yesterday that we are paying about $345 million more in extra interest up to the time of the original due dates of the 6th to 9th victory loan series. The minister does not come by $345 million very easily. In fact, that would be a whopping deficit in a budget for one year.

In referring to the financial policy followed last year, as reported at page 2415 of *Hansard* of April 9, 1959, the Minister of Finance said:

> I think nearly all informed observers have agreed that our policy last year was right in its direction and about right in its degree.

I believe that is utter trash. The people of Canada will not believe this. Nearly every daily paper, periodical, financial paper and other publications carried frequent articles written by bank presidents, heads of trust companies and other financial institutions, as well as statements by financial writers, giving advice to the minister, imploring him to set an example in government by sane financing and spending. Every hon. member of this house knows this to be true. Indeed, almost everybody in Canada knows this to be true and I do not need to verify it by quotations so many of which are available in the recent press.

In my opinion the Minister of Finance tries to smooth everything over to his own advantage. In referring to the conversion loan in the budget speech, as reported at page 2411 of *Hansard,* the minister had this to say:

> But in so far as the market and the investor were concerned, this $6½ billion was not spread over eight years, because the first four of the issues were callable in 1959 or earlier and the 1966 issue was callable at any time after September 1, 1961. From the investors' point of view, therefore, this $6½ billion had to be considered as being spread over, not eight years but approximately three years.

Who is the minister trying to fool? The bonds were callable only at the option of the government. No bond holder would lie awake wondering where he might reinvest the money obtained from the redemption of any bonds this government, plunging into debt, might call in. I wonder if this gave the minister the idea of committing the Canadian taxpayer to long term non-callable loans? The foolish conversion loan contributed more than anything else to the unsettling of our bond market and served to push interest rates up. When people saw such inept financing many got their cash for converted victory bonds right away before the market started its precipitous decline. I personally know some who did that.

Even the Minister of Finance was prompted to say in the budget debate, as reported at page 2415:

> But the fact remains that the Canadian bond market has not been accustomed to absorbing as large a volume of new government bonds of Canada as we have had to offer during the past year. The impact of our borrowings, which over the year as a whole have been achieved largely in a non-inflationary manner, has exerted an upward pressure on interest rates.

I think this is really a confession at last that what the Minister of Finance did was to push the bond interest upward. Members on this side of the house told him what would happen. I myself told him what would happen. We told him that he would be stopped in his tracks. On January 21, in the debate on the speech from the throne I said, as reported at page 168 of *Hansard*:

> A banker lends money to a creditor if the manager thinks he is a good risk; but if he becomes a spendthrift or otherwise shows that he cannot handle his money wisely the credit is withdrawn. This is exactly what the people of Canada have done to the Minister of Finance. They have called a halt to his wild spending by refusing to buy his bonds at the fast rate he requires. It is just as simple as that, no matter how much the Minister of Finance confuses us with such terms as bank rate, bills of exchange rate, short and long term money rates, and so on.

It is quite evident from what I put on the record before five o'clock that a lot of the borrowing last year was only short term borrowing, and we know that nearly $1.35 billion comes due this year between July 1 and December 1. Hon. members will recall that between 1959 and 1966, $6.4 billion in the 5th to the 9th victory loans were to come due. Almost 55 per cent of those victory loans were sold in the long term issues, but slightly over 45 per cent of them were either not sold or else were sold as short term issues, and those two short term issues are due in 1961 and 1965 at an earlier date than many of the original victory loan bonds. For the latter bonds to which I have referred, namely the short term issues, the minister will pay an extra total interest bill of some $66.5 million, plus millions in bonuses and commissions for a very questionable advantage because one-half of them must again be dealt with by the Minister of Finance during this parliament. The minister again will have a big bill for refinancing the maturities over again, with another bil bill in commissions, advertising and what not. This is the same

minister who used to talk about the former government and their waste and extravagance.

The main advantage in the conversion that we have got at the present time is that we have 55 per cent of the bonds for a longer term; but to get 55 per cent over to a longer term we have paid a terrible price. We paid $71 million in costs, plus increased yearly interest charges of $66 million a year. This latter figure includes $7 million the minister reported as a yearly amount to amortize the cost of the loan. Hon. members will see that the minister got rid of only a little over half of the victory loan bonds into longer maturities, and he has the rest of them very much with him at the present time.

If the minister had dealt with the 5th victory loan bonds as they came due in the normal way there would not have been the same upward pressure on interest rates, and certainly he could have sold them or could have refunded them, probably at a better price and certainly not at any higher price than the average of 4 per cent, the interest that he had to pay on the conversion issue. Had he done this he would have saved over $50 million this year alone. This amount is about double the increase in personal income tax, or at least $10 million more than the increased personal contributions to the old age pension fund for this year alone, and it would be many millions more than the increased taxes on cigars and cigarettes and the increased taxes on women's cosmetics which are being imposed by this budget. I think this Fleming folly will be felt by generations of Canadians probably yet unborn.

This promise that the conversion loan would make money more readily available to the municipalities and to the provinces at a cheaper rate is simply not true. Hon. members here have only to ask their bankers or their municipalities what they think of this and I do not think they would find anyone to agree with it.

At the present time many municipalities have money borrowed from the bank. There are municipalities in the Niagara district which have borrowed money and have loans at the bank which they cannot get out at a reasonable debenture rate. Canadian government bonds became a glut on the market. They fell in price and put the price of money up to everybody. The people in many of the remotest parts of Canada will be paying extra interest for their sewers, sidewalks and roads long after the minister has retired with his foolish and misguided fiscal policy.

Our bonds are lower and therefore money is costing us more than it is costing most other countries of the western free world, including such countries as Belgium, Norway, Sweden and even revolutionary Cuba, whose long term bonds are selling well above ours right now. In fact, our bonds do not seem to be wanted in New York or in other world markets. Sometime ago I quoted that one Canadian bond was sold in New York when over $375,000 worth of Australian bonds were sold that week. In the week before last there was not one Canadian bond sold on that market, and last week all those that were sold were bonds that went down in price over their previous sale, while bonds of most other countries of the western free world were going up.

It was put on record in the British House of Commons and by the hon. member for Essex East (Mr. Martin) here that Canada has the highest unemployment, along with Italy, percentage-wise in relation to working forces of most other countries of the western free world. I think our high interest rates go along with the high unemployment rate. I submit that the municipalities, the provinces and individuals cannot borrow money at those high rates and cannot proceed with projects that they would like to proceed with at this time, which would take up a lot of the slack of unemployment.

I do not think the minister is doing anything to lower interest rates. We all know that in February he sold $200 million worth of bonds in two issues, one was a 2¾ per cent issue and the other a 3 per cent issue, and they were sold in denominations of $1,000, $5,000, $25,000, $100,000 and $1 million. As I said before, those bonds were not for the little man and the minister rather took exception to that. I say that if any little man had $1,000 he had to be pretty nimble and agile to get one of those bonds in the 15 minutes in which the books were open.

How does the minister expect the ordinary people to buy bonds under such circumstances? If we refer to table 48 we will see it shows that the yield at the price to the government of the 3 per cent bonds due in December, 1960 was 5.06 per cent, the highest price since the days of the Bennett government. The other issue was a 2¾ per cent, 13-month bond, which cost the government 4.86 per cent. They both carried income tax gimmicks which cost our treasury well over 6 per cent net when sold to big corporations and others in the 50 per cent income tax bracket.

Instead of trying to cut expenditures the government is establishing a record of expenditures year after year. The minister used to blame the former government for waste and extravagance based on the number of civil servants employed. At the end

of the first year in office of the present government the Minister of Trade and Commerce (Mr. Churchill) said that there were 8,124 more civil servants on June 30, 1958 than the previous June, and with about two and a half months to go I suppose we will have another increase of the same size. According to the book of main estimates, the Minister of Finance has 143 more civil servants in his own department than his predecessor had. In that connection may I say that the only thing of greater magnitude with which they have to deal is debt.

I want to say again that a fundamental weakness in the Bank of Canada is the fact that the government has appointed some highly political men to the board of directors of that bank. They should be above reproach just like our judiciary as their decisions influence the lives of all Canadians. Are we assured that their decisions are free from political considerations and are for the good of Canada?

When I see our bonds selling on the world markets below those of Cuba which is in a state of revolution, I wonder, and so do many other Canadians wonder. No wonder our Canadian bonds are selling on a par with or lower than many of our provincial bonds including many provincial guaranteed bonds. I put that on the record in the house not long ago. The ordinary people will not buy long term government bonds unless they have a guarantee as to principal at all times. They have been jockeyed out of buying these high interest, short term bonds but they will be let in to pay for these bonds and to help pay for the mistakes of the government.

The minister is often evasive and we can only find the true figures in the statistical summary of the Bank of Canada and in other places or we have to work them out ourselves. He tells us regularly that our mathematics are wrong but in Toronto before the Canadian club he said:

> The average coupon rate of the bonds converted is now 3.83 per cent.

He was referring to the conversion loan. Without taking into consideration the numbers of bonds sold in each category, the minister added together the percentages, 3 plus 3¾ plus 4¼ plus 4½ and divided by 4. That seems like a childish way. He arrived at 3.83 but afterwards he admitted that it should be 4 per cent.

Again, when I asked him if the figures he gave in that address in Toronto were right he said that he did not know what figures I was referring to but if he gave them they were right. Here again, when pressed further he admitted he had understated the increased interest as a result of conversion by $10 million. I regard these as mistakes but there are other errors in statements made by the minister, always made in favour of the government, that I regard more seriously.

On February 13, 1958, the minister spoke to the Empire club in Toronto about government bonds being immediately oversubscribed and went on to say:

> The twelfth Canada savings bond campaign was inaugurated in October and achieved a record response. The offering was discontinued at December 31. By that time a record of gross sales of $1.175 billion had been achieved, vastly exceeding the amount realized on any previous issue.

This seems to me a most spurious deception because the amount of Canada savings bonds in the hands of the public increased only by $436 million between October 1 and December 31 and not by $1.175 billion in that period as you might be led to expect. I understand that what happened was that people turned in some $700 million of less desirable Canada savings bonds for more desirable bonds, but on the other hand that is not what you are led to believe when you read the statement of the minister.

The minister said in his budget speech last year, concerning the government's cash requirements and the loan which it had floated in April, as found at page 1241 of *Hansard* for June 17, 1958:

> We have already made a good beginning. Since April 1 we have sold issues totalling $950 million, of which $350 million was new cash.

You will get some idea about the minister's expression, "a good beginning," if you read the remarks of the governor of the Bank of Canada on page 5 of his annual report where he says:

> There were two periods of large scale monetary expansion. The first took place at the time of the May 1 new issue of government securities when it appeared that a net increase in non-bank holdings could not be achieved.

I want you to mark those words, "could not be achieved," because we were certainly led to believe that these bonds were going over like hotcakes. When the minister tabled the 1959-60 estimates he said, as found at page 705 of *Hansard* of February 5:

> The most noteworthy feature is that compared with those for the present year, 1958-59, these estimates provide for a decrease of $39.1 million in the non-statutory items.

I do not know whom the minister thinks he is fooling. This may read well in the press but the minister does not compare like with like. What he has done is to compare this year's main estimates with last year's main estimates plus supplementary estimates plus further supplementary estimates Nos. 1 and 2, and last year these supplementaries

amounted to $427.5 million. The main estimates this year are $416 million greater than the main estimates last year and we are bound to have supplementary estimates this year as we have had every year since I have been a member of the house.

If we question the minister's figures we are told by him that we are irresponsible or that we are lacking in our knowledge of mathematics. The minister himself has not shown himself to be infallible in mathematics. The finding of the $10 million mistake in connection with the increased interest with respect to the conversion loan, together with many other mistakes with respect to statements made by the minister, all made to the advantage of the government and either planned or by misadventure, requires a good deal of laborious work. It involves going to statistical reports of the Bank of Canada and other publications, checking and cross-checking, and in some cases it requires endless calculations particularly in arriving at interest rates.

If the minister continues to give us information at variance with subsequent reports we will have no time to do this work since we have so many committee meetings to attend and we want to fulfil our responsibilities to the people of Canada. We are willing to overlook honest mistakes on the part of the minister and we have and we realize that the government has got to defend the decisions that are made. But we take serious objection to statements that mislead the country and mislead members of the house. Such statements may give the government temporary advantage but after a time all factual statements become suspect. I have given three examples and I have many more before me. I should like to think of all ministers of the crown as being straightforward and not misleading in their statements, and I should like to make an appeal to the Minister of Finance to be factual in his statements in the future. Is my time up?

Mr. Speaker: One minute.

Mr. McMillan: I want to say a few words on trade. If we had more trade we would not have so much unemployment. Back in the good old days when we used to have nearly 100 per cent employment 20 per cent of our people depended for their livelihood on our foreign trade. This government seems to blow hot and cold with our best customer, the United States.

Now, at election time there were criticisms from almost every Tory platform and in the Tory press about certain aspects of United States capital coming into Canada. Then we had the great talk about the diversion of trade and again great pronouncements by the Prime Minister (Mr. Diefenbaker) about preserving our sovereignty in the north, clearly directed against the United States forces situated along the D.E.W. line and other bases up there.

Now, what has happened? On March 9 our government sold gas and exploration rights on nearly three million acres in northern Canada. Who got these rights? Canadian corporations got 4 per cent; British, United States and Canadian corporations got 3 per cent and United States corporations got 93 per cent, of which Canadian subsidiaries of American companies got 25 per cent.

Mr. Speaker: Order. I am sorry to interrupt the hon. member, but his time has now expired.

(Translation):

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, in rising tonight I do not propose to sum up in my own language the salient points of the masterly budget submitted to us last Thursday by my colleague, the Minister of Finance (Mr. Fleming).

Mr. Dupuis: The bleeding points!

Mr. Courtemanche: Salient points.

Mr. Pigeon: Are you referring to the war?

Mr. Courtemanche: At the end of my remarks, my hon. friends opposite will realize that there is nothing bleeding about it.

I would be wrong, Mr. Speaker, if, like Sir Georges Etienne Cartier, I summed up the main points of that speech for the information of hon. members. There is a very simple reason for this. My hon. friend from Eglinton needs no help from me to express himself in French. I should however like to congratulate the Minister of Finance for giving part of his budget speech in French.

An hon. Member: One minute out of two hours.

Mr. Courtemanche: That historic precedent which he established last year is a tribute to his fine spirit of comprehension.

Mr. Denis: Mr. Speaker, the Secretary of State just said that this is an historic precedent. Does he mean that—

An hon. Member: He was not referring to Mr. Harris, in any case.

Mr. Pigeon: People who are unprepared should not rise to ask questions.

(Text):

Mr. Speaker: The point the hon. member is raising is not so much a point of order as a point of disagreement.

Mr. Denis: It becomes about the same thing.

(Translation):

Mr. Courtemanche: I shall give my hon. friend from St. Denis (Mr. Denis) certain

explanations so that he might fully understand. The historic precedent does not lie so much in the fact that nobody on the other side of this house, or in any former governments, ever expressed themselves in French, as in the fact—and therein lies the precedent—that last year for the first time a Minister of Finance spoke in French.

Mr. Pigeon: The Liberals never did.

Mr. Courtemanche: Mr. Speaker, indeed this is not the only precedent of this kind, and I do not hesitate to say that the development and recognition, from day to day, of full bilingualism is due to the example given by the right hon. Prime Minister (Mr. Diefenbaker) as well as by several members of his cabinet and a good many hon. members in this house.

(Text):

Mr. Dupuis: Why don't you speak English?

(Translation):

Mr. Courtemanche: I express myself better in French.

In submitting to the House of Commons a budget which is primarily in the best interests of the nation, this government preferred increased taxation to immediate prestige.

Mr. Habel: What humility!

Mr. Courtemanche: Without that increase, the future of this country would have been seriously jeopardized and we would have had to wage an even more bitter fight against inflation, that economic disease which we must face and check in the best interests of Canada.

The sole purpose of my remarks is to show how, with the problems facing the government, there could not be in a general way, a more effective solution to develop our trade relations and to meet existing problems.

All hon. members know that Canada is one of the great trading powers of the world, that our country, with its sparse population and its diversified natural wealth, has to seek foreign markets for many of its products. Farm and forest products would soon remind us of the fact if ever we were inclined to forget it. It is true that the manufactured products' sector of our economy has developed considerably in the last 15 years, but there again the need to export to foreign markets is being felt. Need I refer to our large sales of wheat, newsprint and lumber?

The danger which threatened our international trade was the exaggerated increase of our trade with our good neighbours to the south. Of course, they are our best customers and it would be wrong not to consider them as such. On the other hand it would be a great mistake on our part—and that is what the present government has fully realized—to neglect our commercial outlets within the commonwealth, and in other countries of the free world, which enable us to protect the stability of our trade and to ensure, as much as possible, a favourable trade balance with more countries.

This quest for a balance in our international trade, which was one of the main purposes of the commercial and economic commonwealth conference, held in Montreal last fall, proved to be most fruitful.

Hon. members will no doubt remember what the hon. Minister of Finance stated last Thursday, in that connection:

> The results of the Conference fully justified its opening theme: "An expanding Commonwealth in an expanding world".

That policy is strictly a policy of the present government. Outlined on several occasions by the Right Hon. Prime Minister (Mr. Diefenbaker), it was summarized here in the house by the hon. Minister of Finance on June 17, 1958 as follows:

> In brief, they may be described as follows:
>
> 1. To achieve expansion, diversification, better balance and greater stability in our trade with all countries;
>
> 2. To extend and strengthen Canada's trade and economic relationships with the commonwealth;
>
> 3. To support and promote a regime of law, order and morality in the field of international trade; to respect the spirit and intent of international commitments; and to stand ready to defend our rights and interests if they are challenged or ignored;
>
> 4. To recognize the legitimate needs of Canadian producers; and to safeguard them against unfair trading practices;
>
> 5. To promote the balanced growth of all sectors of Canadian industry and agriculture.

Despite the government's efforts in the field of international trade, the economic slump, which spared none of the western powers, has had such an impact that Canada was faced with domestic difficulties, foremost of which, without doubt, was the shortage of jobs.

As you are well aware, Canada has great obligations, both on the international front and on the national front, which must be met. It has the obligation to protect its citizens in a world where scientific discoveries become obsolete overnight; it has to provide social security for Canadian citizens; it has to help provide a living for its people.

We are now enjoying a period of peace, a peace not altogether free from fear and anxiety, but peace none the less. And we have to remain prepared for any emergency. That is why the government is doing all it can to share in common defense with the western powers, so as to give Canada adequate protection.

Social security is costly, but within the limits set by justice and charity, it is a task of paramount importance. There is no need for me to mention here old age pensions, increased unemployment insurance benefits, and all the other social security measures that exist for the welfare of Canadians.

The government did not hesitate, despite increased unemployment insurance benefits and other legislative amendments, to set its sights as the hon. Minister of Finance stated last year, not on a balanced budget, but on providing jobs for the unemployed. That is why some $250 million were made available this year for housing construction, why the public works program was stepped up, why co-operation was extended to the provinces and municipalities for winter works, etc.

The economic recovery is gaining strength. Everywhere, business activity is picking up. Surely, the best yardstick of this is that mentioned by the hon. Minister of Finance when he drew attention in this house to the reduced number of unemployed as compared with last year, while indicating that the country's labour force has increased by 152,000 workers. Moreover, the economy of free countries is improving, which means that international trade stands to gain by this.

While it is true that universal consent, in itself, is not a valid argument, it is a strange thing that several countries of the world, with a free economy, have thought fit to resort to methods similar to those used by this government to solve their economic and financial problems. Thus in the grave crisis facing France, the drastic remedies applied by General de Gaulle's administration are apparently the only way to ensure economic recovery. Far be it from me to compare Canada's economy with that of France. Canada is going through a period of sustained economic development unequalled in its history.

If we take a look at a country whose economy is strangely similar to ours, namely the United States, we find that the Eisenhower administration has submitted a budget involving the extension of a special 52 per cent tax on corporate profits, as well as other taxes on such items as cars, alcoholic beverages and tobacco, which normally were to be withdrawn next June 30. Moreover, Mr. Eisenhower recommended an increase in the excise tax on automobile and aircraft fuels, as well as drastic measures to raise the yield of the tax on life insurance companies, so as to reach the co-operatives.

Many people feel that only an effort such as this, to balance in some degree the budget of the American nation, will ensure monetary stability. Otherwise, we might perhaps expect financial and economic chaos.

In the state of New York, the new governor, Mr. Rockefeller, inaugurated his term by imposing new taxation, including a tax on personal income, in order to put some order into government finance. The day after he brought down his budget, on February 3, 1959, the New York *Times* concluded its leading editorial with these words:

> Governor Rockefeller chose an unpleasant and perhaps unpopular policy which, however, was certainly dictated by common sense. It would have been dangerous for us and for the economy of the state if he had not stopped the drifting of public finance towards bankruptcy. He could hardly do less if he wanted to put the state on a sound basis. He probably could not do any better in any case, politically speaking, at the present time. We congratulate him again for his courage.

Speaking generally about the problem of the public debt in *The Canadian Banker* (winter issue of 1958) E. P. Neufeld wrote the following:

> While we must acknowledge that government expenditures are rather rigid and that the government has to be financed one way or another, successful management of the debt will only be possible, without inflationary prices, if the authorities allow the interest rate to develop freely toward high levels and if federal taxation is increased.

In other words, it is impossible to avoid inflation and its disastrous consequences without resorting to some rather drastic measures, and especially to increased taxation.

Besides, we have seen many instances recently of public administrations having to resort to increased taxation to ensure the development of the country without allowing inflation to jeopardize the future of the nation.

In this regard, the Minister of Finance had this to say, as found at page 2408 of *Hansard* of April 9, 1959:

> I do not see any present evidence of overt inflation in the coming year, in fact the consumer

price index has declined for the past four consecutive months. We must, however, continue on guard against potential inflationary pressures. I believe that is well within the power of Canadians to achieve reasonable price stability without sacrificing either immediate recovery or balanced growth.

Can anyone seriously point an accusing finger at this government and charge it with failure to accept its responsibilities in the face of the complex problems of our trade and social security policies and of the economic recession?

We did all that could be done. Of course, our methods can be questioned, but who could say that the methods suggested by the opposition would have given better results? Unfounded assertions and theories offering no possibility of direct application are mere dreams and the fruit of questionable mental gymnastics.

During the last war, we had many budgets showing a deficit. We were in a state of emergency. We are now going through another rather difficult period. It takes money to ward off an economic slump and an employment crisis. Every Canadian citizen knows that the government has to take such action as is necessary to secure the revenues that will enable it to take care of those in greatest need, and to work toward the recovery of the Canadian economic life.

(Text):

Mr. Hubert Badanai (Fort William): Mr. Speaker, I wish to join those who have preceded me in this debate and offer a word of appreciation to the Minister of Finance (Mr. Fleming) for the monumental—with the help of his assistants—job of preparing and presenting the budget which in itself constitutes a project of major proportions. I should also like to congratulate the hon. member for Kenora-Rainy River (Mr. Benidickson) for the very careful and critical analysis of the weak features of the budget. The minister's statement that the budget must be flexible to meet changing conditions and changes in the economic condition of the country is a statement with which I fully agree. His statement with regard to inflation, however, is a horse of another kind.

I am afraid inflation is still very much with us, although I wish it were not so. But the fact is that most commodities cost more. In the building of a small home the cost has gone up from 5 per cent to 10 per cent. The effect of the freight rate increases alone raised the price of an ordinary dwelling in Fort William by $200. If there are no adjustments made in this field the cost of every commodity, including food, will go up. The trend of rising costs will continue, which only means inflation. On this occasion I again appeal to the Minister of Transport (Mr. Hees) to give serious consideration to the proposal which I made on April 7 last regarding the adjustment of freight rates throughout northwestern Ontario.

The Minister of Finance argued that inflation is not inevitable. Perhaps it could be curbed if the proper measures were applied at the right moment. I am not saying that this is an easy matter which can be resolved with a stroke of a pen. It is something which requires deep study and political courage. However, if we are faced with a choice of inflation or unemployment, of the two evils inflation would be the lesser. I have here a short quotation from the *Labour Gazette*. It states:

> Nobody has a formula for dealing with inflation and unemployment at one and the same time. A number of business leaders seem to think inflation the graver threat of the two, perhaps they are right.
>
> "But no cure is any good that tries to make inflation better by making unemployment worse, and treats a sound dollar as if it were more important than a sound man."

In order to combat both these evils it is necessary to overhaul government thinking on the matter of trade. The hon. member for Welland (Mr. McMillan) mentioned trade but was unable to finish his speech because his time was up. But how can we hope to expand trade with other nations when the government is extending their protectionistic tendencies, which are traditional, of course, with the Conservative party?

Mr. Hector McKinnon, a recognized authority on tariffs, has recently stated that the time is now opportune for greater flexibility in GATT to provide for faster readjustment in fixed rates. He also urged a custom union or free trade pact with the United States.

Mr. Fleming (Eglinton): Mr. Speaker, on a point of order, I think I ought to tell my hon. friend it he is going on to quote a press report attributing certain remarks to Mr. McKinnon, that Mr. McKinnon has informed me that there are serious errors in the newspaper report of what he is alleged to have said.

Mr. Badanai: I wish to thank the hon. minister for that information. However, if he made that statement it might be it is too drastic a step to take. But a more flexible free trade pact with a European free trade bloc would certainly be worth a trial and the same should apply to the British commonwealth of nations. The British offered us a

free trade deal, but what has our government done about it? It has ignored the offer and done precious little in spite of their highly-praised commonwealth conference which took place in Montreal last year. Some day we will awaken to the idea offered by Britain and the idea behind the European common market of six nations. It would not only benefit us but would be a factor in bringing about full employment in Canada.

The tremendous recovery of Germany is generally conceded to be due to her expanding trade with other nations, and from her book we could perhaps learn a lesson or two. Here we are, one of the richest nations in the world, and we can also say one of the poorest, with nearly half a million people out of work. It does not seem to make sense. Here we have a government which obviously was elected on the promise of easy money, prosperity and work for everybody, but once elected it has failed to come up with a solution. There are hundreds of thousands of people impoverished in this rich country, unable to find jobs. In my own city one-quarter of the labour force is out of work. If the Canadian Car Company proceeds with its announced intention of moving its entire commercial operation to Montreal and no other work is provided for the plant we will add the heads of an additional 1,000 families to the relief rolls of our city welfare department.

In all sincerity and with all the energy I possess I plead with the Prime Minister and with his government to proceed without delay to take immediate steps toward a solution of what I believe to be the most important business before the government, that of finding jobs for the unemployed. The appointment of a royal commission composed of competent persons, one from each province, to study the causes and remedies of unemployment might well be considered.

I have in my hand an editorial dealing with the same question which I should like to read:

> Take Square Look at Chronic Unemployment—
>
> Canada now has one of the highest rates of unemployment in the civilized world, yet there is a massive complacency about the situation. This "so what?" attitude is itself alarming.
>
> Dominion bureau of statistics February figures, issued yesterday, showed 537,000 persons looking for work—8.8 per cent of the total labour force. In Britain where the government is apprehensive and opposition parties are raising a hullabaloo because of unemployment in the nation, the number of jobless there represents only 2.4 per cent of the labour force. Even in the United States, still afflicted by serious unemployment, the amount is about 7.4 per cent of the labour force.
>
> Canada's jobless condition is worse than the DBS figures indicate. The number of claimants for unemployment insurance benefit at the end of January was 785,071. Neither this figure nor the DBS statistics of 537,000 jobless is accurate. The true figure probably lies somewhere between. Nobody knows where.
>
> The very fact that our governments do not seem to want to arrive at a reliable figure on unemployment, or have not set up a mechanism for determining the actual amount, indicates an official aplomb that is disturbing
>
> Although figures are various; although the latest estimates show more people in jobs than a year ago; although the amount of unemployment is apparently declining slightly, this appalling fact remains: that more than 500,000 Canadians are still out of work.
>
> Further, most of that unemployment is *not* "seasonal"; it is with us whatever the weather. Jobs are *not* going to mushroom in the spring like magic. The expected full recovery across the border, which was supposed to presage good times here, has *not* occurred. Further, a return to so-called "prosperity" will *not* necessarily create jobs for the jobless. George Meany, American AFL-CIO president, noted recently that while steel production was higher than it had been 20 months ago, 100,000 *fewer* workers were required by the industry.
>
> The Canadian Labour Congress has estimated that Canada will be carrying a *permanent* jobless force of 400,000.
>
> There is a real danger of Canadians accepting chronic unemployment as something over which they have little control. What an admission of weakness and futility by this reputedly vigorous nation and by the enterprise system which we boast of as being so superior to communism.
>
> Canadians and their governments must defeat this social and economic blight, not merely mumble about it. And meanwhile they must do better than provide unemployment insurance benefits which cover only part of the work force and in January provided an average of only $21.38 a week for unemployed persons and their families to live on.

Mr. Speaker, I am not a politician nor do I claim to be one, but it seems to me that many good ideas are not acted upon because of political considerations. In view of the serious unemployment situation I urge the government to exercise every possible means at its command to eliminate this sad picture of long queues of men and women standing outside our unemployment insurance buildings in all kinds of weather hoping and waiting to be called for jobs which as of now are non-existent.

I wish to commend the minister for not increasing individual income tax on the income of individuals earning $3,000 or less annually, but about the excise tax I cannot help being critical of an important omission, that of a reduction in the excise tax on motor cars. The story of the excise tax and sales tax is really an interesting one and I am sure that all hon. members would like to hear it. I shall begin at the beginning of the history of this tax. It was brought into being at a time when it was regarded as a luxury tax because only very few people could afford to own and operate a motor car. The actual birth of this ill-conceived tax was on February 12, 1915. It was a 7½ per cent special war tax brought in by the government of Sir Robert Borden.

On April 30, 1918, shortly after the battle of Vimy Ridge the same government added an additional 10 per cent which was labelled a luxury tax. On May 19, 1920, the special war tax of 7½ per cent was eliminated but the luxury tax of 10 per cent was raised to 15 per cent on a car costing $3,000 or less. Not content with that, an additional new sales tax of 1 per cent was introduced. In May of 1921 the sales tax on domestic-produced vehicles was increased to 1½ per cent and sales tax on imported cars was increased to 2½ per cent.

On May 24, 1922, the first known excise tax was imposed. The rate was 5 per cent on the first $1,200 of wholesale value and 10 per cent on any amount over $1,200. The sales tax was also increased to 2¼ per cent on domestic and 3½ per cent on imported cars, from the percentages which had previously obtained, 1½ per cent and 2½ per cent respectively. On January 1, 1924 the excise tax remained the same, but the sales tax was increased to 6 per cent on both domestic and imported cars.

On April 11, 1924 the excise tax remained the same but the sales tax was reduced to 5 per cent. On February 18, 1927 the excise tax remained the same but the sales tax was reduced to 4 per cent. On February 17, 1928 the excise tax remained the same but the sales tax was reduced to 3 per cent. On March 2, 1929 the sales tax was reduced to 2 per cent but the excise tax remained at 5 per cent and 10 per cent respectively.

On May 2, 1930, the sales tax was reduced to 1 per cent and there was no change in the excise tax. On June 2, 1931 the sales tax was increased to 4 per cent plus a special 1 per cent import tax with no change in the excise tax. In April of 1932 the sales tax was increased to 6 per cent; the special import tax was increased to 3 per cent and the excise tax remained at 5 per cent and 10 per cent respectively.

On May 2, 1936, the first change in the excise tax rate since its inception was made. The tax was lowered to a straight 5 per cent on the first $650. The sales tax went up from 6 per cent to 8 per cent and the special import tax remained at 3 per cent. On April 26, 1939, the special import tax was abolished, with the excise and sales taxes unchanged. June 26, 1940, in the darkest days of the second great war, was the occasion of the first real wartime budget which set the staggering excise rate on passenger cars of 10 per cent on the wholesale price up to $700; 20 per cent from $700 to $900; and 40 per cent from $900 to $1,200; and 50 per cent on the amount over $1,200. The sales tax remained the only thing unchanged when a war exchange tax of 10 per cent was introduced.

The government, not content with that, on December 3, 1940 increased the excise tax to a scale of 20-20-40-80 on the same price breakdown as before, while the sales tax and the war exchange tax remained at eight per cent and 10 per cent respectively. On May 1, 1941, the government of the day really went to town on the automobile business. The excise tax was upped to 25 per cent on the first $700; 40 per cent from $900 to $1,200; and 80 per cent over $1,200. The only things left unchanged were the sales and war exchange taxes. On May 15, 1945, a few days after D-day, the excise tax was reduced from 25 per cent to a straight 10 per cent, but the sales and war exchange taxes were retained without change. On October 13, 1945, or after the conclusion of hostilities in the Far East, the special war tax of 10 per cent was abolished, but the excise tax of 10 per cent and the sales tax of 8 per cent remained.

On November 18, 1947, the government introduced an emergency measure designed to conserve United States dollar exchange. For this purpose it introduced the stiffest excise tax in history of 25 per cent on the first $1,200; 50 per cent from $1,200 to $2,000; and 75 per cent from $2,000 up, and still retained the same sales tax at 8 per cent. On August 1, 1948, the excise tax was reduced to a straight 10 per cent with the sales tax at 8 per cent. On September 8, 1950, as a result of the outbreak of the Korean war, the excise tax was increased to 15 per cent; the sales tax remained as before, namely 8 per cent. On April 11, 1951, the excise tax received another boost to 25 per cent and the sales tax was raised from 8 per cent to 10 per cent. On April 9, 1952, with the war over in Korea, the excise tax was dropped to 15 per cent, but the sales tax remained at 10 per cent.

On April 6, 1955, the government reduced the excise tax from 15 per cent to 10 per cent, retaining the sales tax at 10 per cent. On December 7, 1957, notwithstanding all the glittering promises of tax reductions and the eloquent speeches in the house against the excise tax on motor cars—indeed, when the Minister of Finance sat on this side of the house the pages of *Hansard* were literally covered with sharp quotations from the members of the present government, including the Prime Minister (Mr. Diefenbaker); so much so that there was the reasonable expectation that at long last the excise tax would be eliminated—the government, contrary to their members' extravagant statements when in opposition, did reduce the tax by 2½ per cent, retaining the same rate of 7½ per cent which it was when it was introduced in 1915. It is a tax which was born during wartime and has been principally

associated with distress and the calamity of war, and therefore when the exigencies of war and the stress no longer exist there is no justification to retain it.

When the Minister of Finance gave his first budget to the house on June 17 last the people of Canada and the 800,000 Canadians employed in the automotive industry who make their living directly or indirectly through the sale of motor vehicles fully expected that surely at this time the words of the Prime Minister would be carried out. On January 15, 1955, he made this statement, as reported at page 192 of Hansard:

> What are we doing to meet the situation? What is the reason for it? We have said that over the years Canadians were being taxed out of the markets of the world and taxed out of their jobs. I know they used to say you could make jobs without profits. We have learned differently in Saskatchewan with the disappearance of the mirage of 1944. What about hidden taxes? The average automobile has a hidden tax of $400. I believe that Canada's industry must be revitalized by giving tax relief at once. The government must act and act now.

If the average automobile had a hidden tax of $400 then, it is more like $600 now. Surely at this time, after such a significant reference to this tax, one would expect that the minister would see to it that it would be removed once and for all. I need not elaborate to hon. members the keen disappointment which gripped the industry but more especially the workers and employees of our automobile factories whose jobs depend entirely on the sales of motor vehicles.

Last Thursday, April 9, the budget was brought down. Incidentally, this seems to be the most favoured month of the year for the introduction of new budgets. There is a good reason for this. It is the time of the year when we are accustomed to look for warmer weather, for flowers to bloom. It is a time of renewal of hope, and so it was with some justification that people felt that surely the time had arrived to hope, with the spring that brings new life, that it would bring also the end to the misery of cold and the end to an unjustifiable tax.

Does the minister realize that today the motorist is by far the most heavily taxed individual in Canada? If he does he has not shown any regard for the benefits that would result from the removal of this tax which, in addition to giving a little well-earned relief to the prospective new car owner, would stimulate sales and create more jobs not only in the automobile plants but in the iron ore pits, the coal mines, the nickel mines and the aluminum plants which are now in the doldrums, the textile industries and dozens of suppliers of materials too numerous to mention.

To illustrate the importance of keeping this industry buoyant and at a high level of employment I have only to quote a few figures which show that in 1957 the manufacturing industry alone paid in excess of $143 million in salaries and wages, not counting those employed on repairs, in the sale of gas and oil and in distribution, which would account for another $150 million. The retail value of motor vehicles in Canada in 1957, which is the latest figure available to me, was $1,400 million. Some people will say, "Well, if you want to reduce the price of automobiles why do you not manufacture a smaller and cheaper car, something like the small European style car?" It is quite true that Canadian manufacturers can produce small cars but would the average Canadian buyer be interested in purchasing these so-called cheap cars? If the objective is to meet the price of the European style cars, it is not necessary to bring out a small car for the simple reason that the present popular Canadian models in the Chevrolet price field sell at not more than the so-called cheap cars; if the people were content to buy the automobile without the extras which are usually sold with the car and which are not included in the European car. But the average Canadian is not content with a stripped automobile. He wants automatic transmission, power brakes, better upholstery, a clock and a radio. He wants better tires and better springs to give him a more comfortable ride and he wants a safer car. The element of safety is also involved because a larger and heavier chassis naturally has greater stability on the road; hence the wide acceptance of the average Canadian automobile.

One could not contemplate our economy without the automobile. Can anyone conjure or visualize in his or her mind a way of Canadian life without motor cars? It would not require a great deal of imagination to visualize what would happen if we were suddenly deprived of this universal means of transportation. Literally millions of people would be thrown out of work in almost every field of human endeavour. I would be loath to think that any government would dare to do anything to bring about stagnation in an industry which has done more for so many in raising the standard of living to the second highest in the world for all Canadians.

I beg the Minister of Finance to reconsider the case for a reduction at least, if not the total elimination of the excise tax, especially now in view of the increase in the sales tax of one per cent which has the effect of increasing the price of the smaller Canadian cars by approximately $25. The continuous presence of the 7½ per cent excise tax on passenger cars is a threat to the steady

employment of thousands of Canadians at a time when the unemployment situation, as I mentioned earlier, is so serious that unless very drastic steps are taken soon the misery that will visit those now unemployed will be the sword that will eventually cut into the heart of the government.

It is rather regrettable that the budget did not contain provision for the establishment of scholarships on a national basis for worthy students. This is an objective which merits the consideration of the government, especially in view of the need for greater aid for deserving students, to say nothing of the promises made by members of the government in election campaigns. Of all the trappings of government, our democracy depends most upon education. Assisting students by means of bursaries is not only a gift but is insurance in the defence of our own way of life. What I am advocating here is what the Right Hon. C. D. Howe advocated in a speech as chancellor of Dalhousie University when he said:

> Every ambitious and well-qualified student of parents who cannot afford the cost ought to be helped. Government, business and private citizens realize the urgency that the problem of university financing presents and understand the need for educating more engineers, scientists and personnel with a broad training in the humanities. If university fees of prewar times are inadequate, they should be increased, but all capable and deserving students should be enabled to obtain a university education regardless of costs.

Mr. Howe said that scholarships, bursaries and loan funds were supplementary means of financing the educational needs of such students and that those who could pay should do so and thus ease the problem of university financing. Because of the great impact of science on modern thought, Mr. Howe urged that those majoring in the humanities should study some of the philosophy and methods of science. In short, education is the business of the nation.

With regard to the recent amendments to the immigration regulations, the Prime Minister, in reply to a question by the hon. member for Essex East (Mr. Martin), who asked if consideration would be given to allowing the house to debate the matter, gave the following answer as found on page 2297 of *Hansard*:

> The hon. member for Essex East knows that in the next few days the budget debate will take place, at which time any member can deal with the question as he sees fit.

Personally, Mr. Speaker, I think that the time alloted for the budget debate should be devoted to the fiscal policy of the government and not to subjects which are not directly related to the budget. However, I wish to say a few words about the racial line drawn by the government with respect to immigration. I am not advocating a wide-open door immigration policy, especially at a time of unprecedented unemployment. There are times when restrictive measures are necessary. However, I find that the most objectionable feature of the order in council is that it prohibits the admission of brothers and sisters of Canadian citizens unless they are of British or French origin. Notwithstanding the Prime Minister's statement to the effect that there is no discrimination in the order, there is no doubt in my mind and in the minds of many other Canadians that a racial line unfortunately has been drawn, the effect of which is that only Canadian citizens whose parents happened to be born in the British isles, France or the United States can be allowed to bring to Canada their brothers and sisters.

Mr. Pallett: That was in the original order in council in 1956.

Mr. McIlraith: No, it was not.

Mr. Pallett: That was in the original order in council in 1956.

Mr. McIlraith: No. You will withdraw this order in council before many weeks have passed.

Mr. Badanai: Regardless of who brought it in, this government or the previous government, the order is not in accordance with the principles of democracy.

Mr. Pickersgill: The original order in council allowed brothers and sisters. Anyone who says the contrary is not telling the truth.

Mr. Badanai: Those whose parents were born in the other countries of Europe do not qualify, of course, to fall in the same class. Yet the Prime Minister says there is no discrimination. I hope that the government, on the recommendation of Minister of Citizenship and Immigration (Mrs. Fairclough), will consider rescinding that feature of the order that sets up a barrier which keeps families apart.

In the constituency I represent there are some very fine dairy and truck garden farms. The district could not be classified as a prosperous agricultural area with the exception of the Slate river valley, the village of Murillo and a few townships scattered over a beautiful countryside. For the most part the farms are in a primitive state of development and these farmers need assistance in the form of long term loans at a low rate of interest. The government would perform a great service for these people, imbued with the pioneer spirit which opened up the greater part of our country in years gone by, by extending the farm loan board activities

to enable these farmers to obtain loans, for which purpose the board was established but from which very few people have been able to obtain assistance.

At the present time, unless a farmer has collateral assets to the extent that he does not need to borrow it is virtually impossible for him to receive any consideration whatever. Another important aspect of the difficulties encountered by the farmers in the district of Thunder bay is the lack of a meat grading station and cold storage facilities. The establishment of these facilities would stimulate not only the growth of our farm area but would create a prosperous climate which could have the effect of attracting more people to the land, the development of which would without a doubt be beneficial to our entire area of northwestern Ontario.

Last week the Canadian federation of mayors and municipalities met again with the government and presented a comprehensive brief which should not be cast lightly aside. Their request for an extension of the present winter works program and for assistance to help municipalities pay for major capital works is sound and should receive favourable consideration. The establishment of a federal loan fund to enable municipalities to borrow at a lower rate of interest than they can now in the open market is definitely a desirable project which would not cost the government anything. It would simply provide funds for projects approved by provincial-municipal authorities and, in due course, these funds would be repaid with interest.

The mayors of Canada have asked for federal-provincial-municipal conference on several occasions, but their requests have always been sidestepped.

Mr. Speaker: Order; I am sorry to interrupt the hon. member, but his time has expired.

Mr. Douglas Jung (Vancouver Centre): Mr. Speaker, in the course of the debate which follows the presentation of the budget, hon. members are usually given great latitude in their choice of subjects. I, therefore, wish to place before this house tonight four subjects, three of which are domestic in nature and the fourth, while national in concept, has international ramifications.

You will recall, Mr. Speaker, that the Minister of Finance (Mr. Fleming) concluded his budget speech the other day with this statement, as found on page 2425 of *Hansard* for April, 1959:

> Canada has no reason for fear. Blessed as she has been by a benign Providence above all other lands, she can face her shining future with utmost confidence.
>
> [Mr. Badanai.]

As one who is part of a group of Canadians who have the greatest part of their lives still ahead of them, and as one who would, therefore, most benefit or suffer from the actions of our leaders, may I say I share that spirit of confidence. Looking into the future I can conceive that it is quite possible that Canada will develop into the most influential nation within the commonwealth. It is entirely possible that this development will take place within my lifetime. It is a prospect that is at once exciting and one which fires the imagination. So I am proud to have the privilege of serving Canada at a time when so much remains to be done.

However, because so much remains to be done I feel that at times we Canadians are too immersed with details and problems of our day-to-day existence that we sometimes forget to look at the over-all picture. I can think of no better time than now to pause and to consider our future position. Our country today is in a period of transition. We are experiencing a feeling of restlessness. These conditions have been brought about by national and international events of serious proportions. Nationally we have an economic situation that baffles the experts because, on the one hand, we have a level of high prosperity and, on the other, we have a level of high unemployment.

Internationally, the Berlin situation, the unrest in the countries of Africa and Asia, the challenge of communism and the threat of a nuclear war, all have given our leaders serious concern, as indeed they have to most men. These are common difficulties faced by almost every other country. But it is useless, I submit, to talk about what other countries are doing unless we ourselves are prepared to think about these problems. In this connection, I would remind the house that our leaders are engaged in trying to find solutions to these very vexing problems. They would be the first to admit that these are serious problems. While this party has done a great deal for this country in the short time it has formed the government, I know that this government will do even more in the future.

But how we develop and in what direction will depend upon what the people of Canada want. To say that we want Canada to develop into a great nation is trite. I suggest that our consideration should be, how much are we willing to sacrifice to help our country develop into a great nation. As in all things, without a clear knowledge of what we want, and without a desire and ambition to work for a common goal, all our dreams and hopes are for nothing. As a young person I have a great stake in the future of this country. As I said earlier, it is not

at all impossible that within my lifetime Canada will become the leading nation within the commonwealth. How are we going to achieve that position? One answer that I can give is the answer given by our leader, the Prime Minister (Mr. Diefenbaker).

In the first place, there must be a vision of our future greatness. There is a biblical saying that without vision the people perish. In the second place, there must be confidence in our own ability and this confidence must spring from a realistic appraisal of our own capacities. Third, there must be a willingness to work hard. These three requirements imply that there must be an orderly and controlled development of our resources. We must guard against too rapid an expansion of our resources, otherwise there will not be the maximum and most efficient utilization of these resources. There must be a controlled development to ensure that it is our country, and every segment within our country, which receives the prime benefit of our resources. There must also be an increase in our population because an increased population means an increased demand for goods and services which, in turn, stimulates production. One result of our present small population is that our producers, in trying to reduce costs, must try to sell our goods overseas, and it is in this field of international trade that we have our most serious problem because we compete with countries who can produce the same goods at a lower cost.

The ramifications of that situation are obvious. None the less, Canada is taking her place industrially in the world. In taking our place we are facing the economic facts of life which industrial giants like the United States of America and Great Britain experienced long ago. We must now have an economic shakedown in which we will gradually gear our activities and our production to our resources.

Such a period of adaptation is difficult at the best of times, but it is aggravated by our high cost economy and by the entry of the U.S.S.R. and communist China into the field of international trade. The Prime Minister underlined the seriousness of the situation when he spoke in the house on January 19. As reported at page 55 of *Hansard* he said this:

> —there is an offensive in trade that is bound to be one of the most challenging dangers of the days ahead.

The communists have declared economic war on us. Whether or not we can survive will depend upon our ability to meet their competition. All this calls for a mature and realistic appraisal of our obligations. In this connection I suggest that government, management and labour must take time for deliberation and co-operation. Failure to do this will result in our way of life being overwhelmed without one shot being fired.

I think that one of the greatest tasks facing government, business and labour is to embark upon a program of education so that everyone will clearly understand and appreciate the magnitude of the economic war which has been declared against us by the communist countries. In these communist countries there is a continuing process of education. You can call it propaganda or indoctrination or what you will; but there is a program aimed at telling their people again and again what is their goal. We must admit that they can see the results of their planning. We in the free world have nothing comparable because we have been brought up in an atmosphere of plenty. We cannot conceive that, materially at least, things could be better. The other countries have a sense of urgency because they see our material accomplishments and so their goal is not only to equal us but also to surpass us. This economic competition is competition in the fullest sense of the word, and there is no prize at the end but merely survival. This then is the responsibility facing Canadians. As for myself, I am confident that we can survive and prosper. We have the means and the technical knowledge, although in the light of sputnik I have some reservations even on that thought.

In meeting this challenge we must not forget to help the underdeveloped countries because in helping them we help ourselves. I have heard some people criticize the grants which we make to the Colombo plan because they say that charity should begin at home. Mr. Speaker, may I say that it does begin at home because practically all the money which we give to the Colombo plan in order to help these underdeveloped countries is used by them to buy Canadian goods and services. They do not use this money in order to buy things from other countries. So let there be no misunderstanding about the way in which that money is spent. Not only do we in Canada benefit from supplying goods and services to these countries but also we receive their friendship and good will. This friendship and good will is all important, because in the conflict of ideologies which faces us today we are trying to sell our way of life to other countries. However, the bargain counter days of democracy are over. No longer do we see countries rushing to embrace our way of life which is on display before highly critical buyers who are getting increasingly harder and harder to convince that our way of life is in fact the best way of life.

We seem to think that just because another country lives in the same century as we do

they should acknowledge the superiority of our way of life, and at times we are bewildered and even angered when our overtures to them are rebuffed. We fail to appreciate their culture and outlook which they have developed over many thousands of years, and in exasperation we throw up our hands and say "We cannot understand them". Of course we cannot understand them because we try to look at them through our own eyes and through our own experiences rather than through theirs. Only when we can look at them through their eyes can we begin to understand and appreciate the differences between us.

Earlier, Mr. Speaker, I spoke about the responsibilities of government, business and labour in co-operating to meet the economic challenge of the communists. How should we go about this task? I suggest the establishing of an organization which will include not only government, business and labour but also representatives of the press. In the economic education of the Canadian people I feel that the press, with all its related media, is the only way in which the man in the street can become acquainted with the facts of this economic struggle. We have as separate organizations government agencies, business groups and labour unions; but I feel that there should be even more cohesive groups working with and not against each other. These groups should be not merely concerned with getting an increase in salaries or in asking the workers to produce more. It is my opinion that once the facts of this economic struggle have been brought before the Canadian people they will be willing to make the necessary sacrifices. It is useless to ask people to do something unless you explain to them the reason why they do it.

Let me repeat, Mr. Speaker, the example which the Prime Minister gave to this house after his visit to Asia. He said that cloth which is manufactured in Great Britain and which sells for $1 a yard in Asia is produced and sold by the Japanese for 60 cents a yard, but communist China produces and sells the same thing for 33 cents a yard. But according to other reports, underselling applies not only to cloth but also to things like sewing machines, cement, nails, bicycles, canned fruit, vacuum jugs, electric fans, typewriters, radios, caustic soda, paper, glass, ceramics and some machinery. Reflect for a moment, Mr. Speaker, and you will realize that these items, while insignificant in themselves, are in great demand in the countries of southeast Asia which are beginning to raise their standards of living.

In the composition of this organization which I propose to call the Canada trade council, for want of a better name, I should like to see more rank and file members of labour organizations included because, in the final analysis, they are the ones who will have to produce more and make the most sacrifices. I would even suggest that the government arrange for such a group to visit communist countries in order to see for themselves what is our competition. The few industrialists who have visited communist China and the U.S.S.R., for axample, have returned deeply impressed and indeed deeply frightened by the great advances which they have seen in technology. It is the boast of Premier Krushchev that by 1967 Russia will be the world's greatest producer. From the information which is available that appears to be no idle boast. Only yesterday a United press item from Moscow said this:

> Soviet Premier Nikita Khrushchev's drastic sevenyear plan for catching up with U.S. industrial output over-fulfilled ts first targets by 105 per cent, the government announced today.

This idea of a Canada trade council, is a subject which I said had international ramifications, even though it was national in concept, because this council could be expanded to include all members of the commonwealth. Hon. members will recall the commonwealth trade and economic conference which was held in Montreal last September. The theme was an expanding commonwealth in an expanding world. This theme was singularly appropriate, but I suggest that there should be greater continuity in thought and coordination in action beyond the commonwealth. The idea of a national trade council, designed to educate the people of each country within the commonwealth to the urgent necessity of meeting this communist trade offensive, could, if projected to the international level, provide the driving force to maintain the momentum of the decisions taken at the commonwealth trade and economic conference. Without a larger goal, without a more urgent purpose, trade conferences could become bogged down with national restrictions and considerations. I cannot express too strongly my concern for the need for this economic education, because in the end it is education for freedom.

I have already spoken about the need for an orderly and controlled development of our resources. One of the greatest resources of any country is its people, and so I wish to deal with my other three subjects. These are university students, old age pensioners and housing.

Under the British North America Act education is the responsibility of the provincial authorities. On the other hand, nine out of the ten provinces have received grants from the federal treasury for education. In spite of the efforts of provincial and federal authorities our school facilities and standards

are according to reports way behind those of the U.S.S.R. Universities are plagued by a shortage of money, and many are operating at large deficits. To offset these deficits fees have been increased, but these increases have added to the hardships of the students. I do not think everyone is entitled to a university education, even if he can afford it. My concern is for the deserving student who cannot afford to attend university. I know that local scholarships and grants are available, but many of these are insufficient in themselves for the undergraduates. I therefore urge the government to establish national scholarships. These scholarships would be awarded on a competitive basis and the recipient would be allowed to attend any accredited university in Canada. Such a system of scholarships would remove any fears a provincial government might have that the federal government was interfering in the field of education.

There is another suggestion, however, and this has to do with the university loan fund for students. I understand that the University of British Columbia holds promissory notes from students for some $200,000. I am also advised that these notes are 99.9 per cent good, because while it may take the student a long time to repay them they are ultimately repaid. I have no knowledge as to the amount of the funds available at other universities, but I think the integrity of the Canadian university student is the same. That being so, in order to keep the loan funds circulating I would suggest that the federal treasury discount these notes. Thus the government might even make a small profit, and the universities would have more money to loan without having to wait a long time for the money to be repaid. If the government does not consider this suggestion feasible, then I would suggest that the Canada Council, with its huge endowment and its declared purpose of encouraging Canadian art and culture, should investigate this problem facing the universities.

I now wish to speak about old age pensioners, of whom I have a very large number in my constituency. Time and time again I receive letters from these pensioners asking why they cannot receive the pension if they go outside the country. I know that the Minister of National Health and Welfare (Mr. Monteith) has received many representations on this subject, and I assure him that I appreciate the administrative problems which make the payment of pensions outside of Canada difficult. Nonetheless, while the administrative problems present difficulties, I believe they can be overcome. One of the more minor problems is that of identification, and I would therefore offer to the government this suggestion. Why not issue a small identification card to the pensioner when he first qualifies for his pension? This card might be similar to the small wallet-sized card issued on request by the Department of Citizenship and Immigration, and which has a picture of the applicant sealed between plastic covers. Such a card would be very satisfactory identification, because not only does the card bear his picture but it also bears his signature. I do not think that any bank would hesitate to accept or recognize such identification. If the government is concerned with the possibility of fraud or that the pension cheque might fall into the wrong hands, such an identification card might be one solution.

Mr. Speaker, I now come to my last subject, and that is the matter of housing. My constituency, Mr. Speaker, is a most unique riding. In recent years great changes have occurred, particularly in the residential area known as the west end. Old houses are being torn down daily and apartment blocks are springing up like mushrooms. One of the most urgent problems brought about by this rapid change is the need for space for stores. The west end has its own shopping district, but thee is a danger of the small stores disappearing because as more and more land is taken over for apartments it becomes correspondingly difficult to find space for stores. At present Central Mortgage and Housing Corporation will not lend money on apartments if there are stores in those apartments. This might be a good time for the government to consider amending the National Housing Act to permit Central Mortgage and Housing Corporation to lend money to build apartments which would have stores on the ground floor.

Hon. members will see that this plan might have some possibilities. Apartment blocks could be built to replace the present old business blocks and at the same time retain the small stores which are such an attraction and convenience to the apartment dwellers. I do not visualize huge supermarkets being built into these apartments but rather shops selling ladies' and men's wear, dry cleaners, drug stores, beauty parlours, small restaurants and other shops offering necessary services on a small scale. I am also convinced that this type of apartment can be designed so as to be functional and yet satisfy the aesthetic senses of those living in the apartment. For example, one might consider an arcade type of apartment. Again, these stores could form the perimeter of a court yard, or the stores could be built facing the street, with the apartment block set back a little and joined to the stores.

I can get quite enthusiastic over the design possibilities, but what is more important is that I am convinced this type of apartment would fill a very useful and urgent need, particularly in areas like Vancouver, Toronto and Montreal. I know that the west end business association of my riding would be very grateful to the Minister of Public Works (Mr. Green) if this scheme could be introduced. The Minister of Public Works has established an outstanding reputation for the highly competent way in which he has administered his department, and I believe that one reason for the minister's popularity is his readiness to listen to suggestions and his approachability. I therefore offer this suggestion to him in the hope that his department will explore the possibilities.

Mr. Speaker: I am sorry to interrupt the hon. member but it is ten o'clock.

Mr. Broome: Mr. Speaker, could we not by unanimous consent allow the hon. member to proceed? I understand he has nearly finished.

Mr. Jung: If I may impose on the generosity of the house?

Some hon. Members: Agreed.

Mr. Jung: Mr. Speaker, my remarks today have ranged over a wide field. In ranging from the need of further financial assistance to university students to the need for awakening every Canadian to the economic war which has been declared by the communists on us, I have done so with one object in mind, and that is the welfare of our country. Our country is recovering from a recession. Notwithstanding this recovery, serious doubts about our future welfare come to my mind when I see various groups acting only in their own interests and without regard for the consequences which some of their acts will have upon other innocent parties. Yet when some of these groups get into trouble because of their actions, they cry and run to the government for help.

Government has its obligations but so does every group within the state, be it business or labour. There appears to be no diminishing of this pattern of activity. Everywhere you turn you hear the question "Why does the government not do something about it?" or "Let the government do it". Mr. Speaker, I am afraid that what many call government assistance or intervention may turn out in the end to be discipline by the state. Phrased in that way, many of us might take a second look at our habit of running to the government for a cure when, as is so often the case, the solution lies within the means of the parties involved.

No one likes discipline and to avoid unnecessary discipline we must first learn how to discipline ourselves. This does not necessarily mean sacrifice but it does mean the practice of moderation in our demands and a more mature acceptance of our responsibilities to others. The Minister of Finance in his budget has given us our terms of reference. I hope that with this new awareness of our responsibilities Canadians everywhere will indeed face the future with confidence in our ability, courage in our actions and faith in our country.

On motion of Mr. Pickersgill the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, I wonder if I may ask the leader of the house if it is proposed to go on with the budget tomorrow?

Mr. Green: Yes, Mr. Speaker, the plan is to go right on with the budget debate until it is concluded.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

FEDERAL PENITENTIARIES—DISCIPLINARY PROCEDURES

Question No. 93—**Mr. Winch:**

1. In the year 1958, how many persons in federal penitentiaries were sentenced to corporal punishment for disciplinary purposes and how many in each institution?
2. In the year 1958, how many persons in federal penitentiaries were sentenced to disassociation cells (a) solitary for disciplinary purposes; (b) how many in each institution?
3. In the year 1958, how many persons served a disciplinary sentence in a disassociation cell (solitary) (a) three months; (b) six months; (c) nine months; (d) twelve months, and how many in each institution?
4. How many in federal penitentiaries have been in disassociation cells (solitary) for over a year for (a) disciplinary purposes; (b) ungovernable sexual pervert; (c) ungovernable violent temper; (d) strictly disciplinary purposes, and how many in each institution?
5. Are there any federal penitentiaries where disassociation cells (solitary) are of such a nature that in addition to the barred door, there is an additional steel door cutting out all sight and voice to the inmate? If so, what penitentiaries?
6. How many persons in federal penitentiaries in the year 1958 (a) attempted suicide; (b) commited suicide; (c) were in a disassociation cell at the time, and in what institutions did the aforementioned occur?

Answer by: **Hon. E. D. Fulton (Minister of Justice):**

1. Twelve; one at St. Vincent de Paul penitentiary; eight at Kingston penitentiary; three at Collin's Bay penitentiary.

2. (a) 971 cases; (b) Dorchester, 171, federal training centre, 148; St. Vincent de Paul, 344; Kingston, 57; Collin's Bay, 27; Manitoba, 32; Saskatchewan, 96; British Columbia, 96.

3. (a) nil; (b) nil; (c) nil; (d) nil.

4. (a) nil; (b) one at British Columbia penitentiary; (c) one at British Columbia penitentiary; (d) nil.

5. Yes, Dorchester, Kingston and Manitoba penitentiaries.

6. (a) Three (one at St. Vincent de Paul; one at Kingston; one at British Columbia); (b) One at St. Vincent de Paul penitentiary; (c) None in disassociation cells.

LOCKAGE TIMES, ST. LAWRENCE SEAWAY

Question No. 299—**Mr. Argue:**

1. What is the lockage time at each lock now being constructed on the St. Lawrence river by the St. Lawrence seaway authority?
2. Is the lockage time the same at each lock?
3. If not, (a) At what locks does the time differ and by how much? (b) For what reason was the difference in lockage time made? (c) How long will it take a vessel to pass through as compared with other locks? (d) What effect will this difference in lockage time have upon the rate of flow of up and down traffic at these particular points?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The St. Lawrence seaway authority advises as follows:—

1. For purposes of economy in construction, operation and maintenance, the lock filling and emptying systems at St. Lambert, Cote Ste. Catherine and Beauharnois were standardized. The design, confirmed by model studies, provides for the raising or lowering of water level in a lock of the maximum lift of 45 feet (Beauharnois) in 8 minutes.

The time of raising or lowering the water level in a lock varies with the height of lift which, in turn, depends on the stage of the river. The average times for average conditions at the different locks are shown in tabular form in the answer to question 3, hereunder.

2. No.

3. (a) and (c)

Lock	Average lift	Average time for raising or lowering	*Average time for vessel to pass through
St. Lambert	18′	6 min.	41 min.
Cote Ste. Catherine	33′	7 "	42 "
Upper Beauharnois	42′	8 "	43 "
Lower Beauharnois	42′	8 "	43 "
Iroquois	2′	4 "	39 "

*Between passing points for upbound and downbound vessels.

(b) Answered by 1.
(d) Virtually none.

Questions

LOCKS CONTRUCTION, ST. LAWRENCE SEAWAY

Question No. 300—**Mr. Argue:**

1. Have any of the locks being constructed by the St. Lawrence seaway authority been completed yet?
2. If so, which ones have been completed, and on what date was each completed?
3. Have any of these completed locks been accepted by the Warner-Hersey Company?
4. If so, which ones have been so accepted, and on what dates were they accepted?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The St. Lawrence seaway authority advises as follows:—

1. No, although all are virtually completed and are suitable for operation.
2. Answered by 1.
3. No, it is not their function.
4. Answered by 3.

HOUSE OF COMMONS

Wednesday, April 15, 1959

The house met at 2.30 p.m.

STANDING ORDERS

CONCURRENCE IN FOURTH REPORT OF STANDING COMMITTEE

Mr. J. W. Kucherepa (High Park) presented the fourth report of the standing committee on standing orders, and moved that the report be concurred in.

Motion agreed to.

EXTERNAL AFFAIRS

UNITED STATES—RESIGNATION OF JOHN FOSTER DULLES AS SECRETARY OF STATE

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, members of the house will have heard the announcement this morning by the President of the United States to the effect that due to the state of health of Hon. John Foster Dulles, his resignation has been necessitated as Secretary of State of the United States of America. While I realize that this is not an occasion to give an evaluation of his services to the free world, it will be generally agreed that in the six years or more that Mr. Dulles has been in the position of secretary of state he has given direction to the foreign policy of his country with dedicated purpose, with superb courage and with unchallengeable integrity, and that his views and judgments have left their imprint on the history of these post-war years and the history of all peoples of the world who believe in freedom and its maintenance.

Canadians will honour him for the understanding and sympathy he has shown at all times in the solution of the problems which arise from time to time between our country and the United States. I believe I express the sentiments of Canadians as a whole when I say that we hope Mr. Dulles will continue to be associated in some less onerous way with the formulation of the foreign policy of the United States, particularly in view of the fact that one and probably two major conferences will take place in the months ahead, at which mankind hopes new milestones will be achieved to the peace and freedom to which Mr. Dulles gave so unstintingly of his outstanding qualities of mind and heart.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in common I think with other members of the House of Commons I learned with very great regret this morning that reasons of health had compelled the resignation of Mr. Dulles as Secretary of State of the United States. His work in building up the forces of collective resistance in free democracies against aggression has been of immense value. He never spared himself in that work, which he carried on with energy and determination which at times seemed almost superhuman and which undoubtedly was the main reason for the breakdown in his health which has now led to his resignation. If any man was ever a casualty in battle for the things in which he believed, Mr. Dulles is that man.

When I worked with him, Mr. Speaker, I did not always find myself in complete agreement with all his plans or policies, but I was always in agreement with his objectives. I deeply respected his devotion to his ideals and I admired his indomitable courage, the almost religious zeal which he displayed in pursuit of the purposes in which he believed. In Mr. Dulles' resignation the United States has lost a towering and dedicated public servant, and the cause of freedom has lost a great champion.

Mr. Hazen Argue (Assiniboia): We in the C.C.F. regret very much this further indication of the continued deterioration in the health of Mr. John Foster Dulles. Our position in regard to his policies has been made known from time to time. We think it is better at this time to make no detailed or particular comment, but merely say that history itself will judge John Foster Dulles and his policies. We recognize his strong character and the great fight he is waging against this dreadful disease. We regret very much that his health has made it impossible for him to continue the active life that has been his for so many years.

ST. LAWRENCE SEAWAY

ANNOUNCEMENT OF OPENING OF NAVIGATION ON APRIL 25

Hon. George H. Hees (Minister of Transport): Mr. Speaker, following the ice reconnaissance survey which was made over the whole area yesterday, I am pleased to be

able to announce that navigation in the St. Lawrence seaway system will open on April 25.

[*Later:*]

On the orders of the day:

Mr. Marcel Bourbonnais (Vaudreuil-Soulanges): Mr. Speaker, I should like to direct a question to the Minister of Transport. Since the icebreaker *d'Iberville* will be the first boat to pass through the St. Lawrence seaway on the opening day, which I presume will be April 25, would it be possible for the minister to arrange matters so the members of the House of Commons could be invited on board the *d'Iberville* on its first trip through the St. Lawrence seaway?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I am very pleased to be able to report to the hon. member and to this house that invitations are in the process of being prepared inviting all hon. members and all hon. senators to be aboard the *d'Iberville,* and it is my sincere hope that a goodly number will find it possible to be aboard.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Transport. Is the minister aware that, according to the Montreal press this morning, shipping men in the Montreal area do not know to whom to apply for permission to transit the new St. Lambert lock?

Mr. Hees: I will draw that to the direction of the president of the St. Lawrence seaway authority.

STARRED QUESTIONS

SUMMIT CONFERENCE—INVITATIONS TO MEET IN QUEBEC

Question No. 51—**Mr. Martin (Essex East):**

1. Were invitations extended to any countries for the proposed summit conference to meet in Quebec?
2. If so, to what countries, and in what form were the invitations sent?
3. What replies, if any, have been received?

Right Hon. J. G. Diefenbaker (Prime Minister): The answer to the first two questions is as follows.

1. and 2. The governments of the United States, the United Kingdom, France and the U.S.S.R. have been informed through diplomatic channels that Canada would welcome the holding of a summit conference in this country and that there are facilities in the city of Quebec which would render such a conference in that city not only feasible but appropriate.

[Mr. Hees.]

3. The French have informed us through diplomatic channels that the Canadian invitation will be kept in mind.

As hon. members are aware, the arrangements proposed by the western powers and agreed to by the Soviet government are that the time and place for the summit meeting will be decided during the foreign ministers' conference which commences in Geneva on May 11. If indications are that the four powers would welcome holding the summit meeting in Canada, formal invitations will be sent at that time.

QUESTIONS PASSED AS ORDERS FOR RETURNS

TRIPS ABROAD BY MINISTERS

Question No. 52—**Mr. Hardie:**

1. Have any members of the government travelled outside Canada since taking office?
2. If so, which members, to what countries, for what duration, for what purpose and at what cost?

AIR TRANSPORT FOR MEMBERS OF PARLIAMENT, EASTER RECESS

Question No. 53—**Mr. Hardie:**

1. Was transportation provided by government aircraft for any members of parliament to and from their constituencies during the Easter recess?
2. If so, for what members of parliament and for what members of their families, if any?

MOTIONS FOR PAPERS

ROADS TO RESOURCES PROGRAM

Motion No. 30—**Mr. Argue:**

For a copy of all correspondence, telegrams and other documents exchanged between the federal government and each provincial government since April 1, 1958, regarding the roads to resources program.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Stand.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I rise on a point of order. This motion has been on the order paper now, I imagine, for months and the minister keeps requesting that it stand. I have no objection to that procedure even today, but it would seem to me that the action the house should take is to pass this motion and await the return in the normal fashion.

Mr. Hamilton (Qu'Appelle): I should be quite agreeable to that procedure. I am waiting for the signing of the agreements, and I will be glad to bring them forward.

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

Motion agreed to.

Mr. Hamilton (Qu'Appelle): If I may, I should like to revert to the previous motions, Nos. 5, 23 and 25. The same explanation would apply.

Mr. Speaker: Is it agreeable to the house to take these motions together?

Some hon. Members: Agreed.

ROADS TO RESOURCES PROGRAM, NORTHERN ONTARIO

Motion No. 5—**Mr. Fisher:**

For a copy of all correspondence, since September 1, 1958, exchanged between the federal government and the province of Ontario respecting the roads to resources program in the districts of Kenora, Patricia, Thunder Bay, and Algoma.

Motion agreed to.

ROADS TO RESOURCES PROGRAM, ONTARIO

Motion No. 23—**Mr. Benidickson:**

For a copy of all correspondence, and any agreements entered into between the federal government and the government of Ontario since January 1, 1958, relating to the roads to resources program.

Motion agreed to.

EAST SAINT JOHN THERMAL PLANT, N.B.

Motion No. 25—**Mr. Robichaud:**

For a copy of all correspondence, telegrams and other documents exchanged between the federal government or any official thereof, and the provincial government of New Brunswick, or the New Brunswick electric power commission, with respect to the signing of an agreement for the construction of the East St. John thermo plant, for the period June 1, 1958, to date.

Motion agreed to.

DEFICIENCY PAYMENTS AND SUPPORT PRICES

Motion No. 64—**Mr. Argue:**

For a copy of all correspondence, telegrams and other documents exchanged between the agricultural prices support board, the agricultural stabilization board, and officers of farm organizations, since January 1, 1957, referring to the question of deficiency payments and support prices on agricultural products.

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, the hon. member and I have discussed this matter and have agreed that in the third line the words "officers of" shall be followed by "dominion and provincial", so it will then read, "officers of dominion and provincial farm organizations". This means it will not be necessary to search thousands of files in order to present communications from locals all over Canada. Subject to that change I am agreeable to the motion being passed.

Mr. Speaker: Does the house give unanimous consent to the amendment to this motion suggested by the minister?

Some hon. Members: Agreed.

Motion as amended agreed to.

Inquiries of the Ministry

HOUSING RENTALS, ARMED FORCES, SUMMERSIDE, P.E.I.

Motion No. 87—**Mr. Pickersgill:**

For a copy of all communications between Hillcrest Housing Company of Summerside, Prince Edward Island or any solicitor or agent on behalf of that company on the one hand, and the Minister of National Defence or any official of his department or any other department of government since June 21, 1957, respecting the rental of housing units for personnel of the armed forces.

Motion agreed to.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO MEETING ON R.C.M.P. AGREEMENT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, last week I asked the Acting Minister of Justice if he could give the reason for the delay in calling the conference between the Minister of Justice and the attorneys general regarding the R.C.M.P. contracts with the provinces, and the minister said the Minister of Justice would answer this question on his return. I wonder if the minister is in a position to give that reply now.

Hon. E. D. Fulton (Minister of Justice): Yes, Mr. Speaker. A conference had been arranged with the attorneys general of the provinces for late this month to discuss the contracts between this government and the provinces for the services of the R.C.M. Police. This conference had been arranged a number of months ago; I think it may have been late last year or at the very beginning of this year. We then considered that it would be advisable to have a meeting of officials prior to the meeting of the ministers to discuss and isolate those points which it was desired to revise. That meeting was set for, I think April 8.

Following that, upon the resignation of the commissioner and the appointment March 31, of a new commissioner, and two or three other changes in senior personnel, it was considered that it would not be convenient to have those meetings at the time they were arranged, namely the first meeting on April 8 and the other toward the end of this month. Therefore I asked the attorneys general of the provinces whether they would agree to a postponement of the conferences until the new commissioner could effectively take control of his task and the provinces, I think without exception, readily agreed to a postponement of the conferences.

Inquiries of the Ministry

DEFENCE PRODUCTION

CONTRACTS FOR PURCHASES OF FUEL OIL FOR NAVY SHIPS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I wish to direct a question to the Minister of National Defence. Has the minister noted press reports relating to protests that fuel oil which could be produced in Vancouver refineries is being bought from the United States for use in Canadian navy ships? Can he inform the house if the contracts for the new contract year stipulate the use of Canadian fuel oil?

Hon. G. R. Pearkes (Minister of National Defence): Contracts for the Department of National Defence are let by the Department of Defence Production. I suggest that the hon. member address his question to the Minister of Defence Production.

Mr. Winch: May I so do, and redirect my question?

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, the answer to the hon. member's first question is yes. In reply to the second question, "Can the minister inform the house if the contracts for the new contract year stipulate the use of Canadian fuel oil" the answer is again yes.

I wish to say, with regard to the remarks made by the hon. member for Vancouver East, that two new contracts have been placed for the current fiscal year. The first contract covers the supply of 1,750,000 gallons of diesel fuel oil, awarded to Standard Oil Company of British Columbia, Limited, which firm maintains a refinery at Burrard Inlet, British Columbia, and Alberta crude oil will be used. The second contract covers the supply of 250,000 barrels of oil boiler fuel, naval, awarded to the British American Oil Company Limited, Toronto, which firm maintains a refinery at Port Moody, British Columbia, and again the source of the crude is Alberta.

Mr. G. J. McIlraith (Ottawa West): Could the minister tell us the difference in price between the low bidder and the successful contractor in each of the two cases mentioned?

Mr. O'Hurley: I do not have that information, but I will procure it for the hon. gentleman.

ROYAL CANADIAN MOUNTED POLICE

ALLEGED ASSAULT UPON CIVILIAN BY MEMBER OF FORCE

On the orders of the day:

Mr. Grant Campbell (Stormont): I wish to direct a question to the Minister of Justice.

[Mr. Fulton.]

Has the minister's attention been drawn to a report in last night's Ottawa *Journal* concerning a certain Constable Campbell of the R.C.M.P. and an alleged assault by him upon a Mr. Jones? If so, has the minister made any investigation, and would he care to make any comment thereon?

Hon. E. D. Fulton (Minister of Justice): Yes, I have seen the press report, and I have obtained preliminary reports from the officers of the R.C.M.P. I am advised that as soon as oral word was received on Saturday night from the solicitor acting for Mr. Jones, alleging this assault, the R.C.M.P. authorities made an investigation. This inquiry resulted in a vigorous and complete denial by Constable Campbell—and this was confirmed by the two other policemen who were with him—that he had in any way assaulted Mr. Jones.

Following the publication in yesterday's newspaper of a repetition of the accusation, the police had planned to make a further inquiry, which, on this occasion, was to take the form of an inquiry under oath. Before this could be commenced, however, word was received that Constable Campbell has himself started a civil action for libel against, I believe, both the newspaper and the solicitor who, I understand, made the allegation. After we received word that a civil action had been started we, of course, deferred the further inquiry under oath. That inquiry will be deferred pending the outcome of the civil litigation.

CANADIAN NATIONAL RAILWAYS

DISCUSSIONS BETWEEN RAILWAY AND UNION REPRESENTATIVES

On the orders of the day:

Mr. C. F. Kennedy (Colchester-Hants): May I direct a question to the Minister of Transport. Can the minister give the house any information regarding the recent discussions between representatives of the Canadian National Railways and those of the union?

Hon. George H. Hees (Minister of Transport): Yes. I am informed that a lengthy meeting took place yesterday afternoon between Mr. Donald Gordon, president of the Canadian National Railways, with other senior officials of the railway, and Mr. W. E. Gamble, vice president of the brotherhood of locomotive firemen and enginemen, accompanied by the general chairman of the union. After detailed discussion the union representatives refused to consider an agreement which would implement the recommendations of the recent federal conciliation board concerning wages and working conditions of the C.N.R. firemen.

Prior to this and other meetings the railway company had relinquished its claim for

complete managerial discretion in the employment of firemen helpers and had accepted the recommendations of the board of conciliation, which were based on the principles of the Kellock commission report. In these circumstances the company has therefore informed the union representatives that it has no responsible alternative but to implement the recommendations of the board of conciliation, and a notice is being prepared outlining the amendments to existing conditions of service to take effect as from May 1, 1959.

This notice will be delivered to the union representatives today over the signature of Mr. S. F. Dingle, vice president, operations, and concurrently a personal letter is being sent, over the signature of the president, to all C.N.R. firemen and hostlers enclosing a copy of the notice and explaining its effect.

I am further informed that Mr. Gamble has announced that authorization to strike has been given by the membership of two regions, and that strike authorization is being sought in the third. Management has made it clear to the union that they intend to operate the railway even if this membership withdraws from service.

Hon. Lionel Chevrier (Laurier): May I ask the Minister of Labour a supplementary question. In view of this statement, does the minister propose to take any action to avert this strike?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, we in the labour department are watching the situation very closely and will take appropriate action at the appropriate time.

THE MINISTRY

INQUIRY AS TO APPOINTMENT OF SECRETARY OF STATE FOR EXTERNAL AFFAIRS

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask the Prime Minister whether he feels that it is in the national interest that there should be a delay in the appointment of a new secretary of state for external affairs until after all matters in this house having to do with the budget have been completed?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I can understand the overwhelming interest of my hon. friend in the question of the filling of this position, an interest which he had in earlier days when he was a member of the government of the day. I shall go no further than that in answering the question.

Mr. Habel: Skating around as usual.

POLYMER CORPORATION

INQUIRY AS TO STRIKE SITUATION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Labour. Has the minister anything further to add to the statement he made in this house on April 9 in connection with the dispute at Polymer, and can he say whether the Polymer Corporation has now agreed to the very commendable offer of the minister, namely to agree to mediation in this dispute as the union has already done.

Hon. Michael Starr (Minister of Labour): Yes, Mr. Speaker, the Polymer Corporation has agreed to mediation services as offered by the Department of Labour. We are now in the process of appointing a mediator.

Hon. Paul Martin (Essex East): A supplementary question, Mr. Speaker. May I ask the minister whether, in view of our friendly exchange yesterday in the matter of the Polymer strike, he can advise the house when that strike actually did begin?

Mr. Starr: Mr. Speaker, the order given by the union was for the strike to begin on March 25. However, this was not observed since the company began laying off men on March 18 and the men went out on strike on March 19.

COMMONWEALTH RELATIONS

WEST INDIES FEDERATION—INQUIRY AS TO PROGRESS IN GIFT OF SHIPS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce. Can the minister tell the house what progress is being made by those responsible for the preparation of plans and specifications for one or other of the two new ships which the government intends to give to the British West Indies federation? The minister will remember that I asked this question some two months ago, and I think he said the matter was under negotiation and about to be terminated. I would like to know where it stands at this date.

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, rather lengthy negotiations have been carried on with representatives of the West Indies with regard to the type of ship they require. I will have to report to the hon. member the progress of those negotiations.

Inquiries of the Ministry

COAL

STATEMENT ON APPLICATION OF DOMINION COAL COMPANY FOR LOAN OF $6 MILLION

On the orders of the day:

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, I wish to answer the question asked yesterday by the hon. member for Assiniboia (Mr. Argue). An application for a loan was received from the Dominion Coal Company, and the matter was dealt with on February 18 last by the dominion coal board. The decision taken was the following:

Whereas the future operations and markets of the Dominion Coal Company are, in the opinion of the board, too uncertain to justify an expenditure of $5,846,810 for a wash plant, the board recommends that the requested loan for this purpose be not granted.

BUSINESS OF THE HOUSE

INQUIRY AS TO AMENDMENTS TO UNEMPLOYMENT INSURANCE ACT

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Labour following my question to him on April 8 regarding amendments to the Unemployment Insurance Act. At that time he said the bill was being printed and as soon as it came off the press it would be introduced. Is he now in a position to state whether or not it has in fact been printed, whether it is off the press, or can he give us any further information?

Hon. Michael Starr (Minister of Labour): As far as I know, Mr. Speaker, the last investigation into this situation showed that it was still being printed.

EXTERNAL AFFAIRS

FOOD FOR PEACE CONFERENCE—CANADIAN REPRESENTATION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in view of statements which have appeared in the press, which seem to know far more about this matter than the House of Commons, can the Prime Minister now tell the house who will form the ministerial delegation to the forthcoming food for peace conference in Washington on May 4?

Right Hon. J. G. Diefenbaker (Prime Minister): As I said to the hon. gentleman yesterday, in a day or two I will give a full report on the matter.

[Mr. Churchill.]

Mr. Pearson: Mr. Speaker, may I ask the Minister of National Defence—perhaps he would prefer to take this question as notice—whether he is in a position to make a report to the house on the food bank proposal which he made to the NATO council a year ago, and which he said was under consideration by the council?

Hon. G. R. Pearkes (Minister of National Defence): I have nothing further to report at the present moment.

Mr. Pearson: Further than what?

GRAIN

PROVISION FOR MOVEMENT OF TOUGH AND DAMP GRAIN

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce arising out of a serious situation in northeastern Saskatchewan, where large quantities of tough and damp grain on farms are in danger of spoiling. Will the minister consider asking the wheat board to institute additional emergency quotas for tough and damp grain only, particularly in view of the unanimous resolution of the Saskatchewan legislature requesting that this be done?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, this question was raised on March 3 by the hon. member for Mackenzie (Mr. Korchinski), who has a greater interest in this problem than even the hon. member for Assiniboia. It was also drawn to my attention by the hon. member for Humboldt-Melfort (Mr. Rapp). Neither of those gentlemen depended upon a resolution passed by the provincial legislature of Saskatchewan in order to draw attention to this serious problem.

Now that the hon. member for Assiniboia is aware of the problem I do not mind repeating and enlarging on the answer I gave on March 3, if it is in accordance with the rules of the house. The problem at this time is not so much one of higher quotas but rather one of sufficient storage facilities at terminal positions to accommodate the volume of grain which must be moved.

The board has been making every effort during the winter months to move high moisture grain out of country positions as rapidly as possible, and for several weeks shipments to the lakehead have been confined largely to this type of grain. As a result quotas in the northeastern area of Saskatchewan are at a generally higher level than in other parts of the west. However, storage facilities at the lakehead have been congested for a considerable period of time, and

no large volume of grain can be moved to this destination until after the opening of navigation.

I am assured by the board that immediately space becomes available with the opening of navigation, priority in shipments will continue to be given to high moisture grain, and the railways and handling companies have been so instructed. The railways, in anticipation of the opening of navigation, have already commenced to load grain in volume for the lakehead, and as a result a heavier movement of this out of condition grain is already under way.

Within a very short period of time I am confident that producers in the northeastern area of Saskatchewan with high moisture grain will be provided with additional delivery opportunity in an effort to alleviate the danger of such grain going out of condition.

Mr. Argue: Since the minister's assurance early in March that adequate action was being taken has not been fulfilled and therefore this further question was necessary, can the minister say whether upon the opening of navigation additional quotas will be granted in this area to take care of tough and damp grain so there will not be enormous losses to farmers?

Mr. Churchill: Mr. Speaker, the hon. member is just repeating a question he has asked before. He is attempting to state an opinion to the house rather than seeking information.

Mr. Argue: I am trying to get an answer to this question. Will consideration be given to special emergency quotas after the opening of navigation?

Mr. Churchill: Mr. Speaker, I do not know how many times an answer has to be repeated in this house, but I will do it again for the hon. member. The problem at this time is not so much one of higher quotas but rather one of sufficient storage facilities at terminal positions—the lakehead, in this instance—to accommodate the volume of grain which must be moved.

Mr. Argue: The minister of no answers.

PUBLIC SERVICE

CIVIL SERVICE COMMISSION—INQUIRY AS TO APPOINTMENT OF CHAIRMAN

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to ask the Prime Minister if he can inform the house when a chairman of the civil service commission will be appointed.

Right Hon. J. G. Diefenbaker (Prime Minister): The answer is no, not yet.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, April 14, consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson, and the amendment to the amendment of Mr. Regier.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, in rising to speak today on the budget I am sure that all those who listened to the news broadcast at eight o'clock this morning would think me remiss if I did not offer my congratulations to the Minister of Finance (Mr. Fleming) on having been selected by the press as the next secretary of state for external affairs. I may say that I join with the press in this tribute to the urbanity of the hon. gentleman and to the tact and diplomacy with which he has always conducted himself in the house.

I may say I do so with even more satisfaction because the post, for reasons which we all so much regret, had scarcely become vacant before I suggested to my colleagues that the most likely successor was the Minister of Finance. I am sure the Prime Minister knowing that was my judgment, will not hesitate to make my prediction come true, though I knew a prime minister in the past who took a certain satisfaction in disappointing the press and even at times, in disappointing the opposition.

Mr. Diefenbaker: Do you remember one who disappointed you very recently?

Mr. Pickersgill: No, I know of no prime minister, except one, who has disappointed me recently and that is the right hon. gentleman who sits opposite. I was only one of about a million people who have a close interest in the province of Newfoundland who were disappointed by his announcement.

Now, sir, a budget is after all only a reflection of housekeeping. It is a reflection of good housekeeping, or of bad. It does seem to me that the test of a budget is perhaps not so much in what that budget contains, about which I feel there are many of my colleagues on this side of the house more competent to speak than I am—

Some hon. Members: Hear, hear.

Mr. Pickersgill: —such as the hon. member for Kenora-Rainy River (Mr. Benidickson) and the hon. member for Welland (Mr. McMillan), to mention only two who have

already dealt very effectively with the presentation made by the minister the other evening.

I intend to speak on the general theme of good faith and good management, which seem to me to be the two tests that should be applied and which in fact are applied in the long run and sometimes in a quite short run to any government. I want to recall to the minds of hon. members, particularly to hon. members in the Conservative party to my left who perhaps were not here at the time, a few words that were uttered in this house from a seat very close to the one I now occupy, by Right Hon. Louis St. Laurent on the only occasion when he spoke on the address in reply to the speech from the throne as leader of the opposition. His remarks will be found at page 43 of *Hansard* for October 16, 1957. Mr. St. Laurent said:

> It is over 22 years since the Liberal party was last in opposition. In the 22 years Canada has enjoyed—I use a word that I believe will become more widely used in that connection as time passes —I say in the 22 years that Canada has enjoyed a Liberal government we as Liberals have prided ourselves on the fact that every item on the program placed before the public in each successive campaign has been implemented in full whenever it was possible for the government or for the parliament of Canada acting alone to implement it.

He went on to say:

> This is a record of which we are justly proud. We are also proud of the fact that in these past 20 years the people of Canada have come to take it for granted that the government of Canada acts in good faith and carries out its undertakings to the people. I believe that the good faith in fulfilling undertakings that the public has received from the Liberal government they will now expect to receive from a Conservative government.

I propose to examine a few highlights because, with the record of this government, I will only have time for that, and apply to them the test that Mr. St. Laurent suggested at the very opening of the first parliament after this government took office. I also want, before doing that, to draw to the attention of the house something else Mr. St. Laurent said in that speech at page 45 of *Hansard*, because it seems to me it is very relevant to what we are considering here now. He said:

> We are all looking forward to the presentation of this budget—

That was in the last parliament.

> —and to a full debate on the case the Minister of Finance will present at that time.

Then I would ask hon. members, particularly those who were here at the time, to mark these words:

> From time to time I have noticed from press rumours that the government intends to make important changes in the fiscal policy of this country without giving the elected representatives of the Canadian people an opportunity for a full debate which, under our parliamentary system, is afforded by the presentation of a budget.

This is Mr. St. Laurent speaking.

> I refuse to believe that a government whose leading members made so much of their attachment to the rights of parliament would seriously propose, both to alter the tax structure of the country and to increase expenditures substantially without giving parliament every opportunity afforded by the rules to consider the whole financial picture and to debate fully the benefits of proposed changes upon the economy.

But that, sir, is precisely what this government did. It is true that the Minister of Finance told us before that parliament met that he was going to bring down a budget. But then he got a message from "le grand chef", who had gone to London, telling him he had made a mistake. "Le grand chef" was not presenting a budget, so there was no budget. The result, of course, gave "le grand chef" an opportunity which he would not otherwise have had; because if we had had a budget in December, 1957 the Prime Minister would not have been able to come into this house with that document which, in the most dishonest performance I have ever seen in this house, on January 20—

Some hon. Members: Shame, shame.

Mr. Pickersgill: —of 1958—

Mr. Speaker: I hope the hon. member will reconsider the adjective he used.

Mr. Fleming (Eglinton): And withdraw it.

Mr. Pickersgill: I am not going to waste my time by considerations of that sort. I will say the most incredible performance I have ever seen in this house.

Mr. Fleming (Eglinton): Mr. Speaker—

Mr. Pickersgill: Oh, I withdraw the word. The minister can sit down and not waste my time by trying to prevent me from saying what I want to say.

Mr. Fleming (Eglinton): Mr. Speaker, on a point of order—

Mr. Pickersgill: As I was saying when I was so rudely interrupted by the new secretary of state for external affairs—

Mr. Speaker: Order.

Mr. Fleming (Eglinton): I will take my seat at all times when the hon. gentleman does not give cause to members to rise on questions of privilege when he violates the privileges and rules of the house.

Mr. Pickersgill: The Prime Minister, on that occasion that we all remember, read bits and pieces out of their context from a document which was not intended for publication and which was refuted in a most complete way by the Minister of Finance

himself on June 17 last in his previous budget speech, as one of my colleagues will show later in this debate. We had the same old straw threshed over again and the same old tiresome story by the Minister of National Revenue (Mr. Nowlan) the other night. He said the Minister of Finance might not have brought down such a budget as he did if they had only known the truth, if Mr. Harris had not concealed it.

Now, sir, when the Prime Minister spoke on January 20, 1958 this government had been in office for seven months, and they stand convicted out of the mouth of the Minister of National Revenue of being so stupid, so incompetent that in seven months they could not find out for themselves what they claim Mr. Harris knew and hid three months before that. This is what the Prime Minister asked the people to believe. With that capacity for making black seem white, which no doubt convinced many juries in the past, he perhaps convinced his last jury; because I do not think he will ever convince another.

An hon. Member: Neither will you.

Mr. Pickersgill: We will see about that. I certainly do not hesitate to appear before the jury that passes on me. If the Prime Minister would like to come and contest my seat with me, it would not give me a bit of worry.

Some hon. Members: Oh, oh.

Mr. Pickersgill: I want to deal first of all with the most recent example we have had of bad management and bad faith, both at once, by the present government. I refer to the recent amendment to the immigration regulations. Now, sir, as a prelude to what I have to say I want to admit that no sensible person would urge the government at this time, when they have the economy in such a deplorable state, when there is such a level of unemployment, to open wide the floodgates of immigration. No one is suggesting that. But we did have an unnecessary and cruel act performed the other day.

I should like to draw attention to what was said about that act by the Prime Minister on April 7 last in answer to a question by the hon. member for Davenport (Mr. Morton). He suggested that if there was any discrimination in that order, that discrimination was not in the order itself but was in an order in council that was passed on May 24, 1956.

Now, sir, there is always discrimination in the selection of immigrants. Everyone knows there are only two ways to avoid discrimination. One is to let everybody in and the other is to let nobody in. What we want to avoid is improper, unfair and cruel discrimination. I am not suggesting it was the discriminatory character, but it was the restrictive character of this recent order that was at fault. What is really more extraordinary, sir, is that here was a law—because this order in council is part of the law of Canada until it is changed —enacted by the governor in council on March 19, though it was not published for quite some time after that, and here is what the Prime Minister said about it on April 7, as recorded at page 2296 of *Hansard*:

> I, for one, intend to have this looked into—

He says on April 7 he intends to have it looked into.

> —because the section indicates that the one passed in 1956 had whatever objections can be raised against the present amendment.

Any of us who served under Mr. St. Laurent when he was prime minister know that he would not have had to come to the house two weeks later and admit that he had not taken the trouble to read a document that was before the cabinet and that was to be made a law affecting the lives of people. That was not the way he presided over the government of this country, and it seems to me that no more shocking example of the mismanagement of the Prime Minister could be found than that which the Prime Minister himself gave by that statement.

We are told by the Department of Citizenship and Immigration, or by some so-called spokesman for that department, that the reason they made this unnecessary, cruel and inhuman order was to give preference to skilled workers. Of course that is the most unadulterated camouflage; there is not the slightest intention on the part of the government of doing anything about that at all. This order was just a restriction. It was an unnecessary and inhuman restriction, and it was aimed at one community in this country; it was aimed at those people of Italian origin.

An hon. Member: Nonsense.

Mr. Pickersgill: The reason it was done, sir, was that when the government realized that more people of Italian origin than people from the United Kingdom came in last year, they got in a panic. They were afraid of many of their political supporters, and they felt they had to do something about it. Then they did this stupid, cruel, silly and inhuman thing.

An hon. Member: That is pure nonsense.

Mr. Pickersgill: The hon. gentleman can make his speech on his own time and it will, no doubt, be pure nonsense.

By restricting the number and relationship of the persons who can be sponsored the government has worked the greatest hardship upon many other communities, particularly

those people from Poland who for the first time in many years are in some small numbers able to get out of their country, and who, at a time when they can get out, are being met with a slam of the door by this country.

What is more, Mr. Speaker, this was a grave affront to parliament. This order was passed on March 19. We were considering the estimates up until March 18. I happen to know something about the way in which cabinets are run. I know perfectly well that an order in council is not passed on March 19 unless a recommendation has been in the privy council office some days previously. In other words, the government knew perfectly well and the minister knew perfectly well that this recommendation was before parliament at the time when we were considering the estimates. Every member who spoke on both sides of the house complained that the minister was too tough and too restrictive in her treatment of sponsored immigrants. Not a word did she breathe about this restrictive order that she intended to have passed the very day we were denied, under the rules, the opportunity to debate it in the normal course. Then the moment parliament disposed of the estimates the order was passed and, as the Prime Minister (Mr. Diefenbaker) admitted, without any consideration.

Also, when I suggested that this was a rather dubious procedure, the Prime Minister took it upon himself to say, as reported at page 2296 of *Hansard*:

> —I am not sure that the hon. gentleman is strictly right in the lecture on procedure inherent in his question, because I seem to recollect that a similar situation arose when he was minister.

Even if that had been true, it is no excuse for the conduct of the government. If I did something wrong, that is not the slightest excuse for their doing something wrong. But that happens to be totally, completely and utterly untrue in every syllable. Every amendment which I proposed and which the governor in council made to the regulations was announced well before the estimates or during the estimates. One or two procedural changes which were not amendments to the law I announced in the house or in the estimates committee, as the hon. member for Kamloops (Mr. Fulton) will recall, while we were actually carrying on our proceedings, because in one case he took the most violent exception to what was suggested. Hence, whatever else may be said about any of these things, no one can say that I ever at any time attempted to make regulations or to get the governor in council to make regulations at a time when there was not full opportunity given to parliament to deal with them.

There is no need for a long speech on the budget by the hon. lady in order to deal with this matter. All she needs to do is to come in here honestly and admit her mistake, say that this stupid and inhuman order has been revoked and that they have gone back to the situation which subsisted for four years and which for two years the government has had a chance to change, if there was anything wrong with it; and which they did nothing about. I would strongly suggest to the hon. lady, if she were here, that instead of getting the Tory machine to write her one of those essays to say "The Liberals did this and the Liberals did that", she just come in and deal with what she herself was responsible for, say it was a mistake, make the change and get on with the business of the house.

I can deal only briefly with each of these points, but I come now to what I regard as the most shocking example of bad management we have had from the present government. I refer, of course, to the handling of the Arrow.

Some hon. Members: Oh, oh.

An hon. Member: Your ammunition is all wet.

Mr. Pickersgill: Hon. gentleman will not expect me to pose as a military expert, and I am not going to do so.

An hon. Member: Or any other kind.

Mr. Pickersgill: Or any other kind, someone says. No, I am simply a representative of the people here in parliament representing some of the taxpayers of this country.

The Prime Minister came in here and told us on February 20, as reported at page 1222 of *Hansard*, as follows:

> —frankness demands that I advise that at present there is no other work that the government can assign immediately to the companies that have been working on the Arrow and its engine . . . We must not abdicate our responsibility to assure that the huge sums which it is our duty to ask parliament to provide for defence are being expended in the most effective way to achieve that purpose.

Everyone would agree with that second statement. But if that was the case, Mr. Speaker, surely one of two things should have happened after that announcement by the Prime Minister in September. Surely the Prime Minister and the government should have given their attention to putting something in place of the Arrow. There was no possible shadow of excuse for carrying on this program one day after September when the

Prime Minister now says he reached the conclusion that this machine was obsolete, except the determination to find something else to put in its place. The government did absolutely nothing about trying to find anything else to put in its place. Instead of that, the Prime Minister made this statement which is like the Delphic oracle which was interpreted in two different ways according to the desires of the people who interpreted it. Then he went off on a trip around the world.

I am going to suggest what would have happened if Mr. St. Laurent or Mr. C. D. Howe had had to deal with this problem. In the first place, I suggest that no speech would have been made in September at all. When they realized, if they had, that this was no longer a proper military program and that we had to have the kind of co-operation with the United States about which the Prime Minister talked so much, I suggest that instead of going thousands and thousands of miles in another direction they would have gone to Washington and they would have stayed in Washington until they got results, just as Mr. St. Laurent did with regard to the St. Lawrence seaway within three months of becoming prime minister. The St. Lawrence seaway would not have been built today if Mr. St. Laurent had not gone to Washington on February 7, 1949 and had that conference with Mr. Truman which my friend the Leader of the Opposition (Mr. Pearson) will recall.

The other thing, of course, that was absolutely incredible about the management of the Arrow was this statement which the Prime Minister made about the dismissal of the employees, and I think I should read it. It is to be found at page 1306 of *Hansard* of February 23. He said:

> Was there any justification to say to everybody, "You are out", and today announce, if the press is correct, that some 2,500 are called back? What was the reason for that precipitate action? Was it necessary? In the estimates it was shown that a further amount of some $50 million was to be expended . . . Why rush them out on Friday afternoon if it was not for some purpose other than the benefit of those employees?

Some days later after that insinuation had gone all over the country and could never be caught up with the government produced the telegrams that were sent from the Department of Defence Production ordering the company to stop work immediately and dispose of its employees. That is why the company had to do it. I am sure they did not do it out of any choice. They did it because they were ordered to do it by the government and because they could not have received another cent out of the contract, as the hon. member for Laurier (Mr. Chevrier) demonstrated in the house, in order to pay wages. It is true they could pay severance pay but severance pay is not wages.

The hon. member for Kenora-Rainy River (Mr. Benidickson) and I have searched carefully through the estimates and we cannot find that elusive $50 million. Of course, $50 million is apparently a very small sum for this government, but for the taxpayers it is still a large sum of money. The casual way in which the Prime Minister was tossing about $50 million was, I suggest, characteristic of this whole business. It seems to me there was one of two things that could have been done last September about this matter. I may say that I am merely talking about mismanagement and about the budget and about financial responsibilities. One was to stop the production then if the government were not going to do anything whatever about it, as in the event happened—they did nothing —and save that money for the taxpayers. The other was—and I think it would have been a far better course—for the Prime Minister and the Minister of Defence Production (Mr. O'Hurley) and anyone else who might have any influence in Washington, to go to Washington and try to do something about it. But that is not the kind of management of the affairs of this country that we get nowadays.

The other thing about the Arrow which was a very great shock to us was this. Nobody could understand for a long time why February 20 was chosen by the Prime Minister as the date to cancel the contract. Then on March 3 the Prime Minister's supporter and friend, the hon. member for Rosedale (Mr. Walker), got up and told us why suddenly on February 20, without any warning of any kind or preparation of the employees of any sort, this order was issued. This statement was made in the house. Here are the words of the hon. member for Rosedale. He said, as reported on page 1566 of *Hansard* for March 3 last:

> —a high priced film which was intended to show, subtly, that the Arrow was going strong. Ostensibly the film was supposed to mark the 50th anniversary of flight in Canada but it was mostly about the Arrow. It was offered free to TV stations across the land—

Mr. Diefenbaker: What is the hon. gentleman reading from?

Mr. Pickersgill: From *Hansard*, the speech of the hon. member for Rosedale.

Mr. Diefenbaker: I do not want to interfere with the hon. member's prepared speech, but I think even the hon. member knows that reference to a previous debate is not allowed at this time.

Mr. Pickersgill: If the Prime Minister does not want me to read it I can paraphrase it

very well. What the hon. member for Rosedale said was that the reason the Prime Minister acted on February 20 to throw 14,000 men out of work was to ruin a T.V. show.

Mr. Walker: Mr. Speaker, on a point of order, no one knows better than the hon. member for Bonavista-Twillingate how ridiculous that is.

Mr. Martin (Essex East): That is not a point of order.

Mr. Speaker: Order. If the hon. member has a point of order I will hear him.

Mr. Pickersgill: Then we had a lot of real or synthetic indignation about lobbies and how a government which really had the interests of the public at heart would resist all lobbies. I will quote the Prime Minister on the subject of lobbies when he was not Prime Minister, in another session, so I do not think the Prime Minister can prevent these words from going on *Hansard*. On July 24, 1956 the Prime Minister was speaking on the tax-sharing arrangements in the debate on Mr. Harris' bill, and this is what he said as reported on page 6368:

I do not want to involve myself in any maritime argument—

He has changed from that too since then!

—but I would say this. There is one difference between the members from the maritimes and those from the western provinces, and it is this. While we from the western provinces do disagree, sometimes on the basis of partisanship, none the less when the welfare of the western provinces is being discussed and in particular when our major subject, agricultural production, is being discussed, we bury our disagreements and unite for the common benefit of the western provinces. Sometimes, as I listened to my hon. friends from the maritimes upholding those things which they themselves assuredly cannot support other than vocally, I wonder whether a similar united front analogous to that being formed today by the premiers of the maritime provinces would not have a most beneficial effect upon the economy of the maritimes, especially if that analogy were continued and extended into the House of Commons.

In other words, what the Prime Minister advocated when he was over on this side was that we should have regional lobbies right here in the house itself. Now he objects to other Canadians elsewhere seeking by legitimate means to protect their interests.

Some hon. Members: Oh, oh.

Mr. Pickersgill: We can see, of course, how terrified the followers of the hon. gentleman are, because when we on this side of the house have attempted to describe the coal crisis in Nova Scotia and seek to get something done about it we have seen how frightened the hon. member for Cape Breton South (Mr. MacInnis) was—I am sorry he is not here now—to have it discussed. He was so afraid that somebody might say something which might hurt the feelings of the Prime Minister and might indispose him to the Nova Scotian coal miners, with the result that nothing would be done about it. It seems to me, Mr. Speaker, that we have reached the stage where if you open your mouth and say something on behalf of your constituents it is a lobby, and nothing can be done about the problem; if you keep quiet and say nothing, then there is no problem and nothing needs to be done. Well, that is a wonderful way of carrying on government!

I would have liked to have had the time to deal with those Atlantic resolutions of the Conservative party about which so much was made before the 1957 election. We all remember that great advertisement which appeared with the pictures of all the candidates, and all those points that they were going to bring about, but I forbear to deal with that for this reason. The other day the Minister of Finance (Mr. Fleming) in a burst of cynicism, which was unusual for him, said as reported on page 1838, column 1, of *Hansard* for March 11:

That is two elections ago.

I repeat. He said:

That is two elections ago.

In other words, with regard to anything promised before 1957, there has been another election since, so it does not count. That was the attitude and the position taken by the Minister of Finance the other day in the debate to which I referred.

Mr. Fleming (Eglinton): Are you taking into account the change in circumstances over the years?

Mr. Pickersgill: There was no change in circumstances. The promise the hon. gentleman was dealing with at that time was the promise to call a federal-provincial conference, and I know of no change in circumstances—

Mr. Fleming (Eglinton): You know of no change?

Mr. Pickersgill: —except the inconvenience and uncomfortable character of such a meeting for the government.

I have many other things which I had planned to say but I have perhaps been more exuberant than I would have wished and I notice my time is running out. I would like very much to go over many of these other promises made two elections ago about which nothing apparently is going to be done. I do say that no more cynical observation was ever made than that made the other day by the Minister of National Revenue (Mr. Nowlan) in attempting to put a face upon this volte-face

in this budget, and a pretty poor face it was. But I do say that confidence is a plant of slow growth. It is a structure which can be built up only very slowly. Unhappily, confidence is always fragile. It is a most fragile thing, particularly in public life. I am glad that I could stand on this side of the house behind Mr. St. Laurent when he made that proud boast with which I opened my remarks. But this government will not be able to do it. Indeed, the confidence in this government is such that the only thing I can think of with which to compare it is Humpty-Dumpty. You remember that Humpty-Dumpty sat on a wall, and Humpty-Dumpty had a great fall; and I do not think that all McKim's horses and all McKim's men will ever put the Humpty-Dumpty of confidence in this government together again.

In a provincial election in the province where I spent 30 years of my life the premier of that province is giving promises to the people that the Prime Minister has given him the assurance that the proposed $80 million Manitoba flood control scheme will be supported financially by the federal government.

Mr. Diefenbaker: How does it look out there?

Mr. Pickersgill: It has looked very different since the budget from the feelings they had before the budget. Out there you have an exact duplication of the situation we had here. You have a spending spree of incredible proportions. But they have seen the morning after, here, and surely that will have some effect. But what I want to say is this: I do not think, after the record of broken promises that we have had from this government, anybody in Manitoba, even a Tory, is going to believe that there will be any contribution to Manitoba. Maybe if it was Saskatchewan it might be different. They cannot feel any confidence that there will be any contribution for them under this scheme unless an act of parliament is passed, and I do not mean just printed in the budget papers; I mean passed by parliament.

But the ultimate in bad faith is what we have seen in recent days. We have seen the Prime Minister take it upon himself to alter or seek to alter the terms of the agreement upon which two nations were joined together into one nation, and there will be other opportunities to debate this question. It will never be forgotten. I said to the Prime Minister just after he made his announcement on March 25 that every Newfoundlander would regard this as a betrayal, and he suggested that I could not speak for the Newfoundlanders. Well, I have been in Newfoundland, and I am speaking for the Newfoundlanders, all of them but one. And then there is the extraordinary attitude taken by the Prime Minister about the supreme court. Here is a court which for three months has been unable to function properly because it has only two judges, and the Prime Minister has the impertinence—and I use the word in its proper sense—to obtrude himself into provincial affairs and say that he will not make an appointment to that court until—

Mr. Diefenbaker: I never said that.

Mr. Pickersgill: The hon. gentleman was quoted in the press as having said it. If the Prime Minister wants to deny it he can do so afterwards, but not in my time. The hon. gentleman was quoted as having said that he would not appoint a third judge until the province had provided for a fourth.

Mr. Diefenbaker: That is incorrect.

Mr. Pickersgill: Imagine what would have happened if the Prime Minister had said that to Quebec or to Ontario. It is just because this is a small province. Why does he not say that to Prince Edward Island? They have three judges. They have never had more than three. We have had three judges in Newfoundland—

Mr. Diefenbaker: We?

Mr. Pickersgill: Well, Newfoundland is a part of Canada, and I think I can say "we" when referring to Newfoundland, even if the Prime Minister cannot.

I can tell the Prime Minister that there is one other question about which not only the people of Newfoundland but the people of all Canada are concerned. When the Prime Minister came into this house on that black Monday and took the side of the law breakers against those who were maintaining law and order he did more to destroy confidence in his government than by any other act he has done or is likely to do, and it seems to me that of all the acts of bad faith which will be remembered against this government that will, for all time, be the worst.

Hon. W. Earl Rowe (Dufferin-Simcoe): Mr. Speaker, as I listened to the presentation of the budget now before parliament by the Minister of Finance, I could not help but think that no one in the house within sound of his voice could help but realize his outstanding ability and his untiring industry and devotion to any task with which he has ever been confronted. I have always enjoyed listening to the hon. member for Bonavista-Twillingate (Mr. Pickersgill): He and I have been friends here for a long time.

We are proud in the rest of Canada to have Newfoundland join in confederation. It has great possibilities. It is the youngest province, but recently it has not been conspicuous for a child-like silence, and I know the hon. member for Bonavista-Twillingate (Mr. Pickersgill) must have realized that during these last several weeks. It has certainly caused some concern on the part of the government, but that concern was far exceeded by the distress and the excitement that it caused among that old and at one time happy family of Liberals across Canada. I am sure there must have been times when former cabinet members who now sit to your left, Mr. Speaker, must feel the tattered remnants of a once great party—have a gigantic task ahead of them.

I am afraid the hon. member who has just resumed his seat cannot be better described than by the words used of Lord Ronald when he said nothing, he flung himself from the room, flung himself upon his horse and rode madly off in all directions. I think that those who listen to his speech will have realized that he is still riding fast and furious, and still in all directions. I was listening carefully in case there might be something he had to say that I could follow, but I feel it would be unnecessary for me to try, along with him, to resurrect and fight two elections all over again in such rapid succession after such a serious defeat for his party.

The budget now before parliament is a difficult budget. I have listened to a great many budgets in this house. Canada is only 92 years of age. We are a young country. We have a tremendous structure, a tremendous setup of transportation facilities, and high costs to meet, but in the 92 years of our existence we have reason to have pride though it may be mingled with a certain degree of concern about high taxes, deficits and so forth. There is no reason for despair. I have seen great changes here. As a matter of fact, I have listened to substantially more than one-third of all the budgets presented since Canada was born.

Mr. Pickersgill: And most of the good ones.

Mr. Rowe: Yes, but I have listened to just about as many from one party as from the other and I am amazed at the way Canada has survived the absence of the policies that your party did not have. Again I emphasize that this is a young country. If I may be ultra-personal, I might say that my mother and father both lived longer than Canada is old. So there is still hope yet for the hon. member for Bonavista-Twillingate and his leader.

The Minister of Finance (Mr. Fleming) was faced with a difficult problem. He had a heritage left on his doorstep because of the smug complacency of a government which was too big and which had been too long in power and which was sitting on the side lines, like Micawber, waiting for something to turn up. They told the people of Canada that there was great prosperity before them. It was a prosperity that was born of defence production; a prosperity into which they had poured $15 billion of the taxpayers' money in 15 years.

The opposition talk about the A. V. Roe situation, or any other situation in which they made such reckless and extravagant expenditures. It is true that it was perhaps difficult for them to understand matters of this kind. They were trying to keep pace with the demands which were being made during the hot war, the post war and the cold war. Had it not been for the hot war, the postwar period and the cold war period, this country, under the lack of policy of the former government, might well have lost its economic independence entirely. More than anything else it was the $15 billion that the taxpayers of Canada poured into our economy of that day that averted that situation. As I listened to the hon. member today and those who are quibbling about dollars and cents and as to whether there are 500,000 unemployed, 499,000 or 507,000, or whether it is so many millions of dollars or not, I ask this question. Do hon. members mean to tell me that this has all developed because the public changed the guard, because the public were tired of a government that had no policy and put in a new government? If you let a country drift for two or three decades, at least over two decades, you cannot repair the destruction in two years.

The party that sits to your left now, or the remnants of that one-time great party—it looks smaller to me than ever before—was very complacent. I have sat in opposition and watched them when they were so large that they did not know what to do with themselves, when they were so complacent that they left everything as it was.

I have great admiration for the hon. member for Bonavista-Twillingate. I have known him for many years. He was trained in political technique. I am not so sure, in fact, whether he was trained by the late Right Hon. Mackenzie King or whether he trained the late Right Hon. Mackenzie King, but at any rate between them they kept the public more or less fooled for a long time. I certainly have great regard for the Leader of the Opposition (Mr. Pearson). I have known him also for many years. The older I grow the more mellow I become. The more

experience I have the more tolerant I am of the other fellow's problems, and I see his. I do not envy him, but I do suggest to him—since he is not in the house I hope the hon. member for Bonavista-Twillingate will tell him—that I have nothing but the warmest regard for him, and while I cannot from over here do much to help him I would like to ask him to take a suggestion.

I suggest that the crafty attitude adopted by the late Right Hon. Mackenzie King would be an excellent one for him to follow, namely that when things look the darkest, no matter what the problem or no matter how difficult it may be, just wait and see, something will turn up. That has been more or less the policy of the Liberal party down through the years. We have seen a trend, Mr. Speaker—I am not exaggerating when I say this—over the last two decades, as I have said, in this country that had it not been for the $15 billion that was poured into defence expenditures this country might well have ended up, as far as economic dependence is concerned, as a satellite of the United States of America.

I remember how those who are now in the opposition used to come back from Washington and tell us what they told those fellows in Washington. They would say, "We told them that if they put tariffs against this or that what it would mean to us". Oh, how vigorous and loud were they. They were so loud they almost ripped the heather of the bloom in order to emphasize what they were doing. They were doing nothing more than emphasizing their own smug complacency, criticizing the other country's policy when they had none of their own.

The people of the United States are proud; they are great business gentlemen. It has been my experience in years past to do a great deal of business with leading citizens of the United States of America. I was once responsible for a company which did many millions of dollars worth of business over a period of 16 to 18 years. There are no finer business gentlemen in the world. They appreciate you far more if you run your own business and do not tell them how to run theirs. They are shrewd operators and they have much more respect for you if you shrewdly operate your own interests. They have their own economic survival to look after; they have done a good job at it and they do not object to you looking after yours.

No, Mr. Speaker, we had a government in power for many years, as you know very well—that was before you divorced yourself from politics—that always said, "We must not do anything that will be considered provocative by the United States of America". Oh, how those words must ring in the ears of the hon. member for Bonavista-Twillingate, because I do not know whether he wrote them or whether Mackenzie King wrote them. Oh, no, we must not do anything to provoke them. Down through the years that has been their attitude.

I say this for the benefit of those younger members. I know some of those older men over there who have been around nearly as long as I have been. Some of them have been around longer, by the look of their faces, I know those men. I am sure they would appreciate the fact that there has been a change of the guard and that we have a new government. They appreciate the fact that we have the most dynamic leadership in the person of the present Prime Minister (Mr. Diefenbaker) that we have had in this country for years. They must appreciate that. If they have not met some of our younger members I will introduce them to them. We have right here in this parliament a great number of young men with the greatest amount of latent ability and background of education and experience for their age that has ever sat in any party in this house since confederation. There is a great future for many of these younger men.

The present Minister of Finance, it is true, had to raise taxes. He had the unemployment problem. I ask you, Mr. Speaker, or any hon. member on the other side of the house, whether that was merely because there was a change in government in the last year or two? It was caused more by the lack of appreciation of our problems in this country by the previous government. We have problems which are purely Canadian. Our forefathers thought of them many years ago. The first leader of our party thought of them. He knew this country was large; he knew we had few people. He knew we were to have transportation carrying charges which would be higher than those that any similar number of people had. He knew we had a frigid and cold climate. He knew that we would have to protect agricultural interests and that we would have to protect industry in this country in order to provide employment for our people.

Those who are sitting to your left, Mr. Speaker, in those days were saying the same thing as an hon. member in another place said not long ago. He is one of the leaders of the Liberal party in another place. He said a few weeks ago that the only hope for Canada was the wholesale development of our own resources. May I say to the hon. member for Bonavista-Twillingate through you, Mr. Speaker, that had that policy been followed and if that policy is followed in the future they will not be criticizing the

immigration department; there will be no immigration department. What we will have will be an emigration department because under that kind of government more university graduates and scholars will be trying to find jobs in the United States than will stay in Canada.

These are things that distinguish this party from this old, torn, worn, dusty group which is now almost extinct. We must look to the future, Mr. Speaker; we must plan for the future.

My hon. friend talks about high taxes. He criticized this government for high expenditures. He seems to forget the fact that the former government continued a tight money policy, but at the same time they were taking $600 to $700 million more than they needed. Out of the other side of their mouths they were criticizing Canadians for not investing enough money in our development. At the same time they took $600 to $700 million a year more than they needed and they wondered why we had no money to invest in the development of this country. Had we followed that trend, where would we have been?

I remember many of those finance ministers. I remember the Robbs, the Ilsleys, the Dunnings, the Abbotts and how each of them would change their policy from time to time as often as they changed ministers. I remember how each of them would say, "Why, this is cyclical budgeting. We are going to take the money from you now because we think we can spend it and take care of it better than you can." I remember them criticizing Canadians for not investing in our great resources like the Americans do. Would there be another depression? No, they said, we would never have a depression like we had in the 30's, a depression for which many on the other side blamed the Conservative party as being responsible even though the depression prevailed throughout the whole world.

Mr. Speaker, after taking $700 million a year more than they needed they now turn around and criticize the Minister of Finance because he found the gross national product at the highest level in the history of our country and still 10 per cent of our people are unemployed. Does not that spell a warning to everyone in the house? I say that nobody realizes more than the able Minister of Finance and the colourful and distinguished Prime Minister that there must be something wrong when you have a gross national product of that magnitude and 500,000 people unemployed.

The former government sat there smugly and complacently and disregarded the greatest market we had. They were flying all over the world to find markets in the lowest cost countries in the world and neglecting with reckless disregard and abandon the best market the farmers have had right here in Canada, the home market.

I have had experience in several enterprises connected with raw resources, especially farming. Believe it or not, I am still a farmer. My friend from Twillingate laughs. I will take him up to my farm some day. But, Mr. Speaker, every hon. member within the sound of my voice from Quebec, Ontario or western Canada knows that it only takes about half as many people today to produce the same amount of agricultural products as it did when I entered the house first. From being connected with it I know that with modern machinery it takes only half as many people today to produce as it did a quarter of a century ago. The hon. member for Bonavista-Twillingate nods approval because he knows that problem.

Where then is this country going to find employment for the increased population, a population increasing by 2½ per cent each year through new births and 2½ per cent through immigration? Where is the employment going to come from? Years ago you had to be a farmer to get into Canada but today it is a reason for being kept out of Canada because we do not need farmers. You do not need people in forestry. I remember sending a man to Europe 15 years ago to get 300 men. The hon. member for Bonavista-Twillingate remembers that well because he was the minister of immigration at the time and assisted in bringing them in to work in the bush. Today half as many men will do the job.

Mr. Speaker, then we have the situation with respect to manufactured products. In that regard keep in mind the general advancement we have had in science, technology and automation. Think of the utensils that are used in the kitchen now. Our grandmothers used to wash their clothes on a washboard. Our grandfathers used to grind corn by hand for feed for the cattle. Now you press an electric button. One man today can look after as many cattle, whether dairy or beef, as 10 men did 30 years ago.

So we have all these new things coming into use. As old as some of you may think I am, I am not one of those who believe for a moment that the new machinery is going to ruin employment for the people. There will be more employment available than we have people to take advantage of it if we have a vigorous policy, if we follow the

government's policy and develop our raw resources and process more of our own requirements at home in the future, which has been the distinctive policy of the Conservative party since confederation.

The Liberal party has neglected that phase of our development. They have supported a lopsided development in this country down through the years. The result is that they hoodwinked themselves by believing that defence production would ensure permanent prosperity, and they hoodwinked the whole of Canada unconsciously. I know they would not do it seriously. These apostles of world trade have been suggesting for a quarter of a century that you have got to buy before you sell. I do not know of any business I have been connected with where that ever worked out. It has never worked out. They say that you have got to buy before you sell. What has been the result? From early days we have been buying before selling. No other country in the world buys so much per capita as Canada. We buy $273 per capita, the United States of America buys $26 to $28 per capita and Britain buys $48 per capita. We think we can buy ourselves into prosperity. We think we can buy from everybody so we can sell to somebody.

Business is not one-sided. May I say again that I have great respect for the United States government and I do not want to say anything today that would reflect on our international relations. I have many friends in that country. But I say again that we cannot follow such a policy. I remember being in this house when my friend from Twillingate was secretary to the Right Hon. Mackenzie King. When he came to Ottawa first he was a nice looking young fellow. I remember well that when I came here first we were buying about $400 million more from the United States than we were selling them. I remember that in 1930 we were still buying over $3 million a day more. Then, after the 22 long and awful years, which Canada must have been strong to endure, with the Liberal party in power, we wind up buying from the United States $3 million to $4 million a day or over $1 billion more than we sold per year. Did that make the United States take any of our surplus wheat? Did it prompt them to buy any of the stuff we want to sell? No, politics are not run that way. Kissing may go by favours in politics but it does not do so in business.

I know there are some men in this house who have tried hard to mix business and politics but my view after some years in the house is that it is easier to mix politics into business than to put business into politics. It does not seem to me that under our democratic system there is an opportunity to get down to cold facts. We not only have a country of tremendous size but we have built up the strongest social security and welfare state that any similar number of people have ever enjoyed, and we live beside the United States of America. Our labour unions are controlled by heads of unions in the United States. We have no hope of bringing about reductions in wages. I have listened to bank managers from coast to coast telling government to cut down wages, to cut down expenditures and you would think it was as easy as cutting Black Diamond cheese. Can we maintain this welfare state and high standard of living while at the same time accepting any reduction in our net production? No, Mr. Speaker, the only hope for this country to maintain this excessively high standard of social security compared with any similar number of people in the world is to broaden our basis of taxation, more people, more jobs, more industry and more taxpayers. That must be done if this country is to survive.

May I be pardoned for a few minutes, Mr. Speaker, if I look back a little bit into the shades of the past. I know the policy of the Liberal party of those years. I have watched a lot of it and I have read about the rest of it. The part that I watched was even worse than the part about which I read.

We know their policy down through the ages, at a time when the United States put a tariff against everything from this country except our raw products. One of the leaders of our party, and the prime minister of Canada at that time, saw a vision. He saw that this country had to do something to keep our own people employed if we were ever going to become a nation. He brought in the national policy which became the fiscal trading policy of this country. Might I say that this is a policy which has never been diverted from and this party is in power today because they told the people of Canada they intended to change the policy then in force and give employment to our own people by processing our own resources. This is the reason we are here, and the reason we will stay here for some time. This is the reason Canada will grow and prosper as our pioneering leaders expected.

I know there are those on the other side because I have heard old quiet Liberals pleading in their ridings and pleading in this house for support for tariff changes. I heard one in this house plead for tariff protection on bones, bottles and rubbers, and he was from Waterloo North. He is not here now; he did not get the protection. But we have watched this down through the years.

The United States of America did not retaliate. They had more respect for our prime minister of that day than any other leader in Canada. In those days the Liberal party was shilly-shallying between commercial union and political absorption by that country.

A few years later the Liberals ran an election on commercial union, and thank the Lord they were defeated. A few years later they suggested reciprocity. The United States, in the meantime, had wanted our raw products. It is true that there is always a joker in the thing. Afterwards it became known that there never was a reciprocity agreement for the Canadian people for all products. There is not an hon. member within the hearing of my voice who can deny that. It was proven two months after the 1911 election that we never had been offered reciprocity except on some raw products. All we had been offered was an open door in the United States for all our raw products. Two years afterwards the new tariff that came in under the Wilson government gave us free entry for more of our products than had ever been proposed in the reciprocity agreement. We, as Conservatives, have been condemned all through the years for turning that down. It was as empty as anything could be.

Then, following that we had the Fordney-McCumber tariff. I remember that well. It resulted in an open door for our raw products. I had been selling cattle on my farm. Overnight livestock prices dropped from 22 cents a pound to 12 cents and hog prices dropped from about 18 cents per pound to 7 cents. The Fordney-McCumber tariff resulted from the fact that the farmers of the western United States saw a little depression coming up and they did not want our cattle coming into the country so they closed us out overnight. This is no discredit to them because they are running their own business. We did not howl about it or run as cry babies to Washington.

Then in 1928 or 1929 they brought in the Hawley-Smoot tariff. They needed cattle again and we sold cattle to them at 28 cents a pound. Then they closed that overnight, too, just when they saw a world depression coming. I, myself, later sold cattle for a nickel a pound. There is an old adage that there is no sentiment in business. I cannot even sell you a race horse if you do not want one, no matter how friendly we are. Do not let us kid ourselves. This goes on down through the years.

The Right Hon. Jimmy Gardiner, who was a great friend of mine and must have been a great friend of many across the way—I am not going to say he was any better than what I see over there, but he was just as good—was a marvellous politician. He never missed a trick. Now, my dear Jimmy, since he is in the twilight of his better judgment, since he knows he is not going to return for another parliament at least, said the other day that there was no use going on with our tinkering experiments for agriculture. He told the members of the federation of agriculture that irrespective of deficiency payments on wheat, floor prices or subsidies, the only long term solution for agriculture is the development of our home markets by decentralized industry across this dominion. Oh, what a difference a few years makes. I said that 25 years ago, and he laughed at me.

Then, I should like to say a word or two about the imperial trade agreements. They were brought about by another revenue tariff brought in by the United States of America. I was here at that time. When the Right Hon. R. B. Bennett saw that he said that our only answer was to call an imperial trade conference. May I make it short, because I see my time is going. The imperial trade agreements that were brought in in 1930 have been the most misunderstood, the most underrated, the most misrepresented by the Liberal party, every one of whom condemned them, of any trade agreements that have ever been entered into by this dominion. What did they do? They fixed the situation in Europe and in England where, for instance, we were selling only five per cent of British Columbia fir timber. At that time the United States was selling over 65 per cent of the British requirements. A year after the imperial trade agreements we sold over 93 per cent and the United States sold only 6.3 per cent.

In so far as our agricultural and other products were concerned, we sold over 43 million pounds sterling during those depression years. During the next two years, with a world depression, that market increased to 71 million pounds. We saw more United States factories built in Canada in a time of depression than have ever been built in Canada by the United States even in the most lush times. This is the history, gentlemen, of this situation that we dare not ignore.

We know that the United States suffered a great body blow so far as her markets in Britain were concerned. They knew it. The result was that in 1937, after Africa had been supplying the British with oranges and grapefruit and Australia had been supplying them with other fruits, wheat, barley and other products, the United States was so desperate that the late Right Hon. Mackenzie King and his party sacrificed many of our advantages under the British preferential agreements in order to please the United States of America and make a deal by which they could draw up an Anglo-American

treaty. They were so complementary to each other that they were both signed on the same day, November 17, 1938. We surrendered the advantages that we got and left the door open for more competition in our home market.

What is the result today? In 1955, one of the last years of the Liberal government, just as they were quietly slipping out of office, we were buying $3.5 billion worth from the United States of America, and about $900 million worth of stuff that we could have manufactured here at home. United States statisticians and economists brag about the fact that they had about 700,000 people employed in the United States producing products for consumption in Canada.

Mr. Speaker, it is almost too late. It is later than we think. Canada cannot afford this any more than we can afford to compete in this cold climate with the tropical production of agricultural products. In Canada in our manufacturing industry you can take your coat off and work in your shirt sleeves when it is 50 degrees below zero. But if you try shovelling snow behind the barn when it is 40 degrees below zero and try to compete with Australia or New Zealand in the dairy industry, then you will find that we have a difficult situation.

The GATT agreements were drawn up ten years ago by the former government. Hon. C. D. Howe at that time said, "We have lowered our trade barriers; we have done more to make it possible for people to sell in Canada than has any other country in the world". When he went into the trade agreement it was like going into a gun battle after you have thrown away your gun. What happened? Is there an hon. member who can rise in his place and tell me that the general agreement on tariffs and trade has helped industry and development in this country? It has not helped one iota. The situation is similar to that in 1930 when the Liberal party wanted to have a countervailing situation. They became tired of their free trade doctrine. They wanted to have countervailing duties. The late Mr. Dunning said, "We will have a countervailing situation. If Washington raises tariffs, we will raise ours." In other words, we delegated our responsibility in fiscal matters to Washington. Then they go to Geneva.

Mr. Speaker, these problems are purely Canadian problems. This climate is purely Canadian. Our geographical situation is purely Canadian. I just want to say this. With the great forthcoming Russian competition, with Japan selling today for 40 per cent less than the United States with her mass production can supply goods in Europe, and with China selling for one-third or 30 per cent of the cost of our product, do you mean to tell me that the European bloc is going to solve our problems? The only place where these problems can be solved is here. They are Canadian problems and can only be solved by Canadian policies.

Whether we like it or not, I am satisfied that we are living in a different age. I have long since awakened from dreaming about the federation of the world. Some day when we are all one family, with NATO and all the rest combining in technical matters, in science and military affairs, and everybody being his brother's keeper, everything will be fine. That sounds fine and it will be fine. But when it happens, certainly some of us older ones are going to be upstairs looking down. It is going to take a long time.

But in the interval, Mr. Speaker, let us not fool ourselves. These problems are purely Canadian. We have the highest rate of cost of any people in the world per capita. We bring in more from outside the country than any other people in the world. We are recklessly extravagant because we have the greatest resources of any similar people in the world. The great St. Lawrence development, the great two systems of railways and all that they mean cost money. The only hope for lower taxes, for Canada's long term solvency and security, whether in war or in peace, is more people; and in order to get them we need more jobs and more industries. We need encouragement for those industries just as much as we need it for the farmer.

Agriculture is extremely important. When I entered this house first, 45 per cent of the people were employed in agriculture. Agriculture was the backbone of the country. I worked that "backbone" idea until everybody got tired hearing it. Today the manufacturing industry produces more national wealth and gives more employment than all of the primary industries combined, including agriculture, mining, oil wells, fishing and lumbering. I recall reading the other day a C.N.R. survey report in which it was stated that they had studied industrial centres like Joliette, Three Rivers, Stratford, Ontario, and other places—seven or eight of them—and had found on the average that 100 men employed in a plant gave 427 other jobs and meant a million dollars of retail business. Mr. Speaker, just stop and think of what we could do in our democracy.

In my closing remarks, Mr. Speaker, I just want to say that these problems are unique to Canada and must be solved in Canada. Do not let anybody tell you that during the regime of my hon. friend who just preceded me and who is temporarily at least leading the party, you led the world

because you did not. In ten years following the war old England—and many in their party thought that she was all through—increased her industrial activity by 48 per cent. Australia increased hers by 40 per cent. West Germany increased hers by 53 per cent. The United States increased hers by 37 per cent. We increased ours by only 25 per cent. We have fallen down. We have lagged behind the world. It is a wonder some of their friends in the other place cling to the old dusty doctrine that we have nothing to sell but our resources, that we do not know how to make things out of them.

In conclusion I would just say this, Mr. Speaker; when I see you rise I will sit down. I say this to the government in all sincerity. I have absolute confidence in this government, in the leadership and in the great battalions that is behind them with their youth and ability. But, Mr. Speaker, these are purely Canadian problems and they cannot be solved by policies fashioned in Washington or anchored in Geneva.

(Translation):

Mr. Yvon Dupuis (St. Jean-Iberville-Napierville): Mr. Speaker, you have no doubt noticed the prolonged applause that followed the speech of the hon. member for Dufferin-Simcoe (Mr. Rowe). Our friends opposite probably meant this as an expression of their great joy, because the representative who just sat down made them forget for a few minutes the intense blackness of the budget submitted last week by the hon. Minister of Finance (Mr. Fleming). I can understand their rejoicing and hardly blame them for it.

Mr. Speaker, the hon. member who just sat down again recalled the years of deep darkness which, according to him, marked the period during which the Liberal party was in power. Well, as I looked at him a moment ago, standing there tall and erect, pinkcheeked, firm of voice, dapper, in a freshly-pressed suit, with a handsome tie, white silk shirt and gold watch, I said to myself: "Well those 22 years of Liberal rule were not so hard on him, after all!" Judging by his looks, I would be very very much surprised if the hon. member had suffered any hardship during those years of Liberal administration. He certainly was not brought up on dishwater and blueing.

And now, Mr. Speaker, to get back to the matter we should be considering, the budget speech. I hope the hon. member for Dufferin-Simcoe will bear me no grudge if I do not continue in the same vein as he did, harking back to remote antiquity. Before I go on, may I express the wish that he remain as healthy and jovial during the years of Conservative government that lie ahead, as he was during those of the last Liberal regime.

Mr. Speaker, last year, the hon. Minister of Finance introduced his first budget to the country; it was the first budget of his parliamentary career. When he announced small tax reductions, we said that they smacked of funerals. In fact, they had to do with cut flowers, rat poison and ambulances. Today we readily realize that, in fact, he was preparing a first class burial of all those promises and illusions which the Tories had advertised in the last election campaign.

Mr. Speaker, the budget introduced by the hon. Minister of Finance last week is one which is worthy of the last Conservative regimes, worthy of Mr. Borden, of Mr. Bennett and, 30 years hence, history will record that it was worthy of Mr. Diefenbaker. No one will escape its effects. All classes of citizens, small, medium or big, wage earners, individuals, corporations, all are affected. There is a general tax increase in all fields. And the hon. Minister of Finance, who is well known for his poise, came into the house the other night, without a quiver, and announced with a smile on his lips that the deficit was not very high, only $600 million. What a piece of news! What a great joy for the people of Canada!

However, Mr. Speaker, the hon. Minister of Finance could not help looking a bit crestfallen and his smile was a bit strained, because he introduced that evening an unprecedented peacetime deficit, a peacetime increase in taxation which we had never seen since the Borden and Bennett regimes.

Mr. Speaker, what cannot be overlooked,—and what our friends opposite forget to tell us—is that not a single promise made in the course of the last election campaign has been fulfilled. The government was elected on false promises and, today, coming as they do here to violate their promises, I say, like the whole Canadian people at present, that they do not deserve our confidence. They distorted the facts, they ignored their promises: they should then resign at once, before it is too late.

And that, Mr. Speaker, is but one instance of two years of Conservative government. What will be the situation two years hence?

An hon. Member: The finish!

Mr. Dupuis: In all parts of the country, people say that they want a change of government. Everywhere in the streets we hear people say: "Just wait, as usual, they won't be there for long."

Yesterday evening, the hon. Secretary of State (Mr. Courtemanche) made a surprising speech. He who had promised to all and sundry that a Conservative government would mean prosperity and lower taxation, told us that in his view the Minister

of Finance's decision to boost taxes was a very wise one. Drawing a comparison, he said: Look at France, General de Gaulle is popular. Everything is shipshape over there and yet he has increased taxes. Therefore we are also right in raising them.

Mr. Speaker, the situation in France, when General de Gaulle took over, was different. He came at a time when that country was in a deplorable state, without a stable budget, whereas, when our friends opposite came into power, they found the country in a state of prosperity never before reached in the course of our history. And in order to make the hard pill of taxation easier to swallow, the Minister from Quebec pointed out that during his budget speech the hon. Minister of Finance had spoken in French for one minute out of two hours. That is a fine effort on his part! That is grand! We appreciate it very much, but you may be assured, Mr. Speaker, that the French population of Canada would have preferred to hear him speak English during that minute or two, if it could have served to announce lower instead of higher taxes.

Mr. Speaker, I should like to recall the promises made by our friends opposite. Oh, I know they do not like being reminded of those fine promises, advertised in the weeklies of the various constituencies they represent here, extraordinary, fantastic, astounding promises. "We shall reduce income tax." "We shall abolish the sales tax." "Under the Conservative government, nobody will suffer from unemployment." "We shall undertake huge public works projects." "We shall call at once a federal-provincial conference to solve fiscal problems." Two years have elapsed since then, and the conference has not yet been called. We are still waiting. "We shall appoint an ambassador to the Vatican." It is about time to do so. "We shall abolish the wastage of people's money." "We shall reduce the wastage in the Colombo plan." "We shall see to it that the provinces regain their autonomy in the field of education." "We shall abolish federal help to universities." "We shall increase family allowances." "We shall grant old-age pensions to people at 60." "We shall introduce an emergency measure to protect our textile industry against dumping." "We shall introduce, at the very first session, a vast farmers' assistance program." *Ora pro nobis.*

Mr. Speaker, all that was vision. All that was but idle promises. All that was but a joke. And, as an illustration of the monumental blunder of our friends opposite, here is a cartoon which appeared in the Toronto *Star*. You can see it as well as I do, since you are not very far, Mr. Speaker, just look how fine this is. Here is the Prime Minister; he looks very natural. And, standing by his side, is Mr. Fleming, the present Minister of Finance. And then, you can see John Q. Public in front of both.

Mr. Pigeon: I hope it is not Smallwood?

Mr. Dupuis: No, he is not as "small" as the hon. member who has interrupted me. And then, we have the Prime Minister of Canada inviting John Q. Public to look through a telescope, and telling him "Come and see the fine vision". Unfortunately, John Q. Public is being shown the telescope by the wrong end. And, while John Q. Public is peering through the telescope, there is a certain Mr. Fleming coming behind to tell him, while he is snatching John Q. Public's wallet: "Now, come here my child." And John Q. Public is standing before the Minister of Finance who says to him:

(Text):

Come and see the nice vision.

(Translation):

And, Mr. Speaker, it is regrettable that we may not copy that cartoon, because, frankly, more than one Canadian would find it singularly timely. May I put it on the record, Mr. Speaker?

A few moments ago I referred to some fantastic promises made by our friends opposite, but we should not forget that in addition to not fulfilling those promises, they took the same action they had condemned in the past.

Last winter, I was listening to a French television program, and I had the pleasure of seeing the Minister of Finance with the hon. member for Chapleau (Mr. Martel) sitting on his right and the hon. member for Dorchester (Mr. Drouin) on his left. It was really something to see! The hon. member for Dorchester had in his hand a small sheet of paper and, turning towards the minister, as we used to do at school during the rhetoric class, he said: "Mr. Fleming, is it not true that the country is going through a period of amazing development?" And Mr. Fleming replied: "Yes indeed, we will restore the nation's prestige." Then the hon. member for Chapleau asked. "Is it not true, Mr. Finance Minister, that the country has been waiting a long time for the return to power of the Conservatives?" "Indeed", replied the Minister of Finance, "Canada will be going through years of prosperity such as it has never known."

Well, Mr. Speaker, that was a program for political meetings, a monumental hoax, a television program, a huge joke, all lies and false promises.

The other night, the Minister of Finance recalled in this house a little story which, he thought, was most original. This is what the Minister of Finance told us on March 30, 1953:

I speak as one who does not smoke and who is not personally affected by this present bill.

We were considering the excise tax bill on cigarettes, and the hon. member went on to say:

But as a non-smoker, I wish to say that I think the taxes on cigarettes and tobacco are still too high. I wish to say also that, if we have a smuggling problem at the border today with respect to cigarettes it is largely the creation of this government by its boosting sky-high of excise taxes and other impositions on cigarettes, particularly the large advances in taxes that were made two years ago.

Now, when the Minister of Finance was just an opposition backbencher, he used to attack the Liberal government which was then having budgetary surpluses, saying that, when the government wanted to raise the excise tax on cigarettes, it was contributing to inflation.

Well, Mr. Speaker, the same Minister of Finance came to us the other evening, well groomed, with a nice Fleming smile, to announce that he proposed to increase the excise tax on cigarettes. What promises! What results! What disappointment! And, just do not try to tell the Minister of Finance that he was wrong! Oh! no, his budget is a fine one, the deficit is only $600 million. He will not accept any comments, nor any criticism. He knows where he is going.

He reminds me, Mr. Speaker, of the Pharisee in the Gospel who exclaims: "I thank Thee, Lord, that I am not like other men. I do not smoke, I do not drink, nor am I the same type of minister of finance as my predecessor, having never indulged in too many surpluses."

Mr. Speaker, there is also another member, now a minister in the cabinet of our friends opposite, who made the following statement, as reported on page 492 of *Hansard* for October 29, 1951. Here is the statement made at the time by the hon. member for Three Rivers, who is now the Solicitor General (Mr. Balcer):

Finally, another means the government has found to meet the rising cost of living is the setting up of an additional cigarette tax—truly an unduly high tax. I submit that the government is now inducing the Canadian people to become the greatest smugglers in the world.

Mr. Speaker, not only is the present Conservative government driving Canadians to become the greatest smugglers in the world, —when people are starving, you never know what they can do—but it is driving the country back into the dark days of the former Conservative government.

Moreover, Mr. Speaker, I should like to remind the Minister of Finance that, when he was in the opposition, he blamed the Liberal government for daring to increase the 4 per cent tax levied by Bennett, namely the federal sales tax. And here we have, as Minister of Finance the same man who, in the past, would shout and rant against an increase in the sales tax and declare that if the Conservatives were elected to office, they would remove that evil tax which was creating inflation in Canada.

Here is part of a remarkable speech made by the Minister of Finance when he was in the opposition. Discussing the sales tax, he said this:

(Text):

This tax still applies on clothing, boots and shoes, furniture, some processed foods, all of which are basic necessities of life. Is it any wonder that today we are not very far away from the danger of recurring inflation? I do not believe even the minister will stand up in this house and say that the danger of inflation has passed. Then why does the minister insist on heaping up these indirect taxes which have such an inflationary effect. They boost the cost of living; they reduce the value of savings and insurance and make more difficult the lot of those who are trying to procure housing for themselves. This budget lost a great opportunity to do something for the people with small means or small incomes in neglecting to reduce the sales tax.

(Translation):

Well, Mr. Speaker, last week, despite all the promises that he had made, the same Minister of Finance who was then opposed to sales tax informed us without flinching, that he was now increasing the sales tax which he condemned in the past.

Moreover, Mr. Speaker, I have here a quotation of the man who is the present Prime Minister. Here is what he said on February 15, 1954, about the new sales tax:

(Text):

Mr. Diefenbaker: Sir, there is a move the government might make, the removal or reduction of the sales tax that in considerable measure acts as a detriment to the expansion of trade through competition.

(Translation):

And they dare today raise the sales tax!

When the hon. Secretary of State (Mr. Courtemanche) made a speech last night, did he refer to the appointment of an ambassador to the Vatican, he who had so insistently urged the Liberal government to take such a step? Did he refer to that matter, he who, during the last election campaign in the province of Quebec used to blame the Liberal government for not having appointed one while all recognized countries in the world have their ambassador there? If last night the Secretary of State had been consistent, he would have repeated what he said in the House of Commons at the time the Liberals were governing the country. I quote from page 553 of *Hansard* of March 18, 1952, where I find what he said then:

Mr. Courtemanche: But I wonder why Canada goes on ignoring the existence of the Vatican, where the other great nations of the world, nations which sometimes count an infinitely small minority of Catholics make a point of being represented by an ambassador or other official envoy.

Well, Mr. Speaker, I do say this to the Secretary of State, to the Minister of Finance, and to the Prime Minister: You promised to reduce taxes, but you did nothing; you promised to balance the budget and you give us a budget showing a deficit of $600 million; you promised to abolish taxes on cigarettes and you increased them; you promised to abolish the sales tax, and you increased it; you promised to name an ambassador to the Vatican and you do not talk about it any more; you have repeatedly deceived all the people of Canada.

Mr. Speaker, as far as corporation tax is concerned, the Minister of Finance, when he used to sit on this side of the house, had this to say:

(Text):

What were the effects of the increases last year in the corporation taxes? They were passed on wherever possible and the effect was inflationary, as it added to the cost of living.

(Translation):

And, Mr. Speaker, during the discussion of the budget in 1952, and still in the same speech, Mr. Fleming told us as we can see on page 1535 of the official record of April 23, that the increase in corporation taxes automatically brought about a raise in rail and telephone rates.

Well, Mr. Speaker, even before the present hon. Minister of Finance announced an increase in corporation taxes, the Bell Telephone Company has been allowed—under a Conservative government and without consulting Parliament—to increase its rates while railway companies are increasing their freight rates.

And, Mr. Speaker, there are still people in the province, in this country and even here, who attempt to discredit a government that was a thousand times better than the present administration of this country.

I now refer to another page of *Hansard* where I find a statement made by the present Minister of Finance on March 12, 1952, as may be seen on page 375:

(Text):

I may say that the time has come—and this is my final word—

(Translation):

It seems, Mr. Speaker, that his last word has not been spoken yet.

(Text):

Mr. Speaker—when this government should be told to let the people handle their own money. We want to develop the resources of this country. We have to have capital. That capital must come from the savings of the people and from profits. We must have that kind of capital. We must have savings. We cannot have them if the government is going to go on fleecing the people of this country by gouging them with these heavy taxes. We are depending today far too heavily on foreign capital for the development of these resources. We want to see more Canadian capital going into the development of our own Canadian resources. We must have increased savings. We must have increased earnings in Canada. We cannot have those as long as the weight of federal taxation in this country is so seriously retarding Canadian enterprises.

(Translation):

And the same Minister of Finance has completely changed his mind since he has been in office. Not only does he not abolish the corporation income tax, which helps increase the cost of living and creates inflation, but the Minister of Finance, solemn and unflinching, stands there proudly to announce that his Conservative government is increasing that tax which he had previously denounced.

There are other passages which I could quote, and which show what he thought of the then government, for instance his statement of March 3, 1955, but which he now denies.

Mr. Speaker, need I recall all those things? There is not a single Canadian who does not know how the Conservatives betrayed their good faith during the general election. How many promises were made which remained a dead letter? The hon. member for Three Rivers who is now the Solicitor General, rose in the house in 1956 and blamed the Liberal government for its failure to raise family allowances. It was the same minister who travelled through the province of Quebec in the last elections, making speeches in favour of our friends opposite. He would say: "We Conservatives have some consideration

for large families, and we will increase family allowances." Have they been raised? No.

The only increases we have seen since the budget was laid down have been tax increases, in short increases of every kind, but never an increase in social welfare benefits. Those were false promises, misleading words to hoodwink the electorate.

Mr. Speaker, a while ago I heard my friend the hon. member for Dufferin-Simcoe claim that the Liberals had done nothing for this country. I suppose they did nothing in the field of social welfare! No social legislation was passed by the Conservatives. The legislation concerning old age pension, the blind, the disabled, unemployment insurance, family allowances, was enacted by the Liberals and gave something to the people.

In regard to the sovereignty of this country, did the Liberal party not go forward? Under the able guidance of the Right Hon. Louis S. St. Laurent, did the Liberal party not give Canada a sovereignty which was unknown before? At this stage, I only want to mention some of the measures passed by the Liberal government, which have brought about the recognition of the sovereignty of this country: the Canadian Citizenship Act, a Liberal achievement; the abolition of appeals to the London Privy Council, a Liberal achievement; the repatriation of the Canadian constitution, a Liberal achievement; the appointment of a Canadian governor general, the establishment of a Royal Military College in the province of Quebec, the setting up of an autonomous Canadian military force, all those were Liberal achievements.

In the administrative field, the Liberal party has given this country the finest years of prosperity ever enjoyed by Canada. Under the administration of Sir Wilfrid Laurier, whose policy we are proud to continue; under the guidance of the Right Hon. William Lyon Mackenzie King whom we respect and venerate as a great Canadian leader; under the guidance also of the Right Hon. Louis St. Laurent, this little French Canadian from Compton, who made this country famous throughout the world, the Liberal party has endowed Canada with a prosperous administration. It is claimed in this house that the Liberal party did nothing for 22 years. Everything the Liberal party did has been of benefit to those very people who, today, talk with indescribable ingratitude.

Mr. Speaker, through the fault of those same people who misled us and abused the Canadian voters, with the help of the Duplessis administration which our friends hold in such high esteem, every year, in the province of Quebec we are losing—I am referring to the federal field—millions of dollars we should be receiving from the federal treasury. The citizens of Quebec pay taxes just as the rest of the country, and they too contribute to the country's development, but when the time comes to receive their fair share of the money they have paid out, and which should be distributed to all Canadian provinces, it is another matter. This through the fault of those very people who are now facing us from the opposite side of the house, and who lied shamelessly in the last elections, saying to the people: "Vote for us, the Duplessist candidates, and when we get to Ottawa, things will change. You want an ambassador to the Vatican? He will be leaving the next morning." Apparently, he has not yet taken the boat.

The same people also declared: "We will abolish grants to universities". What a farce! Have the grants been abolished? On the contrary, they were rapidly increased. What a bunch of jokers!

They also promised to put an end to contributions to the Colombo plan. And, Mr. Speaker, it was quite a sight to see the publicity we were subjected to in Quebec, with full pages in daily and weekly newspapers: "The Liberals give to the Colombo plan; Mr. Duplessis gives to his province". Those same people travelled throughout the province making this statement: "Vote for us, send us to Ottawa, we will straighten things out and bring back the taxpayers' money given away to the Colombo plan". Once in power, they do not get the taxpayers' money back from the Colombo plan; instead of that, they allocate even more of the taxpayers' money toward the Canadian contribution to the Colombo plan. Liars! Whited sepulchres! Pharisees!

Every year the province of Quebec loses millions of dollars by refusing to accept federal grants for the building of the trans-Canada highway and help to universities and other federal grants in different fields, when taxpayers in my province are paying the same taxes as any other Canadian taxpayer.

Well, Mr. Speaker, we, the Liberals, want to live as Canadians, we are proud of being Canadians and I will point out the great difference between the Conservative party and the Liberal party. The Liberal party is a national party with a single concept, a single thought and a single national philosophy.

Chameleon-like, the Conservative party changes its color or philosophy according to its environment. Go out west, you would hear a speech prepared for people of that part of our country. But, in Quebec, the speech is altogether different.

Well, Mr. Speaker, I would rather be a member of a truly Canadian party, such as the Liberal party. We, Liberals, are in favour of the Colombo plan and we never said otherwise.

We also hold that the rights of the French language should be respected. You will never be able to quote a Liberal member as saying anything in this house against the French language. However, we have heard an Ontario member, on the Conservative or Tory side, remind us that it was one of the privileges we owed the Freemasons to be able to speak French in this country.

Such statements are vicious and unfortunate and they undermine national unity.

Mr. Speaker, you have never heard any Liberal member come out against "O Canada" as the national anthem. However, within the Conservative party, two ministers—quite candidly, suddenly, without thinking it over, and without any question having been asked—said that they were against "O Canada" as a national anthem.

Mr. Speaker, before closing, I might say that the Liberal party has given Canada a solid doctrine, and a Canadian citizenship that is recognized everywhere. And this brings back to my mind the trip made abroad by the Right Hon. Mr. St. Laurent. I recall that when he walked into Notre Dame cathedral in Paris—the story was reported at length in all newspapers—when this grand old man with silver hair walked down the central aisle, the grand organ of the cathedral broke into "O Canada, our Home and Native Land", That, Mr. Speaker, was a great day in our history.

We are now living in troubled times, that of the Conservative regime, which take us back to the dark years of the Bennetts and Bordens. Two years in power, and all promises broken. I shall now take them one by one, and you will note that all of them were broken. Instead of administering the country, they will joke about the whole thing.

The Conservatives had promised to reduce the income tax; they increased it. They have promised to abolish the sales tax; they increased it.

They also said that nobody would suffer from unemployment. I need not say more on this count.

They said they would undertake huge public works projects. Those are still to come.

They had promised—that was in 1957—to call a federal-provincial conference at once. I feel they are not very anxious to do so, lest they be criticized by the provincial delegates.

They had promised to appoint an ambassador to the Vatican. As I said a few moments ago, he hasn't taken the boat yet.

There was also a promise with regard to restricting the waste of the people's money, comprising aid under the Colombo plan; now the Canadian contribution has been raised.

We had been promised provincial autonomy in matters of education; our friends from the province of Quebec just voted an increase in the assistance given to the universities.

We had also been promised a raise of family allowances; we are still waiting for the Solicitor General, that fatherly minister, to do so.

There had been a promise of old age pensions from age 60; there are now citizens who are 62, 63 and even 64, but they are still waiting.

We had also been promised an emergency act to protect the textile industry against dumping; we are still waiting for that.

We were also told of plans to launch a vast program to help our farmers; that is still to come.

Mr. Speaker, all hon. members have the duty to denounce that phantom budget which has deceived the good faith of our voters and to tell this country right out: "The Conservatives have made promises which they did not keep, they have mentioned a vision for which you are paying dearly today. Wake up before it is too late."

(Text):

Mr. E. Nasserden (Rosthern): Mr. Speaker, it is indeed a pleasure to have this opportunity to take part in the budget debate. I remember having my name on the list last year and the debate concluding before I had the opportunity to congratulate the Minister of Finance (Mr. Fleming) on his budget. Almost a year has passed since then and we are now in a good position to assess his achievement in last year's budget. I recall the expenditures it provided for such things as home building, a program that took approximately $550 million out of the treasury of Canada last year; the millions of dollars approved to improve the condition of the aged, the blind and the incapacitated; the supplementary payments to the maritime provinces to support their recovery after 22 years of Liberal rule; and the grain assistance payments to the farm people of the prairie provinces.

As the hon. member for Kenora-Rainy River (Mr. Benidickson) indicated on budget night,

the present budget is a record-breaking one for peacetime or wartime expenditures. Last year his criticism of the budget was that it was not planned. This year his criticism of the budget is that it was not planned. Last year he said it "growed". This year he said that "it only happened". He has not changed his tune very much, though he was somewhat subdued in his criticism this year and his whole attitude indicated that he was not eager to indicate that there would be a million unemployed this year or that there would be a billion dollar deficit as he indicated last year.

When all arguments of logic failed him he drew on the reconversion loan of last summer, garnished it with the bond market weakness in the United States of America and came up with the significant question as to why the government is not undertaking a study as is being undertaken in the United States with regard to the outstanding bond market weakness there. Any third grade student could have told him that the government foresaw conditions and launched the reconversion loan drive rather opportunely to protect the refinancing of Canada's war loan maturities which were products of the Liberal government during wartime.

When the hon. member for Kenora-Rainy River and his colleagues mentioned bad faith, lower taxes and increased expenditures for services they display some of that old spirit of degenerate Liberalism that convinced the Canadian people it was time for a change. When the hon. member for Bonavista-Twillingate (Mr. Pickersgill) referred to the Right Hon. Louis St. Laurent's remarks with regard to how they kept their pledges, which the hon. member said were implemented in full, he even went so far as to say that he was proud of that proud boast. He called that kind of record the ultimate in good faith. He indeed has my sympathy; indeed, all his colleagues have my sympathy. It must be humiliating to them to see many of their favorite election pledges being brought into being by a Tory government. I think of such things as the South Saskatchewan river dam, not endorsed by Louis St. Laurent but long a promise of Liberal members of the House of Commons at election time. The reality of this project now taking shape must certainly take on the aspect of a vision to many of those who were in the front benches of the Liberal party. It is not the kind of vision that the Liberals scoffed at so scornfully last year but one which brings vividly to their minds thoughts of opportunities lost and dreams shattered but not entirely forgotten.

I think of health insurance, long a plank in Liberal platforms but today a living thing put in force by a government that tries to keep its promises, and in this instance a Liberal platform promise also that goes back to 1919. I would have mentioned the history of the old age pension fund but the Minister of National Revenue (Mr. Nowlan) took the Liberals down a path that they hoped had been forgotten as he traced the utterances of the Hon. Douglas Abbott on the financing of that fund.

No wonder the financial critic of the opposition was subdued in his criticism. He knows that the government is today proposing expenditures of $1,212 million for the municipalities and the provinces compared with an expenditure of $689 million in the year 1956-57. When he complains that almost every pocket is hit let him remember that the main increases in the budget fall on purchases of tobacco and whisky, plus the increases in corporation taxes. Would he care to offer any alternative sources of revenue? To be perfectly frank, he did not attempt to perform the good offices of an opposition critic. He went back to defend the 1954 Liberal budget and well he might, for Canadians remember that that was about the time that things began to get difficult for them.

The C.C.F. critic has not learned much since a year ago. Like the rest of his colleagues, he labels everything under consideration as misleading if it does not give him the opportunity and cause to criticize the government. The C.C.F. have always hated the man who leaves a good estate and once again they have expressed that hatred by calling for a capital gains tax and lower interest rates. Anyone who is interested in the history of economics knows that the greatest benefactors of capital gains are widows and orphans and the retired men and women of a country. The C.C.F. would deny these people the benefits of a decent rate of interest on their sole source of income in many cases, an odd way to practise, "humanity first."

I was pleased to hear the hon. member for Hull (Mr. Caron) recall the by-election in the province of Quebec. We on this side of the house are thankful to the people of that riding for the confidence they expressed in last year's activity by sending to the house the hon. member for Montmagny-L'Islet (Mr. Fortin). On several occasions the hon. member for Hull has expressed fear of the guillotine being used in the civil service. His friends in the civil service remember the ruthlessness of the Liberal axe which in many cases brought them to their positions in the employment of this government. The hon. member is really

disappointed because he cannot go out and point to the guillotine as a weapon used by this government on the civil service of this country. You know, sir, if we wanted to solve unemployment the way the Liberals would do had they come to power as we came to power, we would fire half a million civil servants and hire those who are unemployed today. The civil service employees in Canada never had a better champion than John Diefenbaker and this government. In so far as appointments are concerned, no one can say that this government has taken what could be called anything approaching a partisan stand. To be quite frank, I think this government has been entirely too generous with many of the people in the public service of Canada who do not appreciate that there has been a change of government. Some of these people still think that orders come from Liberal headquarters.

The hon. member for Hull has a well-known theme song. "I blame the Tory government", he says. He says the national debt has gone up, but he failed to mention that the per capita debt is down. He estimated that we would have a million unemployed last year, but we had only half a million. He said we are trying to get by with impossible promises. Impossible they may have been to the Liberals, but this government is fulfilling the very promises the Liberal government reneged upon. The hon. member for Gloucester (Mr. Robichaud) is a real Liberal. He asked the question, what real and significant changes in government have taken place? He answered the question in the negative and then proceeded to cite everything that this government has done. He drew a picture of large surpluses of primary products, and then retreated from that statement by saying that time did not allow him to elaborate upon it.

The hon. member was so bold as to say that this government had failed to show waste and extravagance in the departments of government, forgetting the printing bureau in Hull. He asserted that this government had refused to meet the provinces and municipalities to discuss their problems. Where has the hon. member been during the last several months? The fact of the matter is that we have not any opposition in the opposition today. Every last one of them admires the government and the courageous action it has been taking since coming to office. They admire the Minister of Finance and his budget. They know Canadians were expecting a balanced budget and the taxes involved. They know that this budget struck a happy balance in meeting the problems of unemployment and inflation. They have my sympathy I assure you, Mr. Speaker, and they will need more than that to recapture the imagination of the Canadian people.

In weak, subdued voices they say this budget was not planned, it only happened. Let us take a look at the record. It only happened to provide the greatest home building program in the history of this nation. This program provided homes on convenient terms and provided employment to the construction and allied trades of Canada. Second, unemployment benefits were provided on a scale and in a measure hitherto unequalled in the history of this country—not planned, it only happened. There is no $6 Harris in this government, but pensions are provided to meet the needs of Canadians.

The refinancing of Canada's wartime bonds was a measure that restored individual interest in these transactions. Hospital insurance, the dream of Liberals since 1919, was enacted under a Conservative government. It was certainly not planned, it only happened under a Conservative government. The $25 million in supplementary payments to the maritimes was certainly not planned by the Liberals. It only happened under a Diefenbaker government. The $13.5 million to Newfoundland was certainly not planned, but it is certainly happening. The university grants were raised from $16 million to $26 million, and that was not planned by the Liberals. It only happened under a Tory government. The $41,300,000 for prairie grain growers was not planned, it only happened under a Conservative government.

The hon. member for Assiniboia (Mr. Argue) has insinuated that the new members from Saskatchewan and western Canada did not even know where to hang their hats when they arrived in Ottawa last May. I am willing to admit that that may have been so. When we came to Ottawa last May we were so green that we threw our hats down in the centre of the map of Saskatchewan, and when we picked them up the people of Saskatchewan found $100 million voted so that there would be a dam across the South Saskatchewan river at Outlook. This was the first step taken in recent years to correct the inequities of those policies of the Liberal party which had resulted in giving everything to the people of other provinces and making the people of Saskatchewan the poor relations of those other parts of Canada.

We knew so little about where to hang our hats that we threw them in a pile over the Prairie Farm Assistance Act, and when we reached for them that act was amended to provide benefits to more people who needed those benefits than at any time before in our history. We were so green that we thought a man who contributed to the 1 per cent

levy should be able to benefit, and today many who were denied payments under the former regulations are now eligible for payments in the event of crop failure. There are still some improvements that could be made in that act.

As I intimated earlier, one of the great needs in all areas of Canada is better housing. When we came to parliament a year ago we found the National Housing Act on the table, and it looked like a good place to hang our hats. When we picked up our hats we found that the government of Canada had voted $300 million to be repaid on convenient terms. This legislation has been of great help to people in all parts of Canada; in the cities and towns as well as the farm areas. There has been one notable exception, and that is in Saskatchewan where farmers are denied the use of this legislation because of the so-called farm security act introduced by the C.C.F. in Saskatchewan. If the hon. member for Assiniboia knew where to hang his hat he would hang it on the farm security act and give Saskatchewan farmers the same benefits as are available to farmers in other provinces. At the beginning of this session we voted another $250 million for housing, and these programs have been of great help to those engaged in carpentry and other seasonal trades.

When we came to Ottawa we found the table covered with the promises of the government of Canada to repay those millions of dollars borrowed from the people of Canada during wartime. We threw our hats over those promises and when we picked them up the people who had put their money into bonds to finance the war effort were able to get a little better return on their investment, in keeping with the increased cost of living since these bonds were first purchased. It has been said by the C.C.F. that some companies and banks have benefited from this action. I ask you, sir, is there anything we can do that will benefit those who should benefit that will not, in some way, benefit those who may not need the benefits?

We threw our hats over the excise tax and tariff regulations. We did not like trade restrictions any better than anyone else, and we removed the excise tax on a number of items, including rat poison. The hon. member for Bonavista-Twillingate (Mr. Pickersgill) has not yet told us in this house how it came about that a Liberal government had been in power for 22 years and still had an excise tax on rat poison.

On many occasions industry has come to ask for protection from the government of Canada and the people of Canada and they are usually accompanied by labour. That so-called free trader, Stanley Knowles, has often pressed the case for protection for those engaged in labour in the factories of our country. We thought that we should protect those jobs and granted some of the requests made. When the Prime Minister (Mr. Diefenbaker) asked labour to hold the line, what was the answer that Stanley Knowles gave? It was that labour must continue to ask for increased wages and benefits. Instead of hanging his hat on that one, the hon. member for Assiniboia has sought to build for himself a free trade reputation among farmers while giving labour encouragement to continue the upward spiral of costs of everything that the farmer must buy.

There are a number of towns in Canada which are wholly dependent upon the gold mining industry for their existence. For several years now the government of Canada has been subsidizing the price of gold. It appeared that all parties were agreed on the need of some action along this line last session in order to protect these people from the disaster of shutdowns. Why does the hon. member for Assiniboia go to the farm people in the province of Saskatchewan and criticize the subsidy to the gold mining communities while he was content to see it passed here in the House of Commons? I ask you, Mr. Speaker, what his criticism would have been if we had abandoned those people and let them be shut out. He would have called us the enemy of labour and the enemy of mankind.

We hung our hats on pensions of one kind or another and voted money that belonged to the people of Canada so that some of our citizens could enjoy their retired years, their blind years or handicapped years with a little bit less anxiety. The C.C.F. say that we should have voted more. But in this debate they have criticized the budget for taxing in order to secure these revenues.

Up to the time we came to office freight rates had increased by 120 per cent during the preceding ten-year period. The government of those days allowed those increases without once assuring the Canadian people and the western farmer in particular that the Crowsnest pass rates would be protected. Last fall everyone seemed to be agreed that the non-operating employees needed an increase in wages and benefits. This government allowed that increase and we hung our hats on it too with the assurance of a subsidy to alleviate the full burden of that increase. The question of freight rates was placed under study in order to seek a solution that would eliminate the inequities of today and the Prime Minister assured parliament and the people of Canada that the Crowsnest pass rates would be protected.

When we came to Ottawa we found the biggest surplus of wheat in our entire history, a surplus that had accumulated during 12 years of Liberal rule. We threw our hats on that pile of wheat and the Minister of Trade and Commerce (Mr. Churchill) sold more wheat than anyone in this house thought could be sold. He did this at a time when every other exporting country in the entire world was unable to maintain its volume of sales. The Minister of Trade and Commerce did not wait for the customers to call. He went out and sold wheat, and when he could not sell it he gave it away to those who could not pay for it. He did this after the treasury of Canada had secured the consent of parliament to pay for this western wheat which was to be given away.

When the delegation from western Canada was here about a month ago they reminded us that when the Liberals had been in power they had given wheat to Britain at less than cost for two years, and that the government of that day had been unable to secure anything in return for this concession. Those people from western Canada estimated that this Liberal policy had cost the western grain grower something less than $600 million at that time. We voted $45 million to move wheat to underdeveloped countries during the next three years. Most of this surplus wheat is in the province of Saskatchewan. Hence even the C.C.F. must admit that we did not forget the western wheat grower when we went out and sold his surplus so that at the end of this crop year we hope to be in the position of having cleaned up stocks on farms across the prairies.

When we came down to Ottawa last spring we found a bill for over $2 million on the table to complete the payments to those who had delivered oats to the Canadian wheat board. We threw our hats on the table and voted the money. But we left our hats on that table and the government of Canada today does not have to pick up a bill for $2 million on the sale of oats. The final payment will come through in the amount of anywhere from three cents to seven cents per bushel. Where would the Liberal party hang their hats on that one, when they remember reducing the initial payment on oats by five cents a bushel at a time when farm costs were rising as they had never risen previously.

When we came to Ottawa we found on the table the representations of farm organizations in western Canada for an equitable share of the national income. We hung our hats on that problem and we searched out the causes which had led to wheat being surplus in such quantities that farmers for many years had to bear the cost of carrying that wheat, which cost amounted to 12 cents per bushel. We saw how the failure of the former government to use its price support legislation for livestock products had driven many of our farmers into straight grain growing on increasingly larger acreages, because for eight years wheat and coarse grains were practically the only products in Canada that had a steady guaranteed initial price. We saw how failure to attend to markets had gradually forced many of those in the grain growing industry into other crops in order to secure cash on which to live.

We knew that farmers in western Canada were in a difficult position since 1953. There was every indication that we would be unable to bring our long term legislation before parliament soon enough last year to touch their position. We believe that these farmers wanted the causes dealt with, so that a program could be built for those who will farm in the future. We did not go back to pay for the inequities that were suffered under a Liberal administration. Instead, we sought to bring before parliament with all haste, compatible with good, sound legislation, those things which farm organizations had been asking for over a long period of years.

We took a good, long, hard look at the report of the royal commission on rural life which had been authorized by the provincial government in Saskatchewan. We were influenced by its study of farm problems. When we hung our hats on the federal treasury and secured over $40 million we made sure that those who needed it most would not be forgotten when the cheques were put in the mail. We paid it out on an acreage basis. We believed that this was a sound way to help the income position of western farmers, without aggravating the trend toward larger grain farms and the encouragement of wheat production. The delegation which came to Ottawa rejected acreage payments as charity and a handout, as something they did not want. The C.C.F. down the last two years encouraged them in that stand. They asked for an expenditure of an estimated $300 million. I do not hesitate at all in saying that if we were to spend $300 million I would feel compelled, from my knowledge of the problems in my constituency and in the province from which I come, to support payments on an acreage basis. Payments under that system would give $1,500 to the average farmer, instead of giving the larger producer $4,500 and letting the smaller farmer shift for himself. The acreage payment, whatever the amount of money involved, will benefit the smaller and average sized farmer a great deal and will still be of some help to the larger producer.

There is a clear cut issue at stake here as between ourselves and the C.C.F. They have come out supporting bushel payments. That can mean only one thing: They support the idea of paying $4,500 to some and practically nothing to others. I urge this government and those on the treasury benches to complete the task which was begun 12 months ago to build a truly national policy for those engaged in agriculture, a policy which will encourage the production of livestock and diversified crops on those farms where the family type of operation makes this possible. A policy such as this will give those who must of necessity produce grain, a market for that grain, and a market that will absorb their production a little more readily than has been the case during the last 13 years.

To accomplish these things I feel we must get our long term legislation dealing with credit and crop insurance passed by parliament in this session. In addition, we will need short term help, such as the acreage payment was last year. I therefore urge another acreage payment this year. I also want to emphasize how disturbed and disappointed I was when the delegation came to Ottawa and rejected acreage payments as unwanted and unappreciated by those who farm in western Canada. I am convinced from my trip during the Easter recess and from the letters which I have received that those who have made these assertions do not speak for the majority of the farmers of my constituency or for the majority of the farmers in the province of Saskatchewan. Together with those from Alberta and Manitoba I urge this government to endorse and put into operation a two-price system to cover domestically consumed wheat, the basis of which we sought to lay last year during the debates and the caucuses. Then there is the subsidy on export flour which I feel should be borne by the treasury of Canada.

The speaker who preceded me had some very interesting things to say. He said among other things that the most beautiful years of prosperity that Canada ever knew had been given to Canada by the Liberal party. There is only one thing wrong with that statement, and that is the picture of war in all its horror. The hon. member should study humility when he makes such statements. He also went on to say that the Liberal party was the only national party. I ask hon. members of the Liberal party, how many provinces do they draw their support from today in this House of Commons?

In conclusion I may say that I could not possibly support the amendment or the subamendment. These appear to be the product of confused thinking. These members of the opposition who have been hoping against hope for a million unemployed and a billion dollar deficit have expressed their frustrations in these weak, meek and mediocre terms. They will go through the motions of proposing these amendments, but their hearts are not in them at all, and I extend to the hon. Minister of Finance and through him to the government and the Prime Minister my confidence in the main motion.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, the previous speaker made some remarks about farm matters about which I am not an expert and cannot contradict, but he intimated, I gathered, that this particular group, in speaking in support of deficiency payments and the delegation headed by the interprovincial farm council, the Saskatchewan wheat pool and other associations connected with the march, came out strongly for $4,500 a farmer. As I understand it, we supported the position taken in the brief, which would be a maximum of $1,500.

Mr. Horner (The Battlefords): For one year.

Mr. Fisher: But to isolate our position as being something special or unusual seems to me a little unfair. All we did throughout was to identify ourselves, as I understand it, with the justice of the presentation, and of course we have nothing to be ashamed of in that particular regard.

The Minister of National Revenue (Mr. Nowlan) made the most interesting remarks in so far as his budget speech debate is concerned. I only wish he had not spoiled them by bringing in something at the end in connection with a point which has always rather bothered me, and that was the tremendous concern of politicians to hold other politicians to election promises. With a cavalier air which is quite suited to his manner, he tended to dismiss this and say, I take it, that under the exigencies of power you could not always carry out your election promises. This would have been fine, I think, if he had stopped at that rather frank admission, but of course he had to go on and ride the Grits and we got dragged into the thing, as did the hidden report. The hidden report type of argument seems to me to confuse the issue. I think if this government has not lived up to its election promises, as the Minister of National Revenue indicated it had not, it might be better if one of the cabinet ministers, especially the Minister of Finance (Mr. Fleming), indicated where it did not live up to its election promises.

I know that a small matter about which we have had an explanation which satisfies me is this. The Prime Minister (Mr. Diefenbaker), in speaking in Quebec during the last election, was all for support prices for farm

cut pulpwood. We have also had an explanation from the Minister of Agriculture (Mr. Harkness) about the difficulties of applying this particular policy, and certainly in this particular case it seemed quite logical and reasonable. But I have never really heard the candid admission that this was one election promise which was over-extended and perhaps one which should not have been made.

One of the interesting points about the budget presentation was the indication that the Minister of Finance expects that the financial picture of the Canadian National Railways is going to improve in the next year. It seems to me that this is one of the most important organizations which has any link with the government. We have all noticed reports in the press today which indicate that Canadian National Railways have incurred a deficit of over $50 million, and in addition we have all received copies of the latest annual report. This deficit represents a sharp increase compared with last year. It is a very serious situation, most of all, I think, because one of the consequences is going to be more and more mud-slinging at the C.N.R. as being a typically inefficient public enterprise not able to hold up its end in competition with a private enterprise organization, the Canadian Pacific Railway.

It seems to me that we never recognize sufficiently that the particular burdens placed upon the C.N.R. prevent it operating in the way the C.P.R. is able to operate. That is a point which I hope all hon. members will keep in mind during the coming year, because this is a subject which is going to be very much to the fore, with discussions on freight rates and a royal commission on transportation or some other kind of inquiry into transportation going on. It seems to me that we should be well advised to do something which I suggested we should do some time ago, namely make up our minds whether we ought to go on any longer with the anachronism of one railway system operating under private enterprise within a legal framework which extends to another railroad which we cannot expect to operate on such a basis because it is saddled with so many services and so many lines which have probably never been profitable or never will be paying in any competitive sense. It seems to me that this is one of the key places where we shall need to do some thinking, and that is one of the key places where we can expect or hope for leadership.

One of the disappointing features of this budget as far as a large group in our area, or their representatives, are concerned, was the failure of the minister to make any change in the income tax rates in so far as they apply to workers in the woods. We have still not been able to devise any satisfactory way by means of which workers in the woods can take advantage of the amendment brought in to bring relief to those engaged in the building industry, and the fact remains that the amendment which was brought in applies only to a very small section of people actually engaged in construction work in this country. They are getting relief, whereas those who worked in the logging industry have been excluded from the benefits of this provision. I firmly believe that if the basis of good taxation law is equity, if the minister will not extend the benefit that he is giving to the construction workers to the loggers he should take it away from the construction workers. That may seem a little revolutionary, but the situation which exists at the present time is certainly not good in equity.

I was very interested when this budget came down to note the increases which had been made in corporate taxes, increases with which I have no quarrel. However, I was disappointed in one respect. Hon. members may recall that some time ago a very vocal statement was made by a pulp and paper concern which is, perhaps, the largest pulp and paper group in Ontario—the Abitibi Company—through its president when he presented his annual report. It was a continuation of a charge he had made previously about the burden of corporate taxation on the pulp and paper industry.

I should like to reiterate that in this particular field the minister is not being fair to two groups—one is the group of people who are trying to introduce proper silvicultural management into this country, and the other is the workers who are engaged in this industry, particularly in my area. We have often been faced in Ontario with the argument that we have the highest cost wood in the world because we have the highest wages. In the arguments between the workers and the company it is always being said that the company cannot pay any more, that a ceiling has been reached. I was interested the other day in reading the figures put out by the Anglo-Newfoundland Development Company with regard to their wood costs which appear in a letter in the last issue of the periodical *Saturday Night* from an Anglo-Newfoundland Development Company official, indicating that the per cord cost at the mill runs between $22 and $23. Anyone who is familiar with wood costs in so far as pulp is concerned will recognize that our costs in Ontario are $10 or $15 above those faced by the Anglo-Newfoundland Development Company.

One of the arguments used by the forest corporations—and they have tended to make it stick—is that unless there is a different attitude in so far as corporate taxation is

concerned they cannot afford to assume heavier burdens with regard to silviculture, particularly relatively expensive regeneration measures. They take the position that they cannot do this until the tax position has been cleared up by the only people who are able to do it, the federal government. And until this is done, then for just so long will they be able to use this as an excuse, if it is an excuse.

So from this point of view, in particular, I am disappointed that the minister did not announce measures which the Minister of Northern Affairs and National Resources (Mr. Hamilton) indicated he intended to carry out, namely arrangements for a study of the taxation position of this very important industry. As far as this point is concerned, it seems to me that the whole future of our forests is not so much in jeopardy as that it has reached a turning point. I think there is a growing sensitivity on the part of these very large organizations about their responsibilities, and it seems to me also that many professional foresters, the people who have some indication as to where we should go, feel that if we could just get over this particular argument we might get somewhere. That is why I voice this somewhat out of the way disappointment with this budget.

May I call it six o'clock?

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

CONVERSION LOAN COMMISSIONS AND FEES

Question No. 243—**Mr. McMillan:**

In connection with the Canada conversion loan of 1958:

1. What was the aggregate amount of commissions paid to the chartered banks?

2. Were issuing fees paid to the chartered banks, and if so, what was the amount thereof?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

1. $8,085,064.01.

2. Yes. $4,769,579.88.

Note: These amounts include payments to Montreal City and District Savings Bank and The Quebec Savings Bank. Figures are preliminary.

FEDERAL OWNERSHIP OF FOOD PRODUCTS

Question No. 273—**Mr. Regier:**

1. Does the government of Canada have ownership of any food products purchased under federal legislation?

2. If so, what is the value of government holdings, in regard to the above?

3. How much has the government paid for storage of such food for each of the last 12 months?

4. Has the government ever conducted a survey of the practice in the United States of America, whereby such surplus food products are being made available to various welfare organizations?

5. If so, what consideration has been given to implementing a similar policy in Canada?

Answer by: **Hon. D. S. Harkness (Minister of Agriculture):**

1. Yes.

2. At February 28, 1959, the book value, including storage and handling costs and any merchandising losses incurred in the fiscal year to date, for food products owned by the agricultural stabilization board was $75,-150,344.01.

3. The book figures for storage which may or may not apply directly to the month in which they are invoiced and also may apply in earlier months to greater or lesser quantities of products than those included in the total figure given in question 2 are as follows:

March 1958, $129,992.09; April 1958, $114,-803.16; May 1958, $184,820.17; June 1958, $91,218.03; July 1958, $163,673.02; August 1958, $212,242.77; September 1958, $240,435.64; October 1958, $258,077.19; November 1958, $278,656.08; December 1958, $365,054.95; January 1959, $444,887.29; February 1959, $450,-766.40.

4. While no over-all special study of all programs has been made with respect to the United States, most of the United States programs relating to school lunches, sales to foreign agencies, etc., have been reviewed individually for administrative consideration from time to time.

5. Canada has at different times given food products for international and domestic relief and has entered into such other programs as might seem appropriate based on the apparent desirability, both from the standpoint of requests and need for assistance and from the standpoint of whether or not there was a real surplus which could not be sold at a reasonable commercial value.

Examples of substantial activity in this regard are recent donations of dry skimmed milk to international relief agencies and a year or so ago the provision of butter on a national scale to approved institutions at a substantially reduced price.

FISH AND GAME DEPARTMENT, QUE.—NATIONAL DEFENCE DEPARTMENT PAYMENT

Question No. 282—**Mr. Bourget:**

1. Did the Department of National Defence receive, during the fiscal year 1957-58, an amount of $5,000 from the fish and game department of the province of Quebec?

2. If so, on what account?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. Yes.

2. For the rental of a hangar at the Gaspe naval base.

BELLIVEAU COVE, N.S.—POSTMASTERSHIP

Question No. 293—**Mr. McWilliam:**

1. Has a vacancy occurred recently in the postmastership of the Belliveau Cove, Nova Scotia, post office?

2. If so, has a successor been appointed?

3. What is the name of the appointee?

4. What are the names of the persons who made applications for this position?

5. Was the appointment made based on the results of competitive examination, or by recommendation?

6. If made by recommendation, what procedure was followed?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. Yes.

2. Yes.

3. Fidele Theriault.

4. Joseph Philip Belliveau, Fidele Theriault, John Edward Theriault, Joseph Hilarion S. Comeau.

5. Made by the Postmaster General.

6. See 5 above.

C.B.C. VIEWER RATINGS

Question No. 306—**Mr. Fisher:**

1. Has Canadian Broadcasting Corporation's audience research division viewer and listener ratings for the television and radio program "The Nation's Business" for 1959?

Questions

2. If so, how do these viewer ratings compare with the ratings at the same weekly period for the following programs: Citizen's Forum, This Week, Tabloid, Folio, Press Conference, Fighting Words, Viewpoint, the Ed Sullivan show, the Perry Como show, and the 11 p.m. news?

3. If so, for radio how do the ratings at the same weekly period compare with Citizen's Forum, Week-end Review, Capital Report, Critically Speaking, Project '59, University of the Air, and 10 p.m. national news?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

1. No.

2. and 3. See No. 1.

HALIFAX AIRPORT—SECURITY FENCE

Question No. 308—**Mr. Carter:**

1. Were tenders recently called by the Department of Transport in connection with the construction of a security fence at the Halifax International airport?

2. If so, how many tenders were received?

3. What are the names and addresses of those who submitted tenders and the amount of each tender?

4. What is the name and address of the firm receiving the contract?

5. On what date was the contract awarded?

6. What is the completion date of contract?

7. Has the firm ever done any similar work for the Department of Transport?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. Yes.

2. Eight.

3. Ted B. Blackburn Ltd., Lower Sackville, N.S., $16,140; Dominion Steel & Coal Corp. Ltd., Montreal, P.Q., $17,133.35; Frost Steel & Wire Co. Quebec Ltd., Montreal, P.Q., $22,942.76; The Steel Company of Canada Ltd., Montreal, P.Q., $22,942.76; The N.B. Wire Fence Co. Ltd., Moncton, N.B., $25,940.25; Watkinson Limited, Berwick, N.S., $29,288.44; Diamond Construction (1955) Ltd., Fredericton, N.B., $30,760; Laurie W. Ledwidge, Enfield, N.S., $45,400.

4. Ted B. Blackburn Ltd., Lower Sackville, N.S.

5. March 12, 1959.

6. July 31, 1959.

7. No.

MAIL SERVICE TENDERS, LUNENBURG COUNTY, N.S.

Question No. 312—**Mr. Robichaud:**

1. Were tenders called for the performance of mail service for Blockhouse, Maitland, Northfield, Pine Grove, Lunenburg county, Nova Scotia?

2. If so, who submitted tenders and in what amounts?

3. On whose recommendation and for what purpose were such tenders called?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. Yes, for a service known as Blockhouse rural route No. 1.

2. Randall Raymond Aulenback, Blockhouse, $2,375; Albert Victor Barry, R.R. No. 1, Blockhouse, $2,400; Aubrey Reginald Balcome, Blockhouse, $2,476.80.

3. Contract expires March 31, 1959 and tenders were invited to secure a new contract on the recommendation of the member for Queens-Lunenburg.

TENDERS FOR SORTING CASES, POST OFFICE DEPARTMENT

Question No. 316—**Mr. Robichaud:**

1. Were public tenders called for an order of sorting cases and tables for the Post Office Department from November 1, 1958 to February 15, 1959?

2. If so, what were the names of the tenderers, and the amount in each case?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. Yes; November 28, 1958; SE-376 Newspaper cases and tables; SE-481 Parcel shelving.

2. Parkdale Woodworkers Ltd., Ottawa 3, Ont., $18,404; Canadian Public Booth Co. Ltd., Arnprior, Ont., $19,127; Canadian Office and School Furniture, Preston, Ont., $21,240; Canada Crate Co. Ltd., St. Jean, P.Q., $24,-301; The Singer Manufacturing Co., St. Jean, P.Q., $25,681; Office Specialty Mfg. Co. Ltd., Ottawa, Ont., $26,400; Beaver Woodcraft and Display, Hull, P.Q., $28,360; The Globe Furniture Co. Ltd., Waterloo, Ont., $43,000.

HOUSE OF COMMONS

Thursday, April 16, 1959

The house met at 2.30 p.m.

MISCELLANEOUS PRIVATE BILLS

Eighth report of standing committee on miscellaneous private bills.—Mr. McCleave.

WATER RESOURCES

CHICAGO DIVERSION—STATEMENT ON CANADIAN ATTITUDE TO U.S. LEGISLATION

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, on April 8 the hon. member for Rosedale asked:

Would the Prime Minister tell us the attitude of the Canadian government toward the legislation recently passed in the United States House of Representatives in regard to the diversion of water from the great lakes at Chicago?

I replied, after dealing with one or two matters of history, and said:

—we are paying the closest attention to this matter, at the same time not wishing to do anything that would in any way cause a situation to arise which might not be beneficial.

I now wish to bring the house up to date on this subject. When I last spoke on April 8 I stated what the fact was, that the government was giving careful consideration, and since then has given further consideration to the most effective manner of making known Canada's opposition to the bill which, as I said a moment ago, has passed the House of Representatives and is now before the Senate committee on public works. A note registering the reasons for Canada's objection was delivered on April 9, and with the leave of the house I ask permission to table it so that it might possibly appear in *Votes and Proceedings*. I am not going to read the entire note, but just two particular paragraphs thereof to indicate the general tenor and attitude of the government in this regard. In the third paragraph the following appears:

Every diversion of water from the great lakes watershed at Chicago inevitably decreases the volume of water remaining in the basin for all purposes. The government of Canada is opposed to any action which will have the effect of reducing the volume of water in the great lakes basin. Careful inquiry has failed to reveal any sources of water in Canada which could be added to the present supplies of the basin to compensate for further withdrawals in the U.S.A. The government of Canada considers that many agreements and understandings between the U.S.A. and Canada would be broken if unilateral action were taken to divert additional water from the great lakes watershed at Chicago and directs attention to provision of two treaties in particular.

The first is the boundary waters treaty of 1909 and the second is the Niagara treaty of 1950.

The general summation of the attitude of the government in this regard is contained in the last two pertinent paragraphs:

Because of the importance attached by the U.S.A. and Canada to the honouring of international undertakings in letter and in spirit, the government of Canada views with serious concern any possible impairment of agreements and undertakings relating to the great lakes basin. Furthermore, the alarms created by repeated proposals for diversion which inevitably disturb the people and industry of Canada are a source of profound irritation to the relations between our two countries which we can ill afford.

I am instructed, therefore, to express the hope of the government of Canada that the U.S.A. will view this matter with equal concern and will be able to give satisfactory assurances that unilateral action will not be taken which would imperil the present regime of the waters in the great lakes basin and the status of the agreements and understandings to which I have referred.

Mr. Speaker: Would the Prime Minister perhaps modify his request so the letter will be printed as an appendix to *Hansard*?

Mr. Diefenbaker: Yes.

Mr. Speaker: Is the house agreeable to having this document printed as an appendix to *Hansard* today?

Some hon. Members: Agreed.

[*For text of document referred to above, see appendix, pages 2784-5.*]

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, perhaps I could say a word with regard to this extremely important matter. I think the house will have learned with satisfaction that a note in the terms which the Prime Minister just read has been, I think on April 9, presented to the United States government. It will be recalled that a note in not very strong terms was presented by the Canadian government last year expressing our concern. This note of April 9 seems to be a much stronger one, and I think that is all to the good.

I believe I am right when I say that this note, however, presented on April 9, has been presented at a time when it is too late to influence congress which has, if I am not misinformed, already taken action in this matter. Therefore, Mr. Speaker, it now remains for the President of the United States

to protect Canada's rights in this matter by vetoing action which may have been taken by congress. Perhaps if this note had been presented earlier before congressional consideration had been given, it might not have been necessary to rely entirely on the President of the United States to protect our interests in this matter.

However, the note has been presented and I hope it will have the effect it should have in preventing the United States from taking action which would be a breach of treaty arrangements between the two countries.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, on behalf of this group I want to say that we are extremely pleased to hear the statement of the Prime Minister with respect to this latest note. We are also pleased to note that it is in stronger terms than any previous note. We support the government in any effort it may take to protect Canadian interests. We in this group hope that the congress of the United States will pay attention to this day's proceedings and note from the proceedings that parliament in this respect is unanimous.

A. V. ROE COMPANY

INQUIRY AS TO GOVERNMENT ACTION TO RELIEVE UNEMPLOYMENT SITUATION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Labour arising out of reports of almost total failure to secure jobs for the 10,000 persons who lost their jobs in the aircraft industry at Malton. Will the minister say what success he has had in locating jobs for these unemployed workers? Would the minister comment on the statement by union leader Peter Podger that the minister has said that other industries are reluctant to hire these workers because of the possibility of their being recalled by Avro or Orenda?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask this question. First I would like to refer to the latter part of his question, and say that the remarks made by Mr. Podger are not entirely correct; but when he states that employers and industries are reluctant to hire these workers because of the possibility of their being recalled by Avro or Orenda, I say this is the report which I get from my national employment service officers in that area. In addition, the report also includes the fact that most of these people are still hoping to be recalled to Avro and Orenda; consequently they are not too receptive to placement in any other industry.

At the time of the lay-off there were registrations totalling 11,582. The number who have been placed by the national employment office is 622. Those who have found work on their own total 1,179. Those who have failed to report back to the national employment service—in other words they are not drawing unemployment insurance, and naturally we feel they have found employment elsewhere—amount to 1,268. A total 3,069 have been removed from the national unemployment insurance rolls.

[*Later:*]

Hon. Paul Hellyer (Trinity): I wish to direct a question to the Prime Minister. Is the Prime Minister able to tell the house if the government is making continuing efforts to find appropriate alternative work for the displaced workers and capacity of the Avro plant in Toronto?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the government is giving very careful consideration to everything that can be done through the instrumentality of joint production and the like to the end that Canada's airplane industry shall receive its fair share; and if this is secured and maintained naturally there will be an extension of employment to those who have been trained in that type of work.

Mr. Hellyer: A supplementary question, Mr. Speaker. Does the Prime Minister think the present negotiations will result in some agreement in the not too distant future?

Mr. Diefenbaker: Mr. Speaker, the hon. gentleman having occupied a portfolio in the last government in the days between April and June will realize something of the delays that do take place in the best plans that are made.

ATOMIC ENERGY

NUCLEAR TESTS—INQUIRY AS TO U.K. AND U.S. PROPOSALS

On the orders of the day:

Mr. John MacLean (Winnipeg North Centre): I would like to ask a question of the right hon. Prime Minister. Can the Prime Minister comment on recent press reports concerning the proposals made by the United States and the United Kingdom at the resumed negotiations in Geneva on nuclear tests?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I was informed by the hon. gentleman of his intention to ask

this question. I appreciate his interest in this regard, but I feel that in view of the length of the answer which would have to be given, if he would agree I could answer his question tomorrow before the orders of the day.

TRADE

LEAD AND ZINC—CANADIAN REPRESENTATION AT INTERNATIONAL MEETING

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to ask the Minister of Trade and Commerce whether or not an international lead and zinc meeting will be held in New York at the end of April, I believe on the 28th or the 30th, and if so will Canada be represented at such meeting?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, Canada will be represented. I am not sure of the exact date of the meeting.

Mr. McIlraith: A supplementary question, Mr. Speaker. Would the minister, perhaps not today but when he has an opportunity, tell the house the attitude which the Canadian representatives will take with regard to the conference and the organization of a lead and zinc agreement?

Mr. Churchill: Mr. Speaker, I will be prepared to give an answer to the hon. gentleman later.

UNEMPLOYMENT ASSISTANCE

NEWFOUNDLAND—REPORTED DENIAL OF BENEFITS TO LOGGERS

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I would like to ask the Minister of National Health and Welfare if the Canadian Labour Congress has supplied affidavits to the government in which it is claimed that unemployment assistance or social welfare has been denied to residents of Newfoundland because they were members of the I.W.A., and if so, because of the contributions of the government toward unemployment assistance, what action is being taken in regard to this alleged discrimination?

Hon. J. W. Monteith (Minister of National Health and Welfare): I would like to thank the hon. member for having notified me of his intention to ask this question. I would say that some time ago, in the latter half of March—I believe on March 23 to be exact—press reports from Newfoundland did indicate that applicants for relief in that province were being questioned as to their membership in the I.W.A., and that relief was being denied to members of that union.

As soon as these reports came to my attention I gave instructions that a letter should be sent to the provincial welfare authorities in Newfoundland asking for a full report on the matters dealt with in the press. A letter was sent to the Newfoundland authorities under date of April 6, and we are now awaiting a reply to this letter.

I should add that some time later, on Tuesday of this week, representatives of the Canadian Labour Congress came to see me about the situation, and yesterday they sent me a number of affidavits along the lines of the earlier newspaper reports. I was able to tell the gentlemen who came to see me of the action already taken by the department and to assure them, as I am glad to assure the hon. member, that this matter is being actively followed up.

INDUSTRY

REPORTED PRICE INCREASES IN EXCESS OF TAX INCREASES

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Prime Minister. Could I ask the Prime Minister whether or not the government is planning any legislative or other action to protect consumers against unscrupulous manufacturers who are raising prices by more than the tax increases announced by the Minister of Finance a few days ago.

Right Hon. J. G. Diefenbaker (Prime Minister): There have been reports indicating that some manufacturers and the vendors of some products affected by the commodity tax changes announced in the budget are raising prices to the public, and increasing them inexcusably by amounts in excess of the increase in the tax.

However, there is no legislation at the present time which would meet such a situation. Indeed, it is questionable whether any legislation passed by the federal government which could bring about any result of the nature suggested would be within the legislative province and authority of parliament. I can tell the hon. member also that the only way in which price control legislation could be passed, if I read the authorities correctly, would be under the emergency provisions—the emergency being defined by the courts. The government has no intention of introducing price control legislation of the kind suggested.

If the hon. member has knowledge of any manufacturers who are raising their prices

illegally by the exercise of monopoly or restrictive pricing power, I suggest he bring the facts of the case to the attention of the combines branch of the Department of Justice, which is constantly on the lookout for such practices.

Mr. Winch: Did I understand the Prime Minister to say "illegally", not "immorally"?

COMMONWEALTH RELATIONS

WEST INDIES FEDERATION—STATEMENT ON PROGRESS IN GIFT OF SHIPS

On the orders of the day:

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, yesterday the hon. member for Laurier asked for a progress report with regard to the two ships which Canada proposes to give to the West Indies federation. The designs of two passenger cargo type vessels have been prepared by a firm of ships' architects according to plans drawn up by officials of the West Indies government and accepted by officers of the Department of Trade and Commerce and the Department of Transport. The designs have been submitted to a shipping expert named by the West Indies government. He has approved the designs, and specifications are now being prepared by the company of ships' architects and will be ready by May 15. The West Indies representatives will see the specifications at this stage and tenders will be called.

The ships will be built in Canadian shipyards, and it is hoped that they will be ready early in 1961. The plans provide for two 1,500-ton ships, 298 feet in length, with 80,000 cubic feet of cargo space and accommodation for 54 cabin and 200 deck passengers.

Mr. E. J. Broome (Vancouver South): Arising out of the statement made by the Minister of Trade and Commerce with respect to the two ships that are to be built, may I ask the minister if the government will give consideration to having one tender called on the west coast and one on the east coast?

Mr. Churchill: It will be done by open tender, Mr. Speaker.

ADMINISTRATION OF JUSTICE

INQUIRY AS TO APPOINTMENT OF WOMAN TO NATIONAL PAROLE BOARD

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, perhaps in regard to another delay I might ask the Minister of Justice if he has given further consideration to the appointment of a woman as the fifth member of the national parole board.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I have just received notification through *Votes and Proceedings* that a question is to be asked in that regard, and I shall be answering it in due course.

NEWFOUNDLAND—INQUIRY AS TO APPOINTMENT OF CHIEF JUSTICE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, in view of the remarks of the Prime Minister yesterday, may I ask him when the government hopes to fill the vacancy in the Newfoundland supreme court, a vacancy which has now existed for four months?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, experience in the past with the former government was that there were long delays. There will not be a long delay in this case, and I hope the Minister of Justice will be in a position to make an announcement very shortly.

POLYMER CORPORATION

INQUIRY AS TO STRIKE SITUATION

On the orders of the day:

Mr. J. W. Murphy (Lambton West): Mr. Speaker, I should like to ask the Minister of Labour if he can add anything to the statement he made yesterday regarding the strike at the Polymer Corporation in Sarnia.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, the only thing I can add is that we expect to have a mediator appointed in the early part of next week.

Mr. Hazen Argue (Assiniboia): A supplementary question, Mr. Speaker. I wonder if the minister could say whether or not the new mediator will meet with representatives of the union and the company, and when his work will actually be started?

Mr. Starr: Mr. Speaker, the situation is that the mediator is not of any use unless he meets with both the company and the union.

Mr. Argue: Perhaps the minister misunderstood my question. Can he say how soon the mediator will start work in mediating in this situation?

Mr. Starr: As soon as he is appointed.

AGRICULTURE

POTATOES—REQUEST FOR FLOOR PRICE IN MARITIMES

On the orders of the day:

Mr. H. J. Michaud (Kent, N.B.): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. In view of the

Prime Minister's statement at Summerside, Prince Edward Island, as reported in the Halifax *Herald* of February 28, 1958, that the 80 per cent floor is assured for all farm products, and in view of the fact that potatoes this year have been selling at about half what they sold for at the time the statement was made, can the minister tell us whether this floor will be applied to potatoes in the maritime provinces?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I do not know the content of the statement to which the hon. member refers; therefore I am in no position to make any comment on it.

PATENT ACT

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I have a question about long delay that I wish to address to the Secretary of State. It arises out of the extended delay in the completion of the inquiry of the royal commission on patents, copyrights, trade-marks and industrial designs, appointed June 10, 1954. Can the minister say when he expects to receive the report of the commission on patents and the report on trade-marks, and when these reports will be published?

Hon. Henri Courtemanche (Secretary of State): I wish to thank the hon. member for giving me notice of his questions. The latest information I have is unfortunately to the effect that the submission of the report on patents of inventions will now be delayed until next fall. I have no information as to when there will be a report on trade-marks, if any.

CRIMINAL LAW

REQUEST FOR REPORT OF ROYAL COMMISSION ON SEXUAL PSYCHOPATHS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a very short question to the Minister of Justice. I do so in view of all the inquiries made to me. I should like to ask the minister, as I did over a month ago, when he expects to be able to table the report of the McRuer commission on sexual psychopaths.

Hon. E. D. Fulton (Minister of Justice): My recollection is that the last time the hon. member inquired I said it was being printed. I am sorry I do not have more up to date information, but I will inquire immediately, and will press for prompt completion of all steps leading to tabling of the report.

Mr. Winch: That was six weeks ago.

PRICE SPREADS

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Prime Minister when he expects to receive the report of the royal commission on price spreads appointed, I believe, about a year and a half ago.

Right Hon. J. G. Diefenbaker (Prime Minister): I will have to inquire about that. I have not had any recent information.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, April 15, consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson, and the amendment to the amendment of Mr. Regier.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, it is a pleasure to have the opportunity to speak when there are at least more than the corporal's guard present who will be here tonight when the hockey game is on. One of the points brought up by the hon. member for Hull interested me very much. I do not quite see its relevance to the budget, but he did make some remarks about the position labour should take so far as political action is concerned, and he pointed to the United States situation as a wonderful example of how labour can do very well without taking direct political action.

I should like to suggest to the hon. member, having in mind the whole attitude toward American labour unions and American business, that he cannot have it both ways. Surely any member of the house can recognize that the United States system is so different from ours that political pressure by any lobbying group can be exerted on individual members of the House of Representatives and Senate, who are not welded together in a party unit as is the case in this country. Therefore the United States experience is completely different, and there is much more compulsion toward labour taking political action in this nation than there is in the United States. I am not saying that is complete justification for it, but it is certainly an argument.

On the other hand we are always having the United States example of labour not taking political action held up to us, while at the same time these very same people, and I would not rule out the hon. member for Hull, are the ones who say that we will rue

the day that we hooked up with international unions. They say it is a terrible thing that Canadian unions should be tied up with United States unions. As a matter of fact over 70 per cent of Canadian unions have American affiliation of some kind or other. It seems to me that you cannot have it both ways. If you are going to argue that the one thing is bad, then surely you cannot argue that the other is bad.

I should like to make another point in that regard. You also have to look at the fact that most of our large economic organizations have a very direct relationship with United States companies. Quite often they are subsidiaries. That is one of the logical points with respect to the international union pattern, because economies within specific industries have a direct relationship. Yet we have this kind of nonsense that is all part of the "clobber labour" picture that seems to be so popular at this time, and if you do not want to stress the other side then at least in fairness this point should be looked at.

I was very interested to notice today in the Montreal *Gazette* the annual report of the St. Lawrence Corporation containing some very striking comment by the president, Mr. Percy M. Fox. Mr. Fox is a gentleman who got a load off his chest only a couple of months ago about this terrible situation of United States union domination in Canada and how it was the ruination of the country. The interesting thing to me is that amongst the directors of the St. Lawrence Corporation there are several Americans, and there are strong indications that United States capital plays a very large part in this company.

Furthermore, Mr. Fox made the standard insinuation that with this union domination there is no democracy in unions any more. Let us look at the picture with respect to corporations and see how much democracy there is there. There have been a number of recent examples of very small shareholders trying to bring their points of view before corporations. There was one recently involving the Canadian General Electric Company. If you are going to stress democracy in the one case, why is it not stressed in the other?

The point I want to make in connection with this call for democracy has some relationship to a political point. There was an interesting article in the Toronto *Star* the other day by Mr. John Bird on whether we have a one-man government. I do not entirely agree with all the points he made, but he presented a very challenging point of view that the government that we have today is a one-man government. Certainly my impression from talking to Conservative members of parliament is that the Prime Minister is very much in control. There is nothing wrong with that. I think we accept that as part of the situation. On this very point I should like to refer to an editorial in the magazine *The Reporter* for April 2, 1959, where I find the following:

> Quite a number of elected politicians still find it difficult to acknowledge the leaders of organized labour as politicians from another realm. We have heard ad nauseam in the halls of congress that union members should incessantly and massively participate in all the major decisions on union affairs and spend their free time watching over their elected representatives. Respectfully, one can ask our congressmen how they would like to have their constituents massively breathing down their necks.

I should like to suggest that the Prime Minister does not have his constituents or the members of parliament who support him in the house massively breathing down his neck at all times, from a democratic point of view. Surely you have to recognize that a union is the kind of organization in which the executive, when elected, has to be given responsibility, especially in the interim periods between elections. Therefore it seems to me that the howl or cry that unions are undemocratic organizations is based upon a misconception of how a union has to carry out its task. If the union executive has to turn around every time any kind of decision is to be made and call a mass membership meeting, I can only suggest that the union would be in a very difficult position, just as difficult a position as if the Prime Minister had to go to the country every time a major decision in politics was to be made.

I think this is a point that really needs to be made and emphasized, because it is all part of the unfair damnation of the labour movement that seems to be so popular in Canada at the present time and especially, I am sorry to say, quite often within the House of Commons.

One of the other points in connection with labour that the hon. member for Hull made was a warning of the danger of getting tied up with the C.C.F. with respect to the idea of forming a new party. I think any fair-minded member in this house will recognize that if there is any possible way in which you can get people discussing politics under almost any auspices in this country, you are achieving something; you are carrying out some kind of educational pattern. I think all hon. members are aware of the apathy that we had. Whether or not this new party movement is successful—I happen to have my hunch there, and it is probably different from the rest—surely it is going to be a fairly large achievement if it presents a challenge to the labour movement, to the

people connected with the labour movement and other citizens who may be interested in it. Surely one result will be an increase in political interest and in the whole tempo of political events. I insist that that is very good, because I feel that one of the reasons we now have perhaps less understanding in our country of the responsibilities of government is because of this apathy, disinterest and the increasing tendency for people to shrug off any mature responsibility toward political events.

There is one other point I should like to make to these people who are taking this interest in the new party. The assumption within this House of Commons always seems to be that this is going to be strictly a labour deal. I should like to remind hon. members, as an example, that the majority of the members in this particular group in the House of Commons have no direct connection with labour, have not come up through any labour organization or labour movement. We happen to be rather proud to some of the achievements of the C.C.F. in a democratic way. The C.C.F., whatever its efforts, has managed to develop a fairly large membership, and that membership has never been based upon any great union strength. I think the government members from Saskatchewan will acknowledge that.

I believe it is complete nonsense to say that out of this development that may be coming you are going to get a political party that is going to be completely dominated by labour. I should like to assure the members who have this interest that within the C.C.F. movement itself there is enough concern, enough interest, in this particular point of view to see that we do not develop a political party that is in any labour leader's pocket. I do not mean by that last remark that I have anything against labour leaders; it is just not going to be that type of political party.

I feel that one of the points made by Mr. Fox in his annual report has a definite bearing upon the budget in a general way, and concerns something for which I have been looking in this House of Commons. I refer to the genuine free enterprisers who belong to these other two majority parties. Mr. Fox says:

> Politicians still bet on voters being foolish enough to think that welfarism means something for free, that higher taxes and bigger spending don't matter as long as the hand-outs keep coming. And the politicians still seem right about some people, for there are some who try to think that a government is coping with inflation when it taxes more even though it shows no attempt to spend less.

It seems to me this is a direct comment upon the budget presented by the Minister of Finance. Mr. Fox goes on to say:

> We cannot look to politicians or any political party to halt the spreading of indiscriminate welfarism. The aim of politicians is to win elections.

This affects all of us. The Minister of National Revenue was very candid the other day in suggesting that there is a lot of difference winning elections and carrying out a program. Mr. Fox goes on:

> They tell themselves that the people ask for welfarism; that it will continue to catch votes. Therefore, whether they think it good or bad, political party strategists will go on offering more and more of it until the people themselves stop them. In over 30 years we have had no sign of statesmanship in Canada to let us hope for anything different.

Well, that is a very bleak picture. I think one of the great disappointments to me, as one interested in political ideas and the fact that there should be some sharp division of ideas, is that I have not been able to recognize in that monster party that flows around the sides of this chamber any clear-cut exposition of what I thought they were directly connected with, that is free enterprise, private enterprise and all the rest. I have expressed this opinion before. We find it quite simple, in many cases, to cast our votes for most of the measures that are brought in here. This, if I correctly interpret it, indicates that we have a sprawling, middle of the road party that is away over on the left. Perhaps this is fine and perhaps it will keep members in for a long time, but it makes it very difficult to find any clear-cut political opposition. It is obviously making it difficult for the Liberal party.

Mr. Argue: They have gone to the right.

Mr. Fisher: We do not know where they have gone. The Leader of the Opposition made this statement; he said that the Liberal party is not against social planning. This represents tremendous progress.

Mr. Argue: Nor Joey.

Mr. Fisher: Well, they are not against Joey, either; that is one of those things that are difficult to define. Obviously what Mr. Fox has called for is not going to come, at least it does not look as though it will come, unless we can make enough appeals to gentlemen like the Minister of Finance.

The political party to which I belong, and which we hope will develop into a different one, of course has the greatest difficulty because—

Some hon. Members: Oh, oh.

Mr. Fisher: —of this particular situation.

Mr. Pallett: You might enlarge that statement.

Mr. Fisher: The difficulty is precisely this—

Mr. Broome: May I ask the hon. member a question?

Mr. Fisher: I am always willing to give the hon. member a chance to ask questions.

Mr. Broome: When your party evolves into the party you expect it to be, will you still be introducing a bill concerning the disclosure of election expenses?

Mr. Fisher: Absolutely; I cannot see what difference that would make. I imagine the hon. member himself is interested in election expenses, especially out in British Columbia. I should not be surprised if the hon. member would like to know why some Conservative members in British Columbia got more money out of the kitty than he did.

An hon. Member: Did they?

Mr. Fisher: I have been asked, did they? Oh, yes, they did.

The difficulty of a definite position here, in so far as a group or a party that feels it is a socialist party is concerned, is simply that so many of the ideas of democratic socialism have permeated right through this chamber that we have difficulty marking out a clear-cut position. This is one of the things we attempt to do, and we will try to do to a greater extent. I know someone made a scornful reference to our amendment as being full of time worn phrases such as "the effect of social and economic planning". I admit that the time-worn phrase "social and economic planning" is not good enough. Of course an amendment does impose on you some limitation in spelling out what you suggest, but certainly our hope is in the future, and certainly our plan will have to be, to spell out in much greater detail both the steps in a welfare direction and the steps in so far as planning is concerned, especially economic planning.

On that last point there is still considerable confusion amongst what I call the less thoughtful people in this country—I will not say they are reactionary—about just what the term "socialism" means. I know that quite often, especially by United States writers, it is taken to be a blanket political program of complete nationalization. One of the points put up was that we did get into the amendment the idea of a capital gains tax. The suggestion was made that we meant that this tax was to apply all across the board, to property and everything else. That is just nonsense. The United States, which I think can claim with some fairness to be a little bit more capitalistic than this country, has a capital gains tax. It works and is effective. It applies specifically to dealings in the stock market; it has nothing to do with property.

To return to the planning aspect of what we need to do and where we need to go, may I say this. It seems to me the fact that the majority of people recognize that the central government has a responsibility for the economy today is full support for the idea of a coherent planning program. One of the other difficulties that loom in our way in Canada, and is a big bogey, is the whole question of provincial rights. We can certainly see that education has to be a fundamental part of any plan. It may be the whole key to our future, whether or not we are taking a socialistic interpretation. As long as we have one province holding the line, as Quebec indicates it is going to do, we are going to have difficulty in moving to national planning in order to attack the problems in education. If Quebec holds on to its point of view I think we may even reach the stage where we will find that the rest of the country will have to go ahead with national educational planning and let Quebec stay outside, as she has stayed outside in a number of other arrangements. If Quebec feel that it is so necessary for their own individuality and culture to remain outside in the educational field, then I think we will have to recognize that they have that right and, on the other hand, Quebec will have to recognize that the rest of Canada has a right to go ahead on a national basis with some sort of plan to pull us out of our educational problems.

That is an example of the kind of field I think we have to attack with planning. It is one of the fields to which I think we can point and say to this particular government, "You have not done what you indicated you would do". There is no use flaunting around the words of a man who is no longer here. Certainly as an educationist I and most of my colleagues, to my knowledge, had great respect for the late secretary of state for external affairs. We know that he proselytized across the country time after time, before he was a politician and when he was a politician, for a national approach to the higher education problem. He spelled it out in terms of junior colleges and the kind of support the government should give. That is the type of planning with which I think we should go ahead.

One of the points always made by anti-planners seems to be that it leads to a greater and greater build-up of the top-heavy civil service. Let us look at an example. I was checking the departments of this government

and their rate of growth; and, from what I can make out, the fastest growing department we have is the Department of Transport.

Yet that is a department in which almost every member of this house has a real interest. We are always calling on that department, and I think fairly, to extend its services.

If you stop and think of the scope of these services and what they mean, Mr. Speaker, it is obvious that a department of this kind must grow in order to fulfil its obligations. Consider for example its obligations in so far as television and radio communications are concerned, licence checks and that type of thing, or in the field of northern development, airports and airport development and the tie-in with our whole communications structure. That department is bound to get bigger and broader and be involved with faster and more complicated devices.

This matter of growth is something you just cannot shrug off. It is something that has to be thrown back at these people who are always calling for smaller and smaller government. In a field such as transportation I think we can and should call for what we have insisted on for some time, namely a national planning authority and some kind of regulatory authority. In the last few days we have had in a committee a long argument on freight rates. From the presentations that are being made it is obvious that this is more than a question of railways. It is a question that comes down to fundamental principles in our country, namely whether we should take the socialistic approach to our railways or whether we should try to put the clock back and go back to some kind of capitalistic approach. It is also evident that you cannot separate the railways from water transportation or truck transportation in any kind of regulatory control. If you give one regulation, it impedes it unfairly with respect to the others.

One of the obvious difficulties of the planning approach is that it is difficult. It is not easy. There is no simple formula, and experts can quite often be wrong. It is easy for people to look around the world and cite certain examples where the experts have been wrong. I think the favourite example is the labour government's groundnuts scheme in Africa just after the last war. We can get all kinds of examples of that kind. But really there is no choice but that of planning. There is no other choice. We cannot go back to any day that really never did exist in Canada, of complete dog eat dog, the market place ruling and the law of supply and demand. That situation just does not exist any more.

What our responsibility should be—and it is certainly a responsibility that this group tends to bear and that I hope our new party will tend to bear—is to do more detailed planning of where we should go. If that program does not appeal to the Canadian electorate and does not get their support, of course we shall be disappointed; but more than being disappointed, I think we shall rue the day.

(Translation):

Mr. Emilien Morissette (Rimouski): Mr. Speaker, the Minister of Finance (Mr. Fleming) should be commended for his budget speech. His review of Canada's general economic position and his analysis of the public accounts for the year ending March 31 last, reveal on the one hand that his estimates of last year were accurate, which lends probability and validity to his estimates for the current year and, on the other hand, that legislation passed by this government has efficiently and decisively contributed to check the recession and launch our economy towards a new era of prosperity.

The facts brought out in the minister's speech also show that the gloomy forecasts of our Liberal and socialist friends were not to be taken seriously and were the result of an ill-contained spite rather than an objective and intelligent study of existing circumstances.

My colleagues will remember that the Minister of Finance had forecast, with regard to 1958, a gross national revenue of about 32 billion dollars. The facts have proved him right.

As a matter of fact the gross national revenue exceded that amount. According to the dominion bureau of statistics, it reached a figure of $32,184,000,000. Yet, the hon. member for Kenora-Rainy River (Mr. Benidickson), financial critic of the official opposition, has attempted to deride the minister's forecast. He has accused the Minister of Finance of picking that figure out of the air and of failing, in those estimates, to take into consideration the main components of the gross national revenue. The hon. member said, at that time, as can be seen on page 1465 of the official record of this house:

> I suggest that the minister seems to have taken probably the most optimistic of all advice in calculating the gross national product. That leaves some doubt in the first instance, when we consider this matter of deficit, as to whether the revenue estimate of $4,660 million is attainable.

Everybody knows today that in 1958 the Minister of Finance was not over-optimistic, and that his forecast was a sound one, for the revenue which had been estimated at

$4,652 million actually amounted to $4,770 million. The facts, therefore, failed to justify the opposition's calculated pessimism.

Other members of the opposition had also made gloomy computations. Some of them had forecast the breakdown of our export trade. Others had indicated that the number of unemployed would reach a million. All of them were wrong, for our export trade has remained stable and the employment situation never deteriorated to the extent prophesied by our hon. friends. As the Minister of Finance stated the other day, the number of workers has gone up by 152,000 as compared to last year, and the number of unemployed itself is also lower than the year before.

On the whole, Mr. Speaker, and thanks especially to a fiscal policy and adequate legislation, the pattern of the Canadian economy has been sound in 1958. The recession was brought under control and under the impetus of a wise government policy the country's economy is showing signs of increased buoyancy.

It is both interesting and encouraging to note that the trend of the Canadian economy as a whole has been better than that of our neighbours. I should like here to make a brief comparative survey of this development on the basis of some of the most reliable tests of the economic situation. The figures I am going to use are found in the *Labour Research*, a review published by the Canadian Congress of Labour. According to this review, the seasonally adjusted gross national product in Canada reached $31,748 million in the third quarter of 1957. In the last quarter of 1957, it decreased to $31,460 million. In the first quarter of 1958 it had increased $31,684 million, and in the second quarter to $32,248 million. We are aware that this upward trend held out in the latter part of the year, and that the rate of increase was stepped up.

In the United States, at the end of 1957, the gross national product amounted to $438,900 million. In the first quarter of 1958, it was $425,800 million and, in the second quarter, $429 billion. Thus, it is easy to realize that the volume of gross national income in the United States was falling off, whereas Canada's gross national product had already begun to grow substantially. In other words, assuming that the gross national product figure reached in the third quarter of 1957 represents 100, we find that in the last quarter, it went down to 99.1 per cent, then up to 99.8 per cent in the first quarter of 1958 and as high as 101.6 in the second quarter of 1958. In the United States, the situation is as follows: the figure in the third quarter of 1957 reached 100. The index decreased to 98.5 in the fourth quarter of 1957, to 95.6 in the first quarter of 1958, and stood at 96.3 in the second quarter of 1958.

In other words, while the downward trend in the volume of the gross national product occurred at the same time both in the United States and in Canada, it was never as marked in Canada as it was in the United States, and moreover, the gross national product had already started to increase in Canada while it was still declining in the United States.

Now, let us draw a parallel between available personal incomes. I mean the total volume of personal income, less direct taxes and especially income tax.

In Canada at the end of 1957, those incomes amounted to $21,480 million. In the first quarter of 1958, they went up 2.8 per cent, to reach $22,080 million; in the second quarter, they rose to $22,892 million. In the United States, the available personal incomes reached, in the third quarter of 1957, $308,700 million. In the fourth quarter, they dropped 0.6 per cent to $306,800 million. They again declined, in the first quarter of 1958, by 1.2 per cent to $305 billion. They went up again in the second quarter of 1958, when available personal incomes reached $307,500 million, which was still 0.4 per cent below the pre-recession level. There again, the Canadian economy is showing greater buoyancy.

It should be pointed out, Mr. Speaker, that the buoyancy, in Canada, of available personal income resulted in greater consumption, estimated at 3 per cent, between the third quarter of 1957 and the first quarter of 1958, while in the United States, it declined by nearly 1 per cent, as a result of a substantial decrease in the purchase of durable goods.

The greater strength of available personal income is due especially to the fact that old age pensions and other governmental transfer payments have been increased, while there was a decrease in taxation rates.

There is now evidence that those government measures have had considerable effect on the expansion of our economy.

In Canada, the workers' income rose, in August 1957, to $1,305 million. I refer here to the over-all seasonally adjusted monthly income. After having gone down to $1,282

million at the end of 1957 that income rose to a new high of $1,316 million in May 1958, i.e. an increase of 0.8 per cent as compared to August 1957. In June, there was a slight decrease to $1,312 million, followed by a new rise to $1,317 million in July 1958, which exceeds the level reached in August 1957.

Let us now refer to the same statistics with regard to the United States. In August 1957, workers' income reached $20,825 million. That figure kept declining until April 1958, to reach the level of $20,075 million, i.e. a decrease of 3.6 per cent. They increased in May, June and July 1958. Worker incomes, both in Canada and in the United States, started to drop during the same period, and declined steadily until the end of 1957. However, while the decrease was felt until April 1958 in the United States, the trend was reversed in Canada in January 1958, and the index continued to rise steadily. In Canada, worker incomes did not drop as low as they did across the border, and they recovered earlier, at a more rapid pace and to a greater degree than in the United States.

Now if you compare industrial production indexes in both countries, you again find that Canada's economy showed greater strength than that of the United States. Both production indexes began to drop at about the same time in early 1957, but while there was substantial recovery in Canada early in 1958, there was no marked recovery in the United States until mid 1958. Furthermore, the decline in industrial production was twice as great in the United States as in Canada. In July 1958, the industrial production index in Canada was 4.4 per cent below the point reached before the downswing, while in the United States, the gap was 8.2 per cent. In manufacturing, the situation was similar; in Canada, the index declined in 1957, but began to recover as early as January 1958. The rise continued into February, April, May and June. In July, the index reached a point 5.7 per cent below the level of February 1957. In the United States, the decline began in August 1957 and lasted until April 1958, when the trend was reversed. Thus, while manufacturing production declined earlier in Canada than in the United States, it dropped to a much lower level in the United States. Manufacturing production had been picking up for three months in Canada while it was still declining in the United States. In July 1958, in the United States, it stood at 6.8 cent below the peak registered before the decline; in Canada, it was only 5.7 per cent below the February 1957 level.

In Canada, the production index for durable goods, after reaching a peak in July 1956, began to drop until March 1958. At that time, the trend was reversed, and increases were registered in April, May, June and August 1958. In the latter month, the index stood at a point 12.7 per cent below the 1956 peak.

In the United States, the same index began to fall in December 1956. The downswing went on from September 1957 to April 1958. Having reached a low point of 20.6 per cent, the index then began to recover.

Here, in Canada, the production of durable goods weakened earlier than in the United States, but on the other hand, the decline was greater in the United States.

In Canada, the number of housing starts had reached a record of 145,400 units in the first quarter of 1955. Early in 1957, that number had decreased to 86,000, or 40.9 per cent.

From then on, though, a marked increase was recorded. In the first quarter of 1958, the number of starts reached a fantastic high of 175,600, 20.8 per cent above the pre-recession record. In the second quarter of 1958, they decreased to 162,500, still much higher than the pre-recession record.

In the United States, the highest number of starts, 1,435,000, had been reached in December 1954. In March 1957, they went down by 35 per cent and in February 1958, the decrease had reached 36.2 per cent.

In July, a recovery took place but it was still a long way from the high level reached before the economic slow-down.

The volume of home building has therefore declined less sharply in Canada and recovery has been infinitely stronger than in the United States. In Canada, home building permits for an amount of $86,712,000 had been issued in September 1955. In December 1956, this amount had dropped to $50,466,000, a decline of 41.8 per cent.

A new record was reached in November 1957. The figure was then $92,539,000. This increase held out until February 1958, when the fantastic amount of $130,242,000 was reached. This was an increase of 50.2 per cent over the record pre-recession level. In June 1958, the amount was still at the very high level of $101,133,000, or 16.6 per cent above the pre-recession record.

In the United States, a record was reached in November 1956, when the total amount

was $1,468,000,000. A year later, in November 1957, there was a very slight improvement. From then on, there was a drop until May 1958 followed by an increase in August 1958.

The lowest level was 9.1 per cent lower than that of November 1956 and 9.4 per cent lower than that of November 1957. The August 1958 high was 2.6 per cent over that of November 1956 and 2.3 per cent higher than in November 1957. While recession started earlier and was sharper in Canada than in the United States, the recovery was much stronger in Canada. The whole credit for this should go to the government, for making the necessary funds available to house builders. We know that 50 per cent of the housing starts in 1958 in Canada were financed through the National Housing Act.

In the field of industrial construction, it should be noted that while the decrease in Canada was sharper than in the United States, recovery was noticeable by May 1958, while the decline was continuing in the United States.

In business construction, the American economy was somewhat better than our own.

Let us now compare statistics relating to corporation profits. I refer here to profits before taxes. An unprecedented high had been reached in that field during the first and third quarters of 1956. From the third quarter of 1956, they registered a decline lasting up to the first quarter of 1958. From the second quarter of 1958, corporation profits were on their way up.

The United States have experienced a somewhat similar movement, but the decline was twice as sharp there as in Canada.

Let us look now at the trends of employment in some sectors of the economy. In Canada, the employment index in manufactures reached a high in December 1956. From then on, it decreased until April 1958, but in May, June, July and August 1958, it showed an increase. In the United States, the pre-recession high was reached in December 1956.

From then on there has been a decline until May 1958. During the following months, conditions showed some improvement. The decline began at the same time in the United States and in Canada. It has been checked earlier in Canada, and it never reached the same proportions as in the United States. From that point of view, Canada stood up better than our neighbour. The same holds true for the employment index in the production of durable goods. The peak was reached in Canada in November 1956 and was followed by an irregular downward trend until April 1958. In May and June, there was an increase.

In the United States, the highest level was reached in December 1956, followed by a decline until May 1958. The development of the unemployment index in that sector of the economy is very much similar in both countries though, here again, we find that recovery is firmer in Canada. The employment index with regard to the production of non-durable goods reached its peak in Canada in August 1957. A downward trend was noted until March 1958, but from then on there was an increase. In the United States, the peak was reached in November 1955, and was followed by a decline until March 1958. From then on, an increase was noted, but, here again, it must be said that the downward trend in the United States was twice as marked as in Canada.

We may therefore conclude that, after all, Canadian economy has stood up well in a period which was extremely difficult for North America. Recession is one of those things the Conservatives inherited from the Liberals. The facts I have shown prove that the recession has hit bottom and that recovery is now well on its way.

In his annual report the governor of the Bank of Canada stressed that "in the last quarter of 1958, the gross national product was higher by 4 per cent in Canada and 2 per cent in the United States, than the previous record figure."

The policy of relaxation with regard to monetary conditions which the government applied at the end of 1957 contributed more than any other factor to check the recession and to promote economic recovery. As a matter of fact, the recession has not been as severe or as protracted as certain people had foreseen. This is an *a posteriori* confirmation of the government's wise policy.

The Canadian public is grateful to the government and to the Minister of Finance who, in a difficult period, have practised a bold policy which, in the first place, checked the progress of the recession, then stopped it completely and, finally, brought about a strong economic recovery.

Mr. Jean-Paul Racine (Beauce): The figures and statistics quoted by my good friend the

member for Rimouski (Mr. Morissette), who is an economist, I believe, have yet to convince me that Canada's economy is in good shape.

Mr. Tremblay: You failed to understand his speech.

Mr. Dupuis: Come, come, Roberval—you naughty boy!

Mr. Pigeon: We do not use Mr. Lamontagne's statistics.

An hon. Member: Nor Mr. Martin's.

Mr. Racine: I believe I heard the voice of the member for Roberval (Mr. Tremblay). I also note that the member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) has already started to interject. If he really wants to coo, he might wait till I am through with my remarks.

Mr. Speaker, the budget brought down on April 9 last by the Minister of Finance (Mr. Fleming) came as no surprise, as far as the deficit is concerned, and despite the government's efforts to have the people accept this general tax increase, I think the people are fully aware that this government's election promises were nothing but a smoke screen and had no other purpose than to win votes.

We also recall that the pre-election concessions granted by this government in the taxation field included reductions involving about $178 million.

It follows that such generosity is more than cancelled by the $245 million to be taken from the taxpayers by the end of this year, and by the $352 million which the new taxes will cost us in a full year.

There is no denying that the tax increase will mostly hurt the consumer, because most of the business firms that are being taxed will include the taxes in their sale price. Consumer purchasing power, which already was extremely low, will be further lowered by the government's action.

The consumer purchasing power being reduced, that will substantially affect the demand and, in my opinion, the supply will certainly be affected as well. It should not be surprising if, as a result of that decline in the purchasing power, some concerns were obliged to cut down their production, which would certainly not help solve the unemployment problem nor bring the revenue which the Minister of Finance seems to be so much in need of.

The Minister of Finance has admitted a deficit of $616 million for the fiscal year 1958-1959.

That deficit would certainly have been more palatable if it had contributed, in some way, to an economic recovery or had helped at least to partially reduce unemployment, if not completely.

That deficit is not either the immediate result of an increase in social benefits, such as family allowances, for instance, which would have helped increase the purchasing power of the taxpayers as well as stimulate business and industry.

The position of the federal treasury and the financial problems facing the minister are evidence, as well as the very picture, of the difficulties which workers, farmers and industrialists in this country must face.

Such financial unbalance is the very picture of the sad economic situation prevailing in several fields in Canada, and which is causing unceasing concern to a great number of our fellow-citizens, especially if we consider the nearly total absence of governmental measures designed to help remedy such a situation.

We realize also that the financial situation of the government has deteriorated during the two years of Conservative administration. For instance, the funded debt, according to table 2a, page 2412 of *Hansard*, has gone up from $15.4 billion in 1956 to $15.6 billion in 1959. For the same period, the total debt rose from $19.1 billion to $20.2 billion, and the percentage of the gross national product, which was 41.7 in 1956, has gone down to 36.3.

In spite of increased taxation, the present Minister of Finance will be able to boast of a rather unenviable record: that of having increased the national debt by more than $1 billion in two years. His forecasts for 1959-1960 are hardly more encouraging, since he expects another deficit of $393 million.

Are we going to have, under the present government, a continuous and yearly increase in taxation? The Minister of Finance stated on television, the night he introduced his budget, that he could not say when he would be able to introduce a balanced budget.

And yet, Mr. Speaker, when he was in the opposition, the same minister was asking for a balanced budget, and was not criticizing Conservative deficits, but rather Liberal surpluses, which contributed to reduce the national debt.

The Minister of Finance is far from improving our financial position. He faces the same problem as last year, and has admitted himself that in spite of the deficit he expects, he will again be facing the same problems next year.

If, at that time, he uses the same methods, the consumer will be paying again, and we will again witness a further drop in our purchasing power.

Just to show the inconsistency of the present administration, let us take an item which has been increased, as evidence that election promises are not being carried out.

Here is a statement made by the right hon. Prime Minister (Mr. Diefenbaker) on February 17, 1958 at Brantford, as reported in the Toronto *Daily Star* of February 18:

(Text):

Prime Minister Diefenbaker last night dropped a clear hint that the taxes on cigarettes, cigars and tobacco soon may be cut.

He told an audience of 1,400 that no industry in Canada suffers a greater degree of taxation than the tobacco industry.

Tobacco growers, he said, are the one segment of agriculture that has not received the attention it deserves, although growers long have clamoured for government aid.

The Prime Minister added: "We want to give them this assistance. We are having a study made of this industry to see what action is needed to give tobacco growers a reasonable return and some security for their efforts."

The tax on a 33 cent pack of cigarettes now is about 18 cents, made up of an excise tax, and excise duty, and a 10 per cent sales tax.

The study probably will be made by the Department of Finance and any ensuing tax cut could be introduced in time for the 1958-59 federal budget expected in May.

To the Brantford audience, living on the northern fringe of Ontario's tobacco belt—where production has jumped from 63,000 acres in 1943 to 120,000 in 1956—the Prime Minister's hint appeared an effective vote catcher.

(Translation):

I wonder if, after presenting this budget, the Prime Minister could go back to Brantford, repeat those statements and make as many friends among the voters.

This budget also fails to justify any hope of higher benefits under existing social legislation or of any further welfare measures.

May I quote what the Prime Minister said in Hull on February 25, 1958, as reported in the Montreal *Star* of February 26, 1958:

(Text):

The Prime Minister told his Hull audience of some 850 persons that some features of the United States plan would have to be altered before it could be fitted on top of the present Canadian program of $55 monthly pensions paid to all at 70.

He detailed the payments which he said are made under the United States plan to those on average incomes: between $88.50 and $98.50 a month for single workers retiring at age 65; $132.80 a month for a husband and wife retiring at age 65; death benefits of $255; disability payments starting at age 50.

(Translation):

More unkept promises! Mr. Speaker, if I wanted to list these in detail in this house, it would take me much longer than my allotted forty minutes.

However, if we examine all the Prime Minister's election promises, we find with some surprise that he has not indicated his position with regard to family allowances which are, to my mind, the most significant social legislation we have in Canada.

Last year, on the same occasion, that is during the budget debate, I spoke at length about family allowances and showed that at that time the cost of living index regarding family needs had doubled since they were introduced in 1944 and paid out in 1945, and that it was the government's responsibility to increase them adequately.

No one need be an economist to realize that the family allowances set up in 1945 no longer have the same buying power in 1959, and I believe it is the government's duty to correct that situation so as to provide for the needs and requirements of Canadian homes.

If the Prime Minister made no reference to this matter during the last elections, are we to understand that family allowances are of no interest to him or that he wittingly or unwittingly overlooked them? Under the circumstances, I cannot account for the Prime Minister's position on this matter. On the other hand, there were hon. members who did not hesitate to tackle the subject, during the election campaign and to come out with their promises so that I wonder why they kept mum about it last year. At all events, I hope those hon. members will not be afraid to expound their views on the subject and to ask for an improvement with regard to family allowances.

I would now like to deal with another question of great significance, i.e. federal-provincial relations, especially as concerns grants to universities.

My friend, the hon. member for Sherbrooke (Mr. Allard), when speaking in this house on April 13 last, mentioned in certain parts of his speech the satisfaction he felt over being given the seat he now occupies, pointing out that he

was happy to get farther and farther away from the opposition.

I am delighted that he should find comfort in this particular way. Obviously, he is easily satisfied. Of course we do miss his presence just opposite. However I would point out to him that he is getting closer and closer to the exit, and that we will be very unhappy, after the next federal election to see him go, but let him take comfort in the thought that he will not be the only one: many other members opposite will be doing the same.

I say that my hon. friend from Sherbrooke is both likeable and understanding, and I can prove it because I admit those qualities in him. I should like to quote a statement he made which, in my opinion, is exceedingly important. I congratulate him for the sincerity with which he dealt with the problem of university grants, as far as the province of Quebec is concerned. As recorded on page 9 of the appendix for April 13, here is what he said, and I quote:

> That is why if the Quebec government cares to offer a suggestion, to make an official proposal, an appropriate and constructive one, I am positive that this government will consider it with great care and that, eventually, a proper solution will be found in this field.

I am in full agreement with my hon. friend from Sherbrooke. I am sure that, if the Quebec government really wanted to make a constructive proposal, the present government would consider it with great interest, as the previous government would have done too. But, if we accept my hon. friend's statement we have to infer that in the last 7 years since those grants were offered, the province of Quebec or rather the Union Nationale government or even the premier himself, (Mr. Duplessis), have failed to come out with some constructive suggestion, some official or appropriate proposal in order to settle that problem.

In the meantime, Mr. Speaker, how many talents have gone to waste, how many young people have had to give up their studies because they could not afford to stay in college.

Last week, I received a letter from a young man who had two more years of philosophy to do before completing his classical course and enter the university. I should have liked to read that letter in the house, but I do not think it is proper to read the names of people who are in such dire straits, and thus reveal their sad plight. I shall content myself with summarizing the contents of the letter without tabling it.

That young student, forced to interrupt his studies, wrote to me, asking whether I could find a job for him for a year, so that he could earn enough to finish his studies. That young man showed much interest in his studies and was even prepared to make sacrifices; I believe this is a typical case. That student explained to me that he comes from a family of 14 children and that his father could no longer afford to keep him in college.

I think I can safely say that many young men in the province of Quebec are in the same plight, so that we can state there is an enormous wastage of talent.

I therefore agree with my good friend, the member for Sherbrooke, that the Quebec government should put forward some constructive proposals with a view to reaching understanding, so that our young people might benefit from this help and reach their goal in life.

On the other hand, the Quebec government is responsible for wasting the abilities of a whole generation, because it has been turning down these grants for seven years, has taken a negative stand, and made no move to iron out the differences that existed.

The member for Sherbrooke has expressed surprise at finding, since his election to the house that many members show little interest in the matter and are reluctant to discuss this vital problem. Let him have no fear, we too know of this problem, and have been aware of it for quite some time. We too would have been anxious for the Quebec government to take the action he has suggested, and which we have been suggesting for some time.

With this in mind, I have obtained from the Association Generale des Etudiants de Laval, from the Association des Etudiants de l'Universite de Montreal and from the federation of classical colleges, some of the tables included in the brief they submitted to the Tremblay commission. The first table shows the percentage of students attending Laval and Montreal Universities and classical colleges in the province of Quebec according to the job classification of their fathers:

Job classification of fathers	Percentage of students		
	Laval	Montreal	Classical colleges
1. Professional men: ...	17.0%	21.6%	44.3%
2. Manufacturers, businessmen, owners of large business concerns:	28.0	26.1	

Job classification of fathers	Percentage of students Laval	Montreal	Classical colleges
3. Clerical workers, in civil service, railways, etc.	28.0	9.3	12.1
4. Skilled workers:	18.0	9.5	25.7
5. Unskilled workers:	2.0	4.5	5.3
6. Agriculture:	7.0	7.6	12.5

	Attending university	Within the province
1. Professional men:	19.3%	4.4%
2. Manufacturers, etc.:	26.9	6.0
3. Office workers etc.:	18.6	15.9
4. Skilled workers:	13.7	43.1
5. Unskilled workers:	3.3	
6. Agriculture	7.3	16.6
7. Others:	10.9	14.0

Mr. Speaker, we also know that tuition fees in the province of Quebec are perhaps not the highest in the country, nor are they the lowest. So with the permission of the house—

Mr. Tremblay: It was different last year.

Mr. Dupuis: Quiet, Buster!

Mr. Racine: Mr. Speaker, if the house agrees, and to avoid taking up too much of its time, I should like to include into the official record a table indicating tuition fees in leading Canadian universities.

(Text):

The Acting Speaker (Mr. Rea): Has the hon. member permission to put this table on *Hansard*?

Mr. Fleming (Eglinton): May I ask the source of the figures contained in the table?

(Translation):

Mr. Racine: Mr. Speaker, this table was included in the brief submitted to the Tremblay commission by the Canadian federation of universities.

Mr. Pigeon: So long as it was not by Maurice Lamontagne.

Mr. Dupuis: Are you jealous of Mr. Lamontagne?

(Text):

Mr. Fleming (Eglinton): I gather these figures are not from an official government body, nor is the table one drawn from any official government source, either primary or secondary source?

Mr. Racine: This table is contained in the submission of the universities to the royal commission and has been submitted to the government. It is the same table.

The Acting Speaker (Mr. Rea): Has the hon. member permission to put this table on *Hansard*?

Some hon. members: Agreed.

Tuition Fees in Leading Canadian Universities

Universities	Medicine	Law	Science	Humanities and Arts	Social science	Pharmacy	Dental surgery
Montreal	$525	$375	$425	$375	$375	$425	$475
McGill	650	450	450	450	450		551.50
Laval	400	350	350	350	350		
Alberta (55-56)	510	235	235			225	360
British Columbia	445	290	240			290	
Dalhousie	500	330	320	230	230		420
Manitoba	465	200	250	250	225	275	
Osgoode Hall		320					
Ottawa	375	275	350	350	210		
Queen's (55-56)	469.80		445.30	324.80			
Saskatchewan	475	215				225	
Toronto	550	365	500	325	365		500
Western (55-56)	575		375	375			

(Translation):

Mr. Racine:

According to the table showing representation in universities, 41.2 per cent of the sons of professional men and manufacturers attended universities in 1956, while their parents accounted at the time for only 10.4 per cent of the population of the province of Quebec.

In other words, 89.6 per cent of the people, made up of clerical workers, skilled and unskilled workers, farmers and others were using only slightly over one half the capacity of universities. Skilled workers, farmers and others, are usually considered in the class of average income who should be enjoying the same privileges as people of greater means. I still believe that an agreement should be entered into and that action, as suggested by the hon. member for Sherbrooke, on the part of the government of the province of Quebec, for the purpose of making positive proposals, should be taken at once so that families who account for close to 89.6 per cent of the population might receive the same benefits as the well-to-do.

The province's refusal of federal grants is detrimental to those people and I trust that some way of accepting the grants will be

found so as to provide assistance to many students who, while they have the necessary aptitudes, sometimes lack the money to go on with their studies.

I am sure that the universities would gladly accept those grants, for we are all aware of their financial problems and we know that they must find other sources of income to make up their deficit.

We hope that these grants will be discussed at the federal-provincial conference we are looking forward to, and we also trust that, at the time, a solution will be found that would be fair to both the government of the province of Quebec and the federal government, because university students who have been deprived of those grants for seven years now need them badly.

In that same regard, I suggest to the hon. Minister of Finance that he grant higher tax deductions to parents with children in college or at the university.

Mr. Speaker, I would like to close my remarks by quoting a few excerpts of a statement made by the hon. Leader of the Opposition and of the Liberal party (Mr. Pearson) on February 10, 1959. They are proposals that we have made during the election campaign and, unlike the Conservatives, what we said then we can say again today. We still believe, as we have advocated, that the way to reduce unemployment is to increase the buying power of consumers by lowering taxes. This government has chosen an altogether opposite view, and we know into what depths we have been thrust as a consequence.

Mr. Allard: May I put a question to the hon. member for Beauce? Could the hon. member tell the house if he believes that the reference to education in section 93 of the British North America Act applies to university education?

Mr. Racine: Would you repeat your question; I did not quite understand it.

Mr. Allard: Does the hon. member for Beauce think that section 93 of the British North America Act, in its reference to education, also applies to university education?

Mr. Racine: Mr. Speaker, I have repeatedly said during my speech that I agreed with the hon. member for Sherbrooke when he said that the province of Quebec should take whatever steps are required to come to an agreement with the federal government. My hon. friend knows, of course, that I am not a lawyer and that references to sections are matters that have given rise to much controversy.

Mr. Tremblay: Oh, no. Oh, no.

Mr. Racine: I think it is irresponsible to solicit my advice on those matters, for even leading jurists do not agree on their interpretation.

(Text):

Mr. B. G. Allmark (Kingston): Mr. Speaker, may I add my congratulations to those already expressed to the Minister of Finance (Mr. Fleming) for his excellent presentation of the budget. May I also extend my congratulations to the hon. members who have preceded me in this budget debate for the contributions which they have made through their budget speeches.

In the presentation of the budget the minister has given the Canadian people a frank and honest appraisal of Canada's economic position, and a clear-cut explanation which Canadians have learned to expect from our capable and realistic Minister of Finance. Editorial comment regarding the budget has been interesting, and for the most part the opinions expressed showed satisfaction. There has been a general agreement that the minister's budget is one well suited to our present economic position. I am sure, Mr. Speaker, I speak for all Canadians when I say I am pleased to see indications which definitely point to recovery. The fact that there is less unemployment than a year ago and there are more Canadians employed in Canada than one year ago is extremely encouraging and proof of the wisdom of Conservative government policies.

The provision of money by this parliament in its first session made possible more than 163,000 housing starts in Canada in 1958. That is truly an amazing record and one which surpasses the previous record year of 1955 by about 25,000. The availability of this money for housing was a notable factor in creating employment in my own riding. In the riding of Kingston in 1951 the value of housing for which building permits were issued totalled slightly less than $1 million; in 1957 this figure stood at slightly over $2 million; in 1958 in the city of Kingston this figure jumped to $4,725,000. That is concrete evidence of the value of the government's policy to provide money for the construction of homes.

Both labour and contractors in my riding have been doing an excellent job carrying on winter construction. However, I think that

we Canadians have a great deal to learn about winter construction. Nevertheless it is apparent that never before has construction been carried on to the extent it has been carried on this winter. I think it is most important that we intensify the educational program which has already had excellent results but which if carried on in a thorough and extensive manner will result in a further expansion of construction during the winter months.

It has been quite remarkable to watch the construction of buildings at Queen's University during the past winter. There has been excellent co-operation by the university. As a result, our Kingston tradesmen and labourers have benefited through this season when normally employment would be at a low level. I think our own government departments which are responsible for construction should make it their policy to award contracts at a time of the year when it would permit the building to be at such a stage that construction could be carried on during the winter months under the most favourable conditions. It is useless for the Minister of Labour (Mr. Starr) to publicize the necessity for providing winter work unless, of course, our own government departments co-operate and set an example to the general public.

Mr. Speaker, since this is the first occasion on which I have spoken on a budget or throne speech to date, I trust that you will grant me the privilege of making some reference to the riding which I represent. I refer to the historical riding of Kingston, an area comprising the fast growing city of Kingston, the townships of Kingston, Storrington and Pittsburgh and the islands of Wolfe, Howe and Simcoe. I do not intend to trace the events in the long and historical existence of my riding, but I think I should mention the fact that the people I represent have displayed an exceptional quality of judgment down through the years. My electorate chose John A. Macdonald, then 29 years of age, as Kingston's member to the government of Canada, on October 15, 1844. This quality of good judgment has obviously remained with the people. This fact was proven last autumn when the Speaker of the House of Commons was chosen as the recipient of an honorary doctor's degree at the fall convocation at Queen's University. It was my privilege to attend this convocation; and may I say that I was extremely proud to witness our able Speaker being honoured by the university in my riding.

We who are the residents of this riding are proud of the part we have played in Canadian history but may I stress the fact that in these days of growth and expansion in Canada we are not living in the past. We are not afraid—as are some on the other side of the house—that Canada is facing ruin. We believe we will share in the great and rapid expansion which will take place in Canada in the years ahead. We believe that Kingston will share in the prosperity which will result from the opening of the St. Lawrence seaway which will carry the ships of all nations half-way across this vast continent.

It is to be regretted, Mr. Speaker—and I have said this before in the house—that those responsible for the planning of the seaway did not have the foresight or the good judgment to use the Canadian channel in the western 25 miles of the St. Lawrence river. I think that the hon. members of the house should be aware of the fact that before the building of the seaway there were approximately 30 miles of the Kingston to Montreal section of the St. Lawrence in United States waters. The decision to put the Snell and Eisenhower locks on the United States side placed 20 miles in United States waters, and the decision to use the United States channel rather than the Canadian channel in the Kingston area—and this channel had been the shipping channel since shipping in the St. Lawrence began—placed another 25 miles in United States waters, so that now approximately 75 miles of this 168-mile stretch of river is completely on the United States side of the boundary.

Kingston is a thriving port, handling one million to one and one-half million tons of seaway cargo a year, I think it is interesting to note that with the proposed seaway tolls this represents $600,000 to $700,000 yearly. That is a substantial contribution toward the $28 million required annually to amortize the seaway over a 50-year period. It is difficult to understand why such a port was ignored by the Liberal government when for a small expenditure the channel could have been retained in Canadian waters.

On June 28 of this year the people of the Kingston area will welcome Her Majesty's yacht *Britannia* which will carry the Queen of Canada and His Royal Highness Prince Philip to the city of Kingston which was once the capital of Canada. We are distressed to realize that the *Britannia* will not follow that same Canadian channel taken by Baron Sydenham, governor of Canada, when he arrived in Kingston on May 28, 1841 to open the parliament of Canada. I hope that on this trip which the Queen makes across Canada there will be a minimum of ceremony and an opportunity for the royal couple to enjoy the scenic beauty and the many places of historic interest in our country. By our actions this year let us convince our Queen that she may enjoy in

Canada that leisure and rest which will make this trip an enjoyable vacation.

This junction of the St. Lawrence river and the lakes is also the terminal for both river and lake pilots. There appears to be the opinion that the crews of foreign-going ships are capable of piloting their ships through the restricted waters of our inland system. There is no one who will deny that foreign ships' officers are capable navigators, but this is a skill of little importance in lake and river shipping. It has been said that the safety of the seaway is paramount, and this also applies to our marine installations throughout the lakes, to our ships and to the lives of Canadian sailors. If we in Canada are to be assured of the degree of safety necessary then we must rely on the experience and ability of those men who have spent their lives learning the skill of ship handling and learning the hundreds of miles of river and restricted channels in our inland waters.

We have in my riding four of Canada's nine penitentiaries, one of these being the women's penitentiary. Kingston is also the location of a staff college for the training of penitentiary officers. I do not suggest that those of us who live near the penal institutions are therefore experts in the matter of penal reform; and I trust that the observations I am about to make will not be construed by the members of this house as being those of an authority. The Minister of Justice (Mr. Fulton) has within his department a correctional planning board which is at present studying the penal system in Canada. To this group may I suggest that the majority of female inmates come from the same fair province as does the minister. It is my observation that his province would be a much more suitable location for this institution. I suggest that this handsome limestone building now being used as a women's prison might well be converted into a modern inmates' hospital. The excellent Queen's University medical school is undoubtedly responsible for providing in Kingston hospital facilities comparable to the best on the continent. A new modern penitentiary hospital could enjoy the benefits which this medical school would provide.

May I also request the Minister of Justice to consider Kingston as the site for a new minimum security institution. There are many advantages in having prisons grouped in one area. Kingston, located as it is halfway between Toronto and Montreal, is ideally situated since it makes the visiting by the inmates' relatives easier and this visiting privilege, I understand, is an important factor in the rehabilitation of the inmate. If the Kingston area is fortunate in obtaining a new institution I would suggest that it be located a few miles to the north of the city rather than to the east or west, where in a few years it would be encircled by residential development.

The people of my riding have a fair knowledge of penal institutions. The officers for the most part are residents of our city and we appreciate the problems which exist in the operation of penitentiaries, and we are indeed pleased to have them located in our area. There is one point which is very apparent, and that is that the present Minister of Justice has had dumped in his lap a penal system totally inadequate to take care of the needs of a country of 17 million people. This is a direct result of the failure of the Liberal government to take those steps which are necessary to increase the accommodation in these institutions.

One of the scenic beauty spots of our country is that point of land at the junction of the great Cataraqui river and the St. Lawrence, where the royal military college is situated. Many of the members of this house had the opportunity to visit R.M.C. on army day last year, and I am convinced that they were impressed with the natural beauty of this location. On the very tip of this point of land is located Fort Frederick, a very beautiful and historic old fort which in recent years has been allowed, unfortunately, to fall into a bad state of disrepair. I would like at this time to express my appreciation of the very able and expert assistance of the Kingston historical society, which assisted me in bringing to the attention of the minister the condition of Fort Frederick. This fort is being repaired and will further enhance the appearance of these beautiful grounds. The decision of the Conservative government to do this work is to be commended.

I would like to remind the Minister of National Defence (Mr. Pearkes) that the removal of those houses with which I am sure he is acquainted located at the north of the playing field at R.M.C. would make possible the conversion of this particular area into a beauty spot in keeping with the remainder of the college grounds. There are thousands of United States tourists each year who view our Kingston military installations and the college as they pass along No. 2 highway. It is my opinion it is extremely important to Canada that these buildings and grounds be kept in a condition of which we, as Canadians, may be proud.

I am very pleased that the route of the *Britannia* will carry Her Majesty through the thousand islands on her holiday this summer. This is a magnificent sight and one which

should thrill our royal visitors. One of our great assets in the thousand islands are our national parks. Pleasure boats varying in size from the small outboard motorboats to the large palatial yachts pack the dock facilities provided by the Canadian government. Here too there has been an unfortunate lack of foresight in the national park area, with the result that today there are far too few docks to accommodate the vast number of boats in this area. Obviously we would not wish to prevent our United States visitors from using these national parks, so there appears only one solution. If Canadian boat owners are to enjoy their own Canadian islands we must build additional dock facilities. I can assure the Minister of Northern Affairs and National Resources (Mr. Hamilton) that the provision of additional docks in the parks of the thousand islands will make him a very popular person among the great number of boat owners.

Mr. Speaker, we have in my riding a very large and growing tourist industry. Not only in the city, but in the country to the north there are hundreds of beautiful lakes, and it is truly a fisherman's paradise. There is presently set up an international Kingston-Cape Vincent bridge committee which comprises six United States and six Canadian members. Its purpose is to promote the construction of an international bridge in this area to facilitate the crossing of the St. Lawrence and thereby further increasing the tourist business to this lakeland area. If this bridge is built it will be indeed a tremendous asset. I would like to point out the spirit of goodwill and co-operation which exists between the Canadian cities and towns in this area and those across the border in the United States. This is indicated by the ability of these neighbours to join together for the promotion of a project beneficial to both countries. May I commend here the members of this committee for their sincere effort and enthusiasm in this project.

I earlier made some modest reference to Kingston's place in history and to the fact that in 1844 Kingston was represented in the parliament of upper and lower Canada by John A. Macdonald. May I close, Mr. Speaker, by saying that Kingston riding has been denied for some years the privilege of having the name of Sir John A. Macdonald placed on the pages of *Hansard* by a Kingston member of the same political faith as the old chieftain. I do so today with humility and respect for that great statesman, whose leadership, wisdom and vision foresaw in this united dominion the land of opportunity we have today.

[Mr. Allmark.]

Mr. O. J. Godin (Nickel Belt): Mr. Speaker, I am pleased to rise on this occasion to take part in the budget speech debate on behalf of the constituents of Nickel Belt. I realize that possibly some of my remarks at first glance will not please too much the members of the government, but I trust that if they will have the patience to listen and possibly try to ascertain the significance of some of my remarks, it may assist them in pressing the government to which they belong to bring about an administration which would be, at least partly, in line with the promise made by it at the last election.

I may say I have possibly more reasons than the members of the government to indicate certain views in this house, because my people of Nickel Belt are not responsible for the administration which we have today. It is obvious by my being here on this side that it was not their wish. They have to suffer like every other citizen in Canada under the present administration. I would also say, Mr. Speaker, that possibly the balance of Canadians who voted Conservative in the last election could very well be excused, because it is clear that after 23 years of a government which fulfilled to the greatest degree of possibility its promises the Canadian public at the last election had reason to feel that amongst the thousands of promises made by this government at least a fair proportion would be kept. For that reason I think the Canadian public could be excused.

The main fault of this administration—and it is most apparent in the budget speech—is that it has defaulted on practically every promise made. We heard yesterday a very fine remark concerning the fall of Humpty Dumpty. I should like to remind the Prime Minister (Mr. Diefenbaker) that possibly the greatest fall a man could have, occurs when he stumbles over his own bluff. We have seen introduced into this parliament a new domestic policy of administration, a policy which I should like to term the fork and spoon policy. During an election campaign, the Prime Minister and his assistants go about spooning with the Canadian public and then as soon as the election is over the public all realize that the time has come to fork over. That process is apparent in this budget.

We listened last night to a very fine speech, I thought, by the hon. member for Dufferin-Simcoe (Mr. Rowe). I appreciate that the hon. member has been in this house for a very long time, both as a member of the opposition and as a supporter of the government. Naturally, he recounted many memories, but I think it was obvious to all of us

that there is one conception which the Conservatives have missed and that is the proper definition of the word "memory". That is apparent from a study of the promises which have been made. Indeed, the position of the government's supporters reminds me of the answer given by a school child when the teacher asked him to define "memory". After some hesitation, the boy gave this answer: "Memory is the thing I forget with". I think it is obvious to us that this is the definition which has been adopted by this government.

I could touch on many subjects, but the time allotted to me will not permit. But let me mention at the outset of these remarks the government's promise to lower taxes. What happened to that? We all listened to the budget speech and we are in a position to judge for ourselves. Then there was the undertaking to abolish the sales tax. What happened to that? There was the promise to solve the unemployment problem. And then there was the vision. The closest the Canadian people can get today to the vision of the great northland about which so much has been said would seem to be through a telescope held upside down. The Conservatives promised to reduce expenditures. But what do we find in the budget? Although the government has discarded certain commitments in the field of national defence—I refer, of course, to the Avro program—and some saving has certainly been made in this respect, we are still confronted with the fact that the present expenditures of the administration will exceed those of the previous year by no less than $300 million.

As I said a moment ago, there seems to be an understanding that supporters of the administration should pay tribute to various personalities in the government; feeling that the Canadian people will be satisfied if it is simply stated, as was done last night, that the greatest administrators in the country have now come to the helm. But that will not suffice. The hon. member for Dufferin-Simcoe said last night—and it sounded odd to me—that the only way in which we could solve unemployment was by putting people to work. Such simplicity of approach will not solve the problem which the Canadian people are now facing; a more concrete solution will need to be provided.

The hon. member I have just mentioned made reference to past acts and past ambitions and then went on to speak of ambitions and visions for the future. Undoubtedly he forgot to list a number of very real accomplishments, and I should like to remind him of only a few which were carried out in recent years under a Liberal administration. What about the Chalk River project, for example? Is that not something worth talking about? What about Elliot lake and the development of uranium mines in Canada? Is that not a project worth talking about? What about the St. Lawrence seaway, undertaken by the Liberal government? Is that not a Canadian project to talk about?

Now we are told that the Conservative party has something to offer toward a solution of the unemployment problem, though nothing specific was mentioned. The hon. member for Dufferin-Simcoe made the statement that the Liberal party was tied to the United States and took dictation from the United States. That is not so, and I can prove it by giving one example, the case of the St. Lawrence seaway which I have just mentioned. All Canadians knew, and I knew, though I was not actively in politics at that time, that the United States was not prepared to come into this major project and that the Liberal administration at that time made a move which was strong enough to impel the United States, our strong neighbour, to take action along with us. These acts are recorded in the books of the Canadian parliament, and they are concrete achievements; they are not in the nature of a vision which includes no explanation of what the projects may be.

Now I should like to touch on one point of particular concern to the people of the Nickel Belt area, namely the increase in the income tax announced in this budget. Our people, engaged in the mining industry, earn salaries which are relatively high, so every one of them is affected by this increase. It seems to be the minister's contention that if he did make an increase it was a minor one. It reminds me of those who discuss operations; a minor operation is always an operation which is performed on the other fellow. Then we have, tied in with this, the conversion loan. The Minister of Finance appears to have a brand new theory ready for the Canadian people. He tells them: "You save your pennies, taxes will take care of them." That is what Canadians will get out of the budget presented here last week.

Then we come to this increase in the tax on cigarettes, a tax which is most important and which affects so many Canadians. I should like to direct the attention of the house to the opinions expressed by the Minister of Finance when he was a member of the opposition in 1953. He had occasion, on March 30, to make a short speech, one which, no doubt, he regrets today, concerning a bill which had to do with a change in the rate of taxation on cigarettes which was brought into the house after the government had substantially reduced the tax on cigarettes. In this connection I should

like to quote a phrase from a speech made by Mr. Abbott, who was the minister of finance at that time, because it was quoted by the hon. member for Eglinton to indicate what the situation was. This was the statement by Mr. Abbott:

A further reduction in the levy on cigarettes seems desirable. It is clear that following the reduction made last year there was quite a definite increase in cigarette sales which from the point of the revenue collector is very encouraging.

Then the present Minister of Finance had this to say, and I hope hon. members will listen very carefully. These are his words as found at page 3411 of *Hansard,* the fourth volume, of 1953:

I speak as one who does not smoke and who is not personally affected by this present bill. But as a non-smoker I wish to say that I think the taxes on cigarettes and tobacco are still too high. I wish to say also that if we have a smuggling problem at the border today with respect to cigarettes it is largely the creation of this government by the boosting sky-high of excise taxes and other impositions on cigarettes, particularly the large advances in taxes that were made two years ago.

Where will the Canadian people find the reasons for smuggling today? What a contrast there is between the statements made by the present Minister of Finance when he was in the opposition and those he made in his recent budget speech concerning increased taxes.

Mr. Nesbitt: The price of United States cigarettes is up.

Mr. Pickersgill: What has that to do with our budget?

Mr. Fleming (Eglinton): It has everything to do with it.

Mr. Godin: Mr. Speaker, I cannot resist commenting that Conservatives are somewhat like buttons in that they keep popping off.

It occurs to me that the Postmaster General (Mr. Hamilton), who has just this moment entered the house, may be prepared to give consideration to the introduction of a special commemorative stamp this year. If this is so, possibly he will accept my suggestion and print a stamp commemorative of a 25-year period in Canadian history which is indeed memorable. Possibly one-half of the new stamp could bear the effigy of Lord Bennett and on the other half there could appear a weeping taxpayer.

Mr. Nesbitt: Big joke.

Mr. Godin: I doubt that the Postmaster General would be disposed to having printed a stamp commemorative of the tenth anniversary of Newfoundland and so I was inspired to offer this alternative suggestion. Perhaps many Canadians would appreciate the thought behind it. A stamp such as that I describe would certainly commemorate a definite anniversary, one which would be understood by every Canadian, because Canadians feel at this time that we are marking the anniversary of the Bennett administration.

(Translation):

Mr. Speaker, I want to express myself in French in order to deal with a few matters for the benefit of my fellow citizens, i.e. hon. members from the province of Quebec. I believe it appropriate to speak on behalf of my fellow-citizens in northern Ontario with regard to the serious problems of higher education in this country, of federal-provincial relations and, lastly, of grants to universities.

I rise as the representative of a riding which has the youngest bilingual university in this country, i.e. the University of Sudbury, which, for several years, has had the opportunity of benefiting from federal grants put at the disposal of Canadian universities.

As an hon. member explained just now, I realize how easy it is to make political speeches about that problem and to repeat the words "autonomy" and "constitutional", but I think that the 50 hon. members or so from the province of Quebec who are sitting on the government benches would be well advised to take steps to come to some agreement with the federal government and the government of Quebec so that students from that province might enjoy the benefits of higher education which federal grants could provide and therefore be on the same footing as their fellow students elsewhere in this country.

I have no intention to refer to discussions regarding the constitutional point of view, but it seems reasonable to assume that the fathers of confederation, when wording the British North America Act, possibly did not imagine what higher technical education would cost in 1959.

In order to prove that allegation, I would like to quote remarks from professor Lower's volume *From Colony to Nation.* On page 343 of that book, professor Lower deals with the question of higher education in Canada in 1867 and he says:

(Text):

In higher education all the larger colleges and universities of eastern Canada had been founded with the exception of Western Ontario and McMaster. Some of these institutions, such as Queen's, already had several faculties. Both Queen's and Victoria had faculties of medicine and there was also a medical school in Toronto. Queen's had 18 professors and 180 students, Victoria had 200 students, Trinity seven professors, University College, Toronto, nine. Every institution in the

country, with the exception of Toronto and Dalhousie, was denominational and there was about them all as there was about every school, too, a strong religious flavour.

(Translation):

It is of interest, Mr. Speaker, to compare the situation which prevailed at that time to present day conditions.

On page 412 of the same volume, Professor Lower says further:

(Text):

The universities were still somewhat out of the main currents of Canadian life. As late as 1890 their staffs were mainly old-country men who regarded themselves as "exiles" in Canada; Canada's own able young men, under the weight of the older and stronger culture, were only slowly winning footholds in the higher education of their country. Students bodies were larger, but not much larger than they had been thirty years before: Universities were for the education of persons who took education seriously and expected to go into a profession: the great modern movement of mass 'education' had not begun.

(Translation):

Mr. Speaker, I think it is high time politicians realized that they should not undertake to settle by themselves the problem of education.

In the field of education, and in the light of recent developments, consideration should be given to the establishment of laboratories where atomic energy development could be taught. There is possibly no province in this country which would be wealthy enough to set up, on her own, a proper laboratory for the teaching of that science. Consequently, provincial governments should request federal help in that field.

As hon. members from Quebec belonging to the Conservative party are on good terms with the federal as well as with the Quebec government, they might lend their good offices so that some agreement might be reached which would permit acceptance of the grants under reasonable conditions, so that Quebec universities might benefit like those of other provinces.

Mr. Speaker, it should be understood that we cannot always hide under the cover of the constitution and of autonomy.

It is a recognized fact that the present premier of Quebec accepts grants from the federal government.

Last year, in answer to a question I was asking him, the Minister of Mines and Technical Surveys (Mr. Comtois) maintained that grants awarded in the geological field were accepted in the province of Quebec.

Mr. Speaker, if the province of Quebec accepts grants for certain purposes, in all logic she should accept them for any and all purposes for which the federal government offers them.

It goes without saying that I leave it to the authorities of the two governments concerned to find an adequate formula, whereby those grants might be distributed and accepted.

Mr. Speaker, I should like to read you parts of the brief submitted by the College Jean-de-Brebeuf, to the royal commission on constitutional problems. I quote from page 158:

Without claiming any competence in constitutional matters, we believe, however, that it is not necessary, in order to solve that serious problem, to redefine the basic powers of taxation. A somewhat different agreement, one that would safeguard basic provincial powers, seems to us possible and practicable.

And now, Mr. Speaker, it seems that members from the province of Quebec would like to settle the educational problem, by substituting themselves to educators and professors.

On page 160 of the same report we read the following:

So we should consider the possibility of entrusting the levy of personal income tax and perhaps even the corporation income tax, not only to the central government, acting both for itself and for the provinces, but to a joint administrative body which would become the representative of both the central state and the provinces.

Mr. Speaker, I do not claim that this is the only solution, but I do say that the views of Quebec educators do not coincide with those of politicians.

In this connection, and concerning specifically the federal-provincial relations, here is what I read in the May 1958 issue of *Relations*, a review which is highly regarded in the province of Quebec:

A new era in the federal-provincial relations?

In the March 31 election, the people gave to one party the greatest majority ever enjoyed by any Canadian government. The Conservatives now occupy the comfortable position held for more than 20 years by the Liberals: they are now the undisputed masters of federal policy.

A Conservative era therefore seems to have started in Canada. Among the many matters brought up by this event, there is one which we should like to point out: Will this era really bring something new in the field of federal-provincial relations, most particularly in the relations between Quebec and Ottawa?

Mr. Speaker, we have heard the promises made by the Conservatives in Quebec that they would change that situation. We have seen the government, without the 50-odd members from the province of Quebec knowing it, rubbing a little salt into the wound by doubling the grants to the universities, grants which are accepted only in the other provinces.

And, Mr. Speaker, the article goes on to say:

> As far as Quebec is specifically concerned, now that between its government and that of Ottawa the obstacle of partisan rivalry has been removed, it is imperative that as soon as possible and in line with a constructive federalism, settlement should be sought of the two most urgent problems from the standpoint of federal-provincial relations: federal grants to universities and hospital insurance. In both cases, the maintenance of the status quo would appear as the less defensible solution; it is the duty of both governments to try to remedy a situation which, left to itself, could only deteriorate.

Mr. Speaker, I think I have said enough on the subject to make the house understand it is time to find an adequate solution.

(Text):

I should like to say a few words, Mr. Speaker, on the matter of municipal and federal relations. This is of the greatest importance in my riding because it contains rather small and young municipalities located in rocky areas where construction of public services is most costly. When I spoke for the first time in the house last year I suggested that the government should think of the burden of taxation on the people living in mining areas brought about by the high cost of services in the municipalities. I suggested that the government should find a solution for the problem of double taxation whereby the ratepayer pays for all local services and also pays a second tax to the treasury in Ottawa on the money so spent.

Before the election the municipalities were promised a meeting with the federal government, a meeting at which they would find solutions to their local problems through federal channels. Later came the conversion loan which, as is known by all municipal officers, hurt their position very much by raising the rate of interest and creating many difficulties in the sale of their debentures. Taxation is high in the mining municipalities. The people employed in the mines must live nearby and they live in a rocky region where it is definitely more costly to build homes. I believe that the government should assist Canadians to realize their ambition to own their own homes. A system whereby money spent for municipal taxes would at least to some extent be exempt from federal taxation would be one way of equalizing the burden of home ownership in Canada. It is obvious to all that it is more costly in certain areas to have the services which Canadians are entitled to have under our standard of living and this type of tax exemption would certainly be beneficial.

What about the federal-municipal meeting which was promised during the election campaign? We know that it was held. We know very little more about it with the exception of certain comments made in the press on what took place at the meeting. I have here an editorial which appeared in the Winnipeg *Free Press* of October 8, 1958. Commenting on the meeting held late last summer, it had this to say under the heading "No Taxes for Towns":

> In the last election campaign Mr. Diefenbaker expressed great concern about the financial plight of the municipalities. He promised that, if re-elected, he would call an "informal" federal-municipal conference. Out of this conference would come, he hoped, "alternate sources of revenue" for the municipalities. "We shall see to granting them a reasonable share of taxes so they will be able to meet the new needs arising from their rapid growth," he said.
>
> It was with these glowing promises in mind that the municipal representatives trooped down to Ottawa. They could be forgiven for thinking that Mr. Diefenbaker, by some magic, would figure out a way to give them a larger share of federal tax revenues; or, at the very least, that the federal government would, through some kind of loans system, provide a greater measure of indirect financial help.
>
> The Prime Minister lost no time in disillusioning them and in again demonstrating the vast difference between the pre-election and the post-election Mr. Diefenbaker. No longer was the federal government interested in seeing to it that the municipalities got a reasonable share of taxes.

The Canadian people, especially municipal officers, are fully aware today that not an iota of assistance has come from the federal government to the municipalities.

As I am just about ready to conclude, Mr. Speaker, I should like to remind the Minister of Finance that in preparing a budget, which is supposed to be a reflection of the administration of the affairs of the nation, he should at least indicate that he has a target at which to aim instead of shooting at random, and that is one fact which is most important in the budget. Everyone is hit a little bit, and in that way I suppose it becomes easier for the administration to use the word "minor", as has been done frequently by speakers on the government side, with reference to the tax increases. On behalf of my constituents I am most pleased to support the amendment presented by the hon. member for Kenora-Rainy River (Mr. Benidickson) indicating that the people of Canada have lost confidence in the conduct of the government as exposed in the budget, that the government has made promises and in no way—

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

Mr. Godin: Yes.

Mr. Nesbitt: Would the hon. member tell the house if he intends to support the C.C.F. amendment?

Mr. Habel: You will know when the time comes.

Mr. Godin: The question is irrelevant. May I suggest to the government member who has just spoken that possibly, in view of the budget just presented, the best manner for him to save face would be to keep the lower part shut. It is obvious—

An hon. Member: Keep the lower part shut?

Mr. Godin: As I said at the beginning of my remarks, it is possible that members of the government will not appreciate my remarks. However, if they have time to review some of the opinions I have expressed and the facts I have cited during the last half hour or so, I am quite sure that in their own minds, and in their own rooms, they will admit that only two years after this administration came into office the Canadian people are definitely worried about economic conditions in this country and about the faith they should have in the present administration.

Perhaps I appear to be speaking harshly and without consideration for the feelings of some hon. members, but I recall after the last election, at which time I was elected for the first time, I had occasion to read a news item. This will be most interesting to the hon. member who has just popped up. I had occasion to read a news item in the local Sudbury newspaper which, as everyone knows, is not unfriendly to the present administration. This article referred to the possible visit to Sudbury area of one Mr. Grosart, who was to investigate why the people had voted in the manner they had. This surprised me, so I checked to ascertain who he could be. I was told that he was a businessman, so I placed a certain question on the order paper. Just the other day I read in the same Sudbury *Star* a news item which was as follows:

> Figures tabled for Nickel Belt M.P.
> McKim Advertising Limited of Toronto received $2,211,708, from the federal government on contracts since June 1, 1957, the commons was informed Monday...
> Directors of the company in 1957 included Allister Grosart, now national director of the Progressive Conservative party.

I admit, Mr. Speaker, that possibly this is one promise which had been made and which was kept.

Mr. Nesbitt: How about Cockfield Brown?

Mr. Godin: Perhaps before hon. members on the government side suffer a breakdown, I should close my remarks. I should like, first, to tell them of a remark I received from a lady constituent of mine. She had this to say: "God made everything out of nothing, but the Conservatives have made nothing out of everything". I was hoping the hon. members may take credit for that, because they take credit for about everything that has been done by the Canadian parliament.

Mr. Pallett: On a point of order, Mr. Speaker, I wonder if the hon. member would table the letter to which he has made reference? He has read from a letter.

Mr. Speaker: If the hon. member quotes from a letter, the house is entitled to have it in its possession.

Mr. Pickersgill: Without labouring the point, Mr. Speaker, may I say that I think there have been many occasions when this question has arisen on points of order, and that it is only official documents quoted by the government to which this rule applies.

Mr. Godin: In any event, it is a very good definition.

Mr. Speaker: Perhaps the hon. member would give me a moment to consider this matter. It appears that there may be some limitation of the rule to official documents, and I shall reserve judgment on the matter.

Mr. Godin: Thank you, Mr. Speaker. No doubt members of the government would like to spend some time on matters which are irrelevant in order to divert the attention of the house from some of the important subjects which I have had occasion to mention in the last few minutes.

In conclusion, I am sure my people would wish me to state that they feel they can continue to assist in the expansion of Canada. We Liberals have faith, notwithstanding the fact that the administration has created many difficulties. As a member of this parliament I feel that the Canadian people have gone through worse times and they will get through these hard times in the same fashion. Nevertheless, since I am the elected representative of the Nickel Belt constituency I feel that I have a duty to advise the government about the shortcomings which my people have noticed. With that in mind, I feel that this government should think over their present policies in order to find a means of achieving, in part, the great expansion and prosperity which was enjoyed by the Canadian people for 23 years during a Liberal regime.

Mr. W. H. Payne (Coast-Capilano): Mr. Speaker, I should like at this time to pass along very hearty congratulations to our able Minister of Finance (Mr. Fleming). I might say that one week has passed since the presentation of the budget, and unlike the hon. member for Nickel Belt (Mr. Godin) I can say that mail has been arriving. If I may hazard a chance, I should like to quote the two basic words which are in practically

every letter received. Those words are, "sensible", and "sound". Those are the two descriptive adjectives found in every single bit of correspondence that has reached me containing references to the budget presented by the Minister of Finance one week ago tonight.

In addition, there have been many references to the courageous stand taken by the Minister of Finance in relation to the refinancing plan. Facing as he did a formidable accumulation of maturing bonds he set forth a long range program which would permit Canada's economy to become stabilized over the next 12 or 15 years, so that progress on a proper business basis would again be possible. Following these remarks which are directly relevant to the presentation made by the Minister of Finance, I should like to ask your indulgence, sir, to refer more specifically to items relating to the economy of this nation. I should like, in doing so, to discuss at some length and in some detail matters relating to the great harbours of this nation, and in particular to the great harbour of Vancouver.

In doing so, I wish first of all to stress and state again my full confidence in the basic policy of the administration of Canada's great deep sea ports, those entities which reflect so intimately the ebb and flow of the economy of this nation of ours. We being a great exporting country I should like to stress and state my faith in the basic administration under the concept of the national harbours board. In doing so I should like to pay particular respects to the chairman, Brigadier Archer, and the vice-chairman, Mr. Rankin, for the tremendous work they have done and co-operation they have shown during this past year in the administration of one great harbour. I should further like to say congratulations and thanks, on behalf of the people of the whole of the lower mainland of British Columbia, to the Minister of Transport (Mr. Hees) for taking a new look at a problem which was sorely neglected for over 30 years. In doing so, may I say that I am sorry that the hon. member for Nickel Belt has left the house because I am sure he would be somewhat alarmed himself to realize some of the activities which in the past have marred the history and the development of this great national asset.

In order that this discussion can go forward on a factual basis, Mr. Speaker, with the consent of the house I should like to submit statements for the year 1957 covering arrivals and departures, of vessels and net registered tonnage; one covering capital expenditures on ports; one covering cargo tonnage; a statement on maintenance and repairs plus a statement secured, in this case, from various ports throughout the world, as to the annual foreign cargo tonnages shipped. May I have leave to file these statements, Mr. Speaker?

Mr. Speaker: Is the hon. member suggesting that this material be printed? Is that his request?

Mr. Payne: Yes, Mr. Speaker.

Some hon. Members: Agreed.

Mr. Speaker: What is the extent of the documents which the hon. member wishes to have incorporated in the record?

Mr. Payne: They are statements. They are quite brief but they are statistical and I would not wish to take the time of the house in going over the details.

Mr. Speaker: How many pages are there?

Mr. Benidickson: Would the hon. member indicate the source of the material?

Mr. Payne: It is the 1957 statement of the national harbours board in one instance. In the case of foreign ports, it is from the port authorities of six foreign ports throughout the world.

Mr. Speaker: Does the hon. member wish the leave of the house to have these tables incorporated in his speech at this place?

Mr. Payne: If I may have it, Mr. Speaker.

Mr. Speaker: Has the hon. member leave to have the proposed statements incorporated in the record?

Some hon. Members: Agreed.

Mr. Payne: The statements referred to are as follows:

National Harbours Board
Arrivals and Departures—1957

	Arrivals		Departures	
	No. of vessels	Net registered tonnage	No. of vessels	Net registered tonnage
Halifax	2,938	6,650,659	2,929	6,635,331
Saint John	1,589	2,563,574	1,664	2,584,219
Chicoutimi	206	200,349	206	200,349
Quebec	4,537	6,884,587	4,527	6,890,020
Three Rivers	3,226	2,243,346	3,222	2,239,669
Montreal	5,426	9,738,951	5,420	9,731,126
Vancouver	31,433	21,169,505	30,997	21,147,711
Churchill	66	197,829	66	197,829
Totals	49,421	49,658,800	49,031	49,626,254

National Harbours Board
1957
Cargo Tonnage

	Foreign	Domestic	Total
Halifax	5,373,631	1,610,681	6,984,312
Saint John	2,106,326	562,537	2,668,863
Chicoutimi	60,003	294,410	354,413
Quebec	905,061	2,837,115	3,742,176
Three Rivers	887,669	2,529,792	3,417,371
Montreal	8,722,262	7,138,522	15,860,784
Vancouver	7,880,971	5,241,529	13,122,500
Churchill	519,323	6,422	525,745
Totals	26,455,246	20,220,918	46,676,164

National Harbours Board Capital Expenditures

	From borrowings	From replacement funds	From revenues	Totals
Halifax	$ 2,124,686	$191,670		$ 3,316,356
Saint John	394,667			394,667
Quebec	1,998,106			1,998,106
Three Rivers	227,526			227,526
Montreal	11,578,032	110,870	624,040	12,312,942
Churchill	240,050	23,725		263,775
Vancouver	140,425		841,186	981,611
Totals	$16,703,492	$326,265	$1,465,226	$18,494,983

From the 1957 Annual Report of the National Harbours Board

Maintenance and repairs	1957
Halifax	$ 288,907
Saint John	361,867
Chicoutimi	9,853
Quebec	840,746
Three Rivers	29,085
Montreal	1,446,019
Vancouver	207,860
Churchill	215,679
Total	$3,400,016

Foreign Ports—From Information Supplied by Various Port Authorities

Harbour	Year	Vessels	Registered tonnage	Cargo tonnages
Australia:				
Sydney, Australia	1957-58	4,192	(gross) 17,305,596	8,056,991
India:				
Calcutta	1956-57	1,383	(gross) 8,562,955	8,869,210
South Africa:				
Capetown (Table Bay)	ending 31 March 1957	5,796	(net) 15,605,867	5,383,050
United Kingdom:				
Bristol	ending 31 March 1958	8,769	(net) 5,313,902	6,509,784
Clyde Navigation Trust	ending 30 June 1958	17,096	(net) 15,323,104	7,207,267
United States:				
Port of Albany, N.Y.	1957			7,360,000
Portland, Oregon	1957-58	1,008		1,277,067
Seattle, Wash.	1958			1,733,689

Mr. Payne: Mr. Speaker, these tables will bring into vivid focus the fact that the port of Vancouver, unknown largely throughout Canada, handles a foreign tonnage in excess of that of Bristol in the United Kingdom, Capetown in South Africa and the Clyde navigation trust in the United Kingdom. I feel that it is right that hon. members of this house should be advised of these rather important facts. I would also further state that only fractional, under the total foreign tonnages is the total of Vancouver compared with that of the great world ports of Sydney, Australia, Calcutta and the port of Montreal.

I would further state that in this connection I wish to draw direct reference to certain specific suggestions. I would point to the arrivals in the year 1957. The total for the national harbours board was 49,421. The ships and vessels arriving at the port of Vancouver totalled 31,433, or 60 per cent of those arriving in our national harbours board ports in Canada. I would further like to point out that of the total of national harbours board recorded departures of vessels, namely 49,031 ships, 30,997 sailed from the port of Vancouver or over 60 per cent of the total in this dominion. The registered tonnages arriving and departing from the port represent 40 per cent of the total registered tonnages in this dominion. As to cargo, 29 per cent of all the cargo tonnages in and out of national harbours board ports passed or under the first Lions Gate bridge at the First Narrows in the port of Vancouver.

Set against this record and in tragic reference to the administrations of the past, in many instances the administration of the national harbours board was not left at the discretion of the board but was handled through the discretionary powers of the former minister of transport who unfortunately is not with us at this time. Despite this, in 1957, following the pattern through the years of Liberal administration, 6 per cent of the total amount spent by the national harbours board on maintenance of ports was spent on the port of Vancouver. I would point out that this 6 per cent represents no charges for ice-breaking. It represents no capital cost relative to the construction of seaways. In saying that, Mr. Speaker, I wish to stress that the people of British Columbia do not in any way criticize any capital development anywhere in Canada. We endorse it; we wish it well. We just ask that in the future—and indeed I am sure that this will be the case—the tragic pattern which has led to the distressing conditions in this great port of the world will not continue as it did under the former administration.

I should also like to draw your attention, Mr. Speaker, to the fact that on capital account spending, following a pattern established again under the former administration and followed for many years, 5 per cent of the total spending for capital development went into the port of Vancouver in 1957. That pattern was a tragic one that can be traced throughout our history during the years of Liberal administration. Again we say in respect of the administration and the difficulties experienced in this great port, that it was indeed Canada's Cinderella port. As far as the former minister of transport was concerned, it was hidden 3,000 miles from Ottawa and across the Rocky mountains. That was the measure of concern that was given to this industrial and commercial facility which provides Canada with berthing for 60 per cent of all the vessels arriving at and departing from national harbours board administered ports in this nation.

I have already stated that the port of Vancouver makes no call on the government to provide ice-breaking facilities. In addition, along with the ports on the east and west coasts, it provides berthing and harbour facilities for vessels 12 months of the year, providing stability to commerce throughout the full 12-month period and does not curtail the movement or in any way impede the matters of trade and commerce at any period of the year.

Basically in the port of Vancouver our largest movements are of grain, livestock, coal, chemicals and oil, in addition to British Columbia's own world outstanding export of lumber, finished and in logs.

We have over the past years, as indicated by the figures and the comparisons I have given, suffered acute congestion in the harbour, which I point out definitely most directly affects the ability of that port to service the needs of Canada's industries. The speed with which a ship may arrive in port, discharge its cargo and again depart with a load aboard, the turnaround, indicates the basic cost factor with which that port is able to handle its input of tonnages. If a port becomes stagnant by virtue of delays then there is an increased cost factor involved, it ceases to serve the needs of this exporting nation; and it matters not how well your other freight carriers may discharge their responsibilities and carry their loads, you cannot meet the needs of commerce.

I would point out in considering the Vancouver situation that in 1957 from a maintenance cost $207,860 was spent in the port of Vancouver, $8,000 less than was spent in the port of Churchill, to handle 132 inbound and outbound vessels as compared with the figure given earlier of 31,433. I think these figures

point out the tragic need and necessity which faced the Minister of Transport on taking office and reviewing the general conditions and situation surrounding this great natural facility. And what was found? I would like some of the former administration to listen to this.

Here is a port surrounded by mountains, limited in its foreshore development upon the recovery of gravel from the floor of the harbour to construct headlands. And what have they done? For years the favoured few garnered permits for the recovery and removal of gravel for 10 cents a cubic yard to sell to the commercial market at fantastic profits. And this, tragically enough, they did.

Perhaps that accounts for the quotation I would like to read from Bruce Hutchison's "The Fraser", which I would point out was printed and published in 1950. I am sure, Mr. Speaker, that you and hon. members do not recognize Bruce Hutchison as an outstanding Tory propagandist. On page 197 of "The Fraser", for all to read, is this tragic statement:

> In the shelter of this mushroom aristocracy, and usually with the aid of its campaign funds, Vancouver has produced some of the worst politics in Canada. The famous machine that has dominated public life almost without interruption for more than thirty years, has appointed its princelings to Senate and bench, has won elections with more money than prayers and always found that investment profitable, is about as efficient and ruthless as any in the nation. Governments, in both Victoria and Ottawa, have often tried to shake it but they have never succeeded, for it can deliver the votes.

But in 1957, and again last March, that machine could not deliver the votes, and it has been one of the jobs of the Minister of Transport to bring into focus and bring into function a proper policy so that in future these valuable assets of fill which can be recovered from the harbour bed and laid on the foreshore to guarantee that the development of this great harbours future could go forward. That policy, as I said last spring to my constituents, the minister has endorsed.

At this time I wish to give notice to the Minister of Transport, who unfortunately is not here, that some commitments had been made prior to the institution of this policy and certain permits are still running which will terminate this spring. I believe one has been renewed for a period of two years. I do not wish to be unreasonable, nor do I think my constituents would wish me to be unreasonable, but I will assure you that I will be a watch dog to see that when it terminates in two years no more raids on this great asset shall be undertaken.

The port of Vancouver, definitely reflecting this unimaginative program with the years of withholding the necessary funds for proper maintenance of the harbour has brought into focus today the urgent need for certain development and planning. Proper utilization in the future is a responsibility which we owe the generations which are yet unborn and the future needs of the harbour and the tonnages that the port will have to discharge. I feel that we should embark upon a very broad study to assure its proper utilization and development, and if necessary search the world for the outstanding engineers and consultants necessary to lay forth these plans. These, I would point out again, should be given authority, and the harbour authority should be extended so that proper negotiations can be conducted between the city of Vancouver, the city of North Vancouver and the other four municipalities which surround Burrard inlet. Because without this it is impossible to bring into being plans for imaginative development programs, which our port needs if it is to survive and service this nation's and the west coast's needs. This authority must also call upon the department of Indian affairs, which I should mention holds very valuable strategic properties lying along the foreshore. It is important not only to Vancouver and the commercial needs of western Canada; it is also a requirement as far as the Indians are concerned. It will give them an agency through which these lands could be recovered, put to the best possible use, bringing to them as a result the highest potential returns.

Very urgently needed today, particularly on the main waterfront of Vancouver itself, is a high level approach road. Through topsy-turvy development in the past, no proper road access exists in many areas, be it for the movement of freight or be it for fire protection on the waterfront. This capital spending would amount to millions, but if our port is not going to be strangled it must be included in future plans and at an early date.

I would like through you, Mr. Speaker, to advise this house that the Vancouver Wharves Limited have during these past ten days or two weeks announced the construction, on the north shore of Burrard inlet a new facility which will provide the basic deepsea wharfage need which I mentioned in the throne speech debate at the last session was so urgently required. This will provide the newly developed Pacific Great Eastern railway with the outlet to the ocean so badly needed. We are pleased to see this program going forward, and I trust that the minister and the national harbours board will see that no impediments are placed in the way of this development so that this essential program may proceed. Also, since last speaking to the house, Pacific Coast Bulk Terminals Limited have developed on the south shore a bulk loading facility so that in future,

I believe as of June this year, bulk tonnages and cargoes of coal, sulphur, chemicals and products of mines can be shipped from the port of Vancouver and will no longer require movement across the border and shipment from the port of Seattle.

One difficulty which today has caused more concern than any other—and this certainly was not only engendered but fostered by the former administration—has to do with the terminal railway facilities around the harbour. I must point out that at this time this great port which is today moving tonnages 15 times in excess of those handled by the port of Portland, Oregon, has no central terminal rail facilities. Instead, we have a complex and confused arrangement of railway switching charges under which, for instance, a C.N.R. box car delivered to a C.P.R. port for trackage outlet may be delayed for eight days and, in the process, have to pay exorbitant charges based on tonnage. Linking the north shore with the south shore we have the Second Narrows bridge; the old bridge, not the new highway traffic bridge which was the subject of tragic attention in this house last year. The old Second Narrows bridge was also the focus of attention in this house when a private bill was discussed. At that time I endeavoured to point out how essential a part the old Second Narrows bridge would play in a proper harbour authority terminal rail facility. Today I should like to call on the Minister of Transport to give serious and urgent consideration to bringing into being an adequate harbours board terminal railway facility based on the pattern existing in the port of Montreal so that this ridiculous and artificial obstruction to the movement of our trade and commerce may end forever.

These are but a few of the problems which face the harbour. We have seen over the years, in every city in all nations where harbours develop, that bridges become an essential part of the necessary facilities. I must confess that it is with special satisfaction that I find that bridges owned and operated by the national harbours board, or bridges which are being built and which are to be owned or operated by the board, exist today. I will name two—the Jacques Cartier bridge, with a capital cost of over $20,080,000, to be operated under a toll authority by the national harbours board, and the Champlain bridge with approximately $32 million of capital cost. I trust that this may be considered a new policy on the part of the government, for I am sure that the people of Halifax will join with those of us on the lower mainland of British Columbia in urging the need for assistance in particular areas where bridges are required over navigable waters and in making the plea that the national harbours board or some other national body or administrative entity should be able to assist in relieving communities of the inordinately high cost which they must inevitably face in building bridges high enough to span navigable waters and at the same time, provide for the free movement of ships.

There is another situation which I think calls for immediate attention and inclusion in planning if the outlet to the world of commerce of which I have been speaking is to operate with any degree of efficiency. And in saying this I should like to point out that over 60 per cent of the world's population live today within 183 miles of the Pacific shore coast.

This final suggestion has to do with the port of Squamish, served, as it is, by the Pacific Great Eastern railroad from the north. This port is capable of providing good possibilities for the development of useful additional deep sea wharfage facilities in an area with which the port of Vancouver is closely connected and I submit that it would be tragic for this new port and tragic for the future both of the port of Squamish and of the port of Vancouver if any development undertaken were not to go forward on a complementary basis. I suggest that this port should be included as a satellite, or as an integral part of the administration of the port of Vancouver itself.

With these remarks I now leave the subject of the harbour for a moment, though not entirely because I wish to refer again to my initial statement and that is to the great and profound faith I put in the theory of administration by the national harbours board. I must state, however, that the activities which have already gone on and the developments which have taken place, the facts and figures of the past and the activities within the port of Vancouver, bring into focus one thing which I think the house today should consider carefully. This is the fact that management authorities within each port and unit are on a highly powerful and personal level. It must of necessity be that way. I think we should take a second look at the personnel who are engaged in administrative areas such as this, especially at those who have in the past, as the record proves, so completely failed to justify the faith placed in them in the discharge of their responsibilities to this nation. How in the world can we have faith in their ability, judgment and vision with regard the future planning which must go forward in order to provide for the facilities and needs of the future?

Mr. Speaker, I thank you again for this opportunity to present to the house a case which is as vital as this one is to the people

of the lower mainland. I trust we may see no continuance in the future of the tragic policies of the past. I am sure we shall not see this with respect to the port of Vancouver.

Mr. G. R. McWilliam (Northumberland-Miramichi): In rising to take part in this debate, I extend appreciation to the Minister of Finance (Mr. Fleming) for the work he must have put into the preparation of the budget. I judge that the time and effort which must go into the preparation of this most formidable document, irrespective of how the budget may be received, is considerable, and I think the minister and his officials should be shown appreciation for their discharge of this task. Another step has been taken along the fiscal road of the nation's business by the presentation of this year's budget. It is now part of the permanent history of Canada. It will, very likely, be the basis of discussion on many future occasions, if only for the purpose of comparison in election campaigns yet to come. Time will tell. It is now the subject to the forefront at this present time.

This debate is following the pattern of other budget debates. Party spokesmen add up the items, make calculations and come up with totals that are widely different. Some leave out relevant items and others include them which leads me to believe that an old saying is no longer true. That saying is, "Liars can figure, but figures do not lie." The arguments pro and con presented thus far in this debate, like those presented in other budget debates, suggest on the one hand that the government has presented a splendid budget, while on the other hand suggest that this budget will be detrimental to the country.

The government spokesmen contend that we are in a period of economic recovery, that there is a marked improvement in the trend of employment and earnings; an improvement in the volume of retail sales; that corporate profits have increased; and that there is no present evidence of over-inflation. Opposition spokesmen contend that the budget has taken back from the public $2 for every $1 given in the previous budget, that the percentages of increase announced by the government on certain goods will be further increased by producers' costs which will result in a further increase in the cost of living, and that the total tax for the year will be $640 million and not $245 million, as announced in the budget. Opposition spokesmen will claim that living standards have declined in the past year, that there was a reduction in real earnings and that the true deficit figure is $835 million and not $617 million, as announced in the budget.

As government and opposition members take part in this debate comparisons will go on and on. Many speakers present a story on the budget items which they have derived from research and which they feel gives a true picture. However, in many cases with the human element being in the forefront guiding the thoughts along certain channels, factors that are pleasant predominate while factors that do not suit the taste are dropped.

I am of the opinion that most hon. members of this house are far from being experts on government financing. I am one of those. This being the case, I do not intend to dwell upon the financial aspects of the budget except for a few comments. Everyone understands what taxes are and what increased taxes, hidden or otherwise, mean to us as individuals in our everyday lives. We know that if taxes are increased we must increase our personal income to provide and maintain our present standard of living. People do not like to cut back their standard of living, especially in peacetime, and therefore will look for opportunities to increase their income when the cost of living rises. As these costs increase they look for matching increases in family revenue.

It sounds very patriotic to say that Canadians must work harder and produce more to keep their economy buoyant. Canadians generally speaking are prepared to work harder to improve the economy of the country, to provide for their families a good standard of living, to work toward the accumulation of holdings that will provide security in the future, to provide education for their children and to assist their children in getting established.

I wish I could share the optimism of those who state that the Atlantic provinces are on the doorstep of economic and industrial expansion. The only apparent industrial expansion in that area is in the city of Saint John, New Brunswick. The other areas of those provinces are in the main very depressed. The Newfoundland cod fishing industry is in dire straits. The maritime lumber industry both in terms of export and import is labouring under the hardship of falling prices and decreasing markets. The maritime coal industry is in a most precarious state and income from maritime farming is away below the Canadian average. Many sectors of our base metal industry have closed down.

Immediate action toward the improvement of trade policies is vital and essential. Major government projects that will provide lasting

benefits must be undertaken. The government must provide the opportunity to increase trade and seek by other means to keep alive the very lifeline of the provinces on the Atlantic coast and thus pave the way for an improved economy.

Shortly after confederation the maritimes fell out of step with Upper Canada. The great contribution they made went to the benefit of Upper Canada and in later years to western Canada. The maritimes received little in return. The wider benefits that are the inherent right of the maritime and Atlantic provinces never became a reality.

Mr. Speaker, may I call it six o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. McWilliam: Mr. Speaker, when we adjourned for the dinner recess at six o'clock I was commencing to make some remarks with regard to confederation and how it affected the maritime provinces. I said that shortly after confederation the maritimes fell out of step with Upper Canada and that the great contributions that were made by the people of the maritimes at that time and in the years following confederation went chiefly to the benefit of Upper Canada and in later years to western Canada. The sacrifices made by our forefathers in the maritimes did not bring about the good results held out by confederation. The visions held out which brought about union and prompted great sacrifices and toil by our forefathers in the maritimes were not realized.

In a great many respects the maritime provinces today, on a comparative basis with the rest of Canada, are in a much less favourable position than they were in the period prior to and immediately following confederation. I feel that the maritimes paid the price of union and their inherent rights were not recognized down through the years. Throughout the years many of our maritime leaders have promoted the view that the maritimes should break away from confederation. I do not think this is a solution and I certainly do not hold this view. There are no better Canadians, than the people who live in the maritime provinces.

Mr. Drysdale: British Columbia.

Mr. McWilliam: I will include other parts of Canada. Maritimers wish to remain full-fledged Canadians, these descendants of the Scots, the French, the Irish and the English who are proud to call themselves Canadian. In my opinion the solution lies in the proper recognition by the federal government, proper recognition as of right as the first step and as subsequent action is necessary to bring about the balanced economy which we believe is so necessary for the provinces by the Atlantic ocean.

I am sure that Atlantic province members of both parties share these views and desires and in their own respective and limited ways they are trying to bring this about. The onus is upon the federal cabinet members from these four provinces. Theirs is the task to convince their cabinet colleagues that action must be taken. Their provincial differences, if any exist, must be resolved and they must present a united front before their cabinet colleagues, a united Atlantic provinces front.

The federal cabinet ministers from the maritimes, and I say this sincerely, are doing a good job as heads of the departments of veterans affairs, fisheries and national revenue, and we in the maritimes think it is unfortunate that one of them is not Minister of Trade and Commerce. As the chief spokesmen for the Atlantic provinces they have a most important job to do, the task of bringing a balanced economy to the provinces they represent. In their efforts toward this end they will receive the support of all Atlantic coast members and the support of all groups and people in the area.

Many and varied suggestions to improve conditions are a matter of record. The Atlantic provinces economic council, is working toward this end. Other groups have presented views and are anxious to assist in the field work. Bold and imaginative action is required. Efforts of the type made in varying degrees in the past will not be sufficient in my opinion. A better, a wider, a more comprehensive over-all plan is needed. A more practical and realistic plan must be put in action. This is the appeal I make particularly to the Atlantic provinces cabinet ministers.

While it is realized that all parts of Canada cannot be on an absolute par, nevertheless no part of this great country should be lagging behind the average level to the extent that the Atlantic provinces are. It has been said often that the greatest export of the maritimes is brains. Lack of opportunity has been the reason why our better educated and highly skilled young people leave the provinces of their birth. Opportunities are vital to keep them at home where they can make great contributions to their respective provinces.

Because the area in square miles is much smaller than other provinces and because the population figures are lower should not work to their disadvantage when consideration is being given at the federal level toward improving the economy of the Atlantic provinces. Because we have only three Atlantic provinces ministers as heads of departments of government and one minister without portfolio should not weaken our case at the federal cabinet level.

There are only three Liberals from the maritimes, all from the neighbouring constituencies of Gloucester, Northumberland-Miramichi and Kent on the east coast of New Brunswick. They have been referred to as the three members from the Gaza strip. There are five Liberal members from Newfoundland who I am sure join with all the Conservative members from the Atlantic provinces in the hope that a program involving a planned economy will be undertaken to improve the conditions which I have outlined generally in my speech.

Budgets will come and budgets will go. Budgets will be drafted by the department's financial experts and the minister of finance of the government of the day. Taxes may be increased or may be decreased, all of which has a bearing on the country at the particular time. But what is more important at this time, more important than the present budget, to the people of the Atlantic provinces is an uplift in our economy, the providing of additional opportunities for our people to make the uplift a reality and provide security for the future of these people, descendants of the pioneers of our nation who have a deep sense of loyalty and responsibility and who are still prepared to make sacrifices to build a bigger and better Canada. They only ask for the opportunity to keep on making contributions to our Canadian way of life on an equal basis with the Canadian average. I trust, Mr. Speaker, that any efforts that are made will be crowned with success and the inherent rights under consideration will at last be ours.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, it is a great privilege for me to have the opportunity to address myself to the current budget debate. It is a debate in relation to a budget which in its forthrightness asks sacrifices from those who can sacrifice. It is a budget which considers those people who must be considered under present economic and social conditions.

During the past elections many Canadians supported the present government because our party told the people of Canada that they would bring government back to the people and the people back to the government, to the House of Commons, where it ought to be. I feel sure that this is borne out by the fact the Canadian people today are taking a greater interest than they ever have in exactly what is happening in this House of Commons, and by the fact that the budget now under discussion has kept faith with the people.

I noticed that at the start of this budget debate the hon. member for Burnaby-Coquitlam (Mr. Regier) referred to the fact that the Minister of Finance (Mr. Fleming) told the Canadian people there was no reason to have fear. Then he read into this statement all kinds of ulterior motives. I say the very reason that the Minister of Finance made such a statement was because of the doom, gloom and pessimism which has been preached by opposition members. I have attended this debate quite regularly since it began and I have heard one opposition member after another criticize the high expenditures. However, I have not heard one suggestion as to what expenditures they would cut. Would they cut the increased old age pensions? Would they cut the increased hospital insurance? All these measures have resulted in increased expenditures. Not one suggestion have they offered to the Canadian House of Commons during this debate with regard to the cutting of expenditures.

I have not been surprised. This opposition is what I call a Hamlet opposition, "To be or not to be". They have a very uncanny knack of falling on both sides of every question that is brought to the floor of this house. You know, sir, they did almost the impossible. I think I witnessed the impossible being done by the Liberal party on the floor of this house recently. It was almost as rare as a triple play in baseball. During the Newfoundland debate they actually fell on three sides of the question.

During the budget debate this morning I noticed that the hon. member for Port Arthur (Mr. Fisher) mentioned the unions. He was talking about labour unions in relation to their international affiliations. When he mentioned unions I could not help but think of a remark he made during the closing days of the last session. I shall show you why I feel the remark he made had something to do with unions. He said that the C.C.F. party would go to the next election with increased money muscles. I asked myself exactly how they would get bigger money muscles for the next election. I think, Mr. Speaker, I have the answer. Oh, I know they are going to say that once these things come about there will be freedom at the local level of the unions. I have heard that argument before. I will tell the C.C.F. how they think

—they will not—they are going to get increased money muscles for the next election. The only way they could do it would be by deductions from the pockets of workingmen and women who never have and never will support the C.C.F. socialist movement in this country.

Mr. Howard: Your cheer leaders are at the hockey game.

Mr. Grafftey: The hon. member for Port Arthur mentioned they might be there tonight, but I cannot see him in the house, either.

We, as Canadians, can be rightfully proud of one thing and that is since the days of confederation we have encouraged and nurtured a classless society founded on the truest type of democratic principles. I know how hard this is for my friends away yonder in the C.C.F. to appreciate. They would not like this, I know, because one only had to listen to their leader on budget night to realize that that party has its own little divide and rule game to play. I can tell the hon. member for Assiniboia (Mr. Argue) that the Canadian people will never tolerate or be drawn into this type of bitter "chip on the shoulder" warfare.

I realize that tradition designates a fair latitude of discussion on both the budget debate and the throne speech debate. It is for this reason that this evening I should like to relate to the House of Commons some of the impressions and some of the observations I made recently as an observer of the last session of the United Nations general assembly. I can assure you that I have been duly warned about the dangers and pitfalls which face a freshman member of parliament who plunges into the intricacies of foreign affairs. I can equally assure you and the house, sir, that I do not intend to go into any farflung interpretation of international conditions. I was merely an observer, and I merely have observations to offer.

Mr. Argue: Is this your bid for a cabinet post?

(Translation):

Mr. Grafftey: Mr. Speaker, I want to take this opportunity to offer my deepest and most sincere condolences to the family of our late secretary of state for external affairs, the Hon. Sidney Smith. As a young man, I had the great honour and privilege of serving under his guidance at the United Nations. Again, Mr. Speaker, I offer my sincere condolences to his family, and I bow to his memory.

(Text):

Basically, the United Nations is performing a pretty straightforward function, but perhaps we all have a tendency to look upon it as a bit of a mystery, even though we have a general appreciation of how it works and even though something is usually written about it each day in our newspapers. The United Nations today is performing a role and functions which were not clearly visualized during the early days of San Francisco. Like so many people in Canada, and in this House of Commons, I have read a great many reports emanating from the United Nations during the postwar years. I had a general appreciation of how the various councils and agencies were set up, but never did I feel that I had a real insight into the basic meaning of this world organization. As one columnist put it to me, "The world today needs a meeting place and this is it."

I readily admit that seven weeks is too short a time in which to gain a complete insight into many of the complex problems which face the security council and the general assembly but it is not necessarily too short a time in which to realize that situated within this building on the East river are to be found ideals and principles which just must work in the world of today. Inevitably —and I say, sir, unfortunately—the political aspect of the United Nations gets most of the publicity.

I think most of us here today realize that when something goes wrong in the world it is bound to end up in the security council or the general assembly. Much public criticism is often levelled in the direction of the United Nations because, after endless talk, charges and countercharges, often no solutions are reached and resolutions passed are often flagrantly violated by member countries. Yet I suggest that in the United Nations we are dealing with problems which are as old as man, problems which the United Nations itself did not create but which are aired and dealt with by nations and men with all their faults, both good and bad. As man does not always live up to the principles of his religion, so nations and men do not always live up to the principles of the United Nations and its charter. But this does not mean that we should destroy the institution which, as I have said before, is so often merely a mirror for nations, men and their collective behaviour.

(Translation):

It is often said that not enough attention is paid to the hard day to day work of the United Nations. The work they accomplish for children, refugees and underdeveloped countries of the world is so important. Such agencies as the World Health Organization work without letup. Let us look for a moment at one example of international cooperation: how a letter or a parcel can be delivered, in a very short time, to any corner of the world? You address your letter,

put a stamp on it, mail it in your own town and often, after quite a lot of handling, it rapidly gets to destination. This is not done by some miracle, but because of a continuous international co-operation.

(Text):

Mr. Speaker, in relation to the United Nations I have yet another brief observation to make and it is this. I felt that many of the member countries wished to remain uncommitted to either the east or the west. It is so important that we attempt to capture their imagination by good example. At the same time I feel that too much public emphasis should not be placed on a struggle to line these countries up with the western camp, as so many of the middle powers have their own destinies to follow. When parents sometimes separate and quarrel in public over the custody of their children, frequently the latter back away and seek their own home and way of life. When I say that we should capture their imagination by good example, and while the historical doctrine of the two swords separates church from state, we in the west should never be too shy to tell the communist countries in clear and emphatic terms that our political, social and economic orders are founded on eternal religious principles. For this reason it seems so extremely important that we do not limit our debate with the communist bloc to the economic level, even while the so-called cold war has taken on characteristics of an economic nature.

It seemed that the citizens of many of the member countries at the United Nations had seen tyranny at first hand. They deeply feel and deeply believe in the principles and ideals embodied in this institution. For this very reason I think it is extremely important that we as Canadians, living in a most privileged land, never look upon this international institution merely as an intellectual proposition; for before too long I personally sense that the authority of the general assembly and the security council will have real teeth in it. While I dwelt on this thought my mind wandered back to the early days of parliamentary history, and I wondered exactly what Westminster looked like at that time. Then I realized that, while the United Nations oftentimes passed resolution after resolution which were often openly and flagrantly violated by member countries, they perhaps here were evolving procedural customs and practices which ultimately would form the basis of a new type of body.

I listened with great interest to the fine speech delivered in this house yesterday by the hon. member for Dufferin-Simcoe (Mr. Rowe). After listening to his speech I realized that, in a realistic fashion, we might be obliged to avoid calling it a world government; undoubtedly, we shall be obliged to avoid calling it a world government. But nevertheless, I feel that in the not too distant future the security council and the general assembly will have greater teeth in it. Admittedly the present voting and veto system leave much to be desired. But this state of affairs is not necessarily permanent, and no doubt patience and future demands will dictate change.

Another lasting impression that I took home with me relates to the secretary general himself. One could not help but be impressed by the energy, the integrity and the vigour of this great man. I think all hon. members of the Canadian House of Commons were more than interested to note that he acted for and on behalf of the United Nations in the Middle East dispute. One might easily say that the secretary general acted as a negotiating force. I can only add that as long as men of the integrity and the character of Mr. Hammarskjold occupy this high position of public service, it should prove to be a most interesting and useful experiment.

Mr. Speaker, Canadians should be rightfully proud of the part being played by Canada at the United Nations. It has often been said that under modern conditions the middle and the smaller powers have a role of definite importance to play. As has been said so often both inside and outside of this house by myself and many other hon. members, Canada herself is in a unique position, often interpreting the old world to the new and the new world to the old. This should never mean, though, that we do not have our own well-defined stand on any major issue. Yet, when the major powers become deadlocked, it is often the smaller and the middle powers which come up with a solution. I am sure that the Leader of the Opposition (Mr. Pearson) is aware of these circumstances. As one Swedish correspondent said to me down in New York, "Small countries do not necessarily mean small ideas". As the head of the British delegation mentioned to some of the younger observers from the Canadian delegation down in New York, after our late secretary of state for external affairs had made his intervention in the political committee on the disarmament debate, "That was a fine speech by your secretary of state for external affairs; he said so many things that are better said by you than by us".

Circumstances offer us a peacemaking role which is often denied the larger powers, and while they gain much of the publicity at the United Nations, no country remains unaffected by world events nor can remain aloof

from the current interplay of international politics. I repeat, that the very forces which cemented and created Canadian confederation can help us play a most significant role today on the international stage. I am sure that hon. members in all parties will agree when I ask, what other country has had our extremely interesting history of dominion-provincial relations? I am certainly sure that all members of all parties will agree that dominion-provincial conferences have been and continue to be conferences which must be approached with a high degree of understanding compromise. I repeat that these qualities well equip Canada to play her role on the international scene.

With this in mind, we should always realize that compromise should never be overstressed under present conditions. I think all of us here today would readily admit that what I refer to as the compromise spirit has many beneficial characteristics; but it also has characteristics of which I, in all sincerity, feel we should be aware. Admittedly, all confederate powers must approach their legislative functions with a spirit of compromise, and Canada is no exception to this rule. But in my opinion Canada has other distinct historical and current characteristics which add to what I call this compromise spirit.

Second, there is the above-mentioned go-between function on the international level; and third—I know I will be accused of having a partisan spirit when I say this—there was the long period of 22 years of Liberal rule where pragmatic compromise often keynoted the activities of a party which had long since abandoned its principles. So often it seemed to me that the architects of dullness misjudged the temper of our nation and its ability to absorb direction in its leadership. To know our strength is to know our history.

I make these remarks about compromise because it is so terribly important under present international conditions that Canada, on the international scene, does not take on a cool, aloof look of spiritless self-satisfaction. But I feel that under the present administration this can never happen. I have often said in the house, and I say it again here tonight, that under the present government the new spirit of Pan-Canadianism has united this country as it has never been united before. I say that this feeling of strength gives us a more united and strong look on the international scene, thus always assuring our allies exactly where we stand.

Sir, on my last day at the United Nations it was not very difficult to return home to Canada with a feeling of real and deep faith in this important world body. As I passed along the corridors outside the general assembly hall I passed by men and women who had dedicated a great part of their lives to the important work of this body, men and women who realize that, in this short period of history, man is faced with a task which must be lived up to, which must be challenged. I returned home to a country which is a comparatively young country; a young member of the family of nations living together on the banks of the East river. Yet to me it seems to be a most welcome member, a member which should bring those qualities of optimism and imagination to a living room which is sometimes sad, and to a household which too often loses its sense of humour.

Mr. H. M. Batten (Humber-St. George's): Mr. Speaker, I am not going to be like the hon. member who has just taken his seat and speak during the budget debate about a subject which at this particular time has very little to do with the budget. I was wondering if there was any reason why he steered his speech away from the budget into other channels. I suppose there have been many names given to this particular budget according to the way it appeals to those who have read and paid attention to it. I would call it the pay-off budget. It is the budget that has demanded of Canada payment for the election promises and the wild spending of the present Conservative party. In the last two years we have danced the dance and now we must pay the fiddler. But I was rather interested in the way this budget debate began.

Mr. Pallett: You fellows are expert fiddlers anyway.

Mr. Batten: You will have your chance when your time comes, and you will probably steer away from the budget too, and I do not blame you. As I was saying, I was interested in the way the Minister of Finance (Mr. Fleming) came into the chamber to deliver his budget speech. I thought the carnation with its artificial colouring was conspicuous by its absence. I thought the reading stand had been bared of the usual blue velvet, but I suppose the time had come when the Minister of Finance was no longer going to handle the people of Canada with velvet; this was going to be a harder budget. We, I suppose, have been able to see this budget in the light of the many promises which have been made over the last two election campaigns. I am not going into a long speech reiterating these; that has already been done. But we can see the Prime Minister (Mr. Diefenbaker), for example, flitting across this country in the spring of 1957 telling the people that they were overtaxed by $500 million, that each family was

overtaxed by $120 a year, that Canadian people were overtaxed by $30 for every man, woman and child in the country. Yes, we can see the Prime Minister saying all this, and we can also see him telling what services were going to be given under his government if he were elected. We can see him standing up and telling the people who listened to him, "Give us a chance and we will show you."

We have seen in this particular budget that it is impossible to provide more benefits and increase the spending of the government without the time coming when these bills have to be paid. But I suppose these are election promises which, according to the Minister of National Revenue (Mr. Nowlan), are not very sacred anyway. But if one could judge from recent happenings I might say that even contracts which have been laid on the table of the House of Commons are not very sacred either. So it appears we are now being ruled by a government which rules by expediency, although before the election of 1957 they were the champions of rule by law and of the dignity of office.

In former budget discussions we heard a lot about the vision. This year it has scarcely been mentioned. I am reminded of the professor who was trying to explain to one of his students how it is possible in the English language to have two words which normally mean the same thing but which, placed in different contexts, may mean something entirely opposite. And as an illustration he said, "Take the words 'vision' and 'sight'. At the college dance, the girl you had was a vision and the one I had was a sight." I think that the Tory vision has now gravitated into a definite sight.

I should like to pass on to one of the aspects of our financial affairs which in the last three or four years has occupied the attention of many people. I want to speak for a minute or so on interest rates. I do not intend to define interest rates, because every hon. member will know what interest rates are and how they are calculated. I am sure all hon. members will all know how important the interest rate is to the people of this country, particularly to provincial governments and to municipal governments. We have heard many fears expressed in the past about the difficult times ahead for provincial governments, municipalities and other borrowers because the interest rate on borrowed money was so high. I listened to the Minister of Finance when he spoke as a member of the opposition on August 11, 1956, as reported on page 7462 of *Hansard*. He said this:

> The effect of these repeated increases in interest rates—five in the period of one year—

May I stress the word "five"?

> —has been a tremendous increase in the burdens cast upon provincial governments with respect to their borrowings and upon municipal governments with respect to their borrowings and upon business, and punishing losses upon the holders of Canada's obligations.

These were the words of the Minister of Finance, as he is now, on August 11, and at the time he was speaking the interest rate was 3.25 per cent. The hon. gentleman has been witnessing over the last three months some very significant increases in these interest rates although the Conservative party pledged during the election campaign that they would be reduced. Not only did the hon. gentleman's party pledge to reduce them, but they also took credit for reducing them, and I say to the Conservative party today: if you are going to take credit for reducing the interest rate I fear you will also have to take the blame for raising it. If you take credit for the drop, you will also have to take the blame for the rise. Listen to the Prime Minister speaking at Calgary on March 14, 1958 as reported in the Winnipeg *Tribune* of March 15. The report reads:

> He claimed that interest rates had fallen sharply as a result of government action since last June from a high of 4.33 per cent to 2.89 per cent in recent weeks.

If the Prime Minister thought that 4.33 was a high rate, I suggest he should compare that with the rate last week.

Mr. Benidickson: And it was higher yesterday.

Mr. Batten: The Prime Minister went on to speak in Selkirk, Manitoba, on March 7, 1958, as reported in the Toronto *Telegram* of March 18. After claiming that the government had eased the tight money situation, he went on to say:

> This has been done by releasing $300 million for new housing, launching a vast public works program and by reducing taxes.

Incidentally, I wonder where that public works program went to. Then, in Halifax, on March 24, 1958, as reported in the Halifax *Chronicle-Herald*:

> Referring to finances, Mr. Diefenbaker said his government reversed the "tight money policy of the Liberals". Interest rates had been decreased from 4.3 per cent to 2.8 per cent. As a result of the $300 million provided for housing loans there were more housing starts on homes "for average Canadians" than ever before.

Yet despite the promises which were made in 1958, we find that the interest rate today is higher than it has ever been before, and if we look at the rates since January 7, 1959 we shall find that there has been a gradual increase from a rate of 3.5 per cent to a figure which, last week, was 4.67 per cent. Surely if there were grave disadvantages for the

provinces and the municipalities, as predicted two years ago, when interest rates were lower than 4 per cent, those disadvantages are present today in a much more acute form. Here is a case of just another promise which was made to the people of Canada and forgotten after the balloting was over.

May I now proceed for a moment to a discussion of the gross national product. The Minister of Finance began his budget by explaining how he thought the Canadian people were prepared for an increase in taxes, and he went on to condition even the members of the House of Commons on those lines. He talked about the flexibility of budgets, and so on; in fact I thought at times that the budget which the minister was reading was a treatise on flexibility by inflexible Fleming. At any rate, the hon. gentleman went on to forecast an increase of 7 per cent in the gross national product, provided, of course, that prices remain stable. I think there are many people across this country who doubt that in the coming year there can be an increase of 7 per cent in the gross national product.

Earlier in the year, the Minister of Finance predicted a gradual improvement in the position, or a gradual growth in the gross national product, and I think he was right in this expectation. But I do not think that an increase of 7 per cent at this particular time, with stable prices, could be considered as normal or steady growth. I believe that is exaggerating. After all, a recovery of 7 per cent in the gross national product very nearly approaches boom conditions; that was the size of the growth in 1956. I think we have to bear in mind that this recession has been something more than a pause; that it has dug deeper into our economy. I believe that from here on we are never going to have conditions which will be quite the same as before. Our economy has been readjusted because of this recession, mild as it was. These recessions always have an effect on the economy of the country in which they occur, and here in Canada, particularly, where we are so dependent on foreign trade, it is difficult to see how a recession coming at a time when there is also a recession in other countries could not have a very serious effect upon the economy. Other countries are expanding. Other countries are making efforts to capture new markets, and to the extent to which they succeed a new problem is created for a country such as Canada which must depend for its livelihood on trade.

Take as an example Canadian exports to the United States. These do not reflect the recovery that we might have expected or the recovery which I think is taking place in the United States. Let me give the house one case with which I feel I am familiar; I refer to the newsprint industry. The demand for newsprint in the United States for the first quarter of 1959 increased by 4.4 per cent, but Canadian exports to the United States were down by 6 per cent. This was not due to a decrease in production in Canada, because the decrease in the production of newsprint in Canada amounted to only 1.7 per cent.

I do think the minister's forecast of a 7 per cent increase in the gross national product is somewhat ambitious. In 1958, for example, the increase in the gross national product was 2.5 per cent over 1957 but the larger part of this was taken up by increases in prices. In actual fact the increase in the gross national product for 1958 over 1957 was less than 1 per cent.

One might go on and make reference to some more figures. By volume, 1958 was less than 1 per cent over 1957. In 1957 there was very little change over 1956 and for the period 1947 to 1958 the average growth in the gross national product was 4 per cent. It does indeed appear that the minister's forecast was a little high and yet it is the forecast on which he bases his figures for the coming year.

In talking about the gross national product let us have a look at the corporation tax. The corporation tax was increased by 3 percentage points which means that the actual tax to be paid by corporations that make a profit of more than $25,000 for the year 1959 will be increased by approximately 6 per cent over that of 1958. This means that the main sources of employment are being taxed rather highly. Modern plants and modern equipment are needed to produce in Canada products at a price acceptable in the foreign markets. If we are going to tax our corporations too highly it will mean that the price at which the products we produce will be sold will be unacceptable in the markets of the world.

In 1958, the corporation tax was about 5 per cent lower than in 1957. In 1957 it was lower than in 1956 but there were gains in 1955 and 1956. When we look at the fact that the corporation tax is decreasing we must ask ourselves this question: Are we levying increased taxes on a decreasing return? I think that is perhaps what we are trying to do here. We must realize that our corporations produce the goods we sell. While I think the corporation tax is decreasing, I have no doubt in my mind about the Canadian potential. I believe we have a great potential for production in the future. However, we have in this country a great deal of old plant facilities and old plant equipment. I believe the time has come when industrial Canada should take a good look at itself and compare its capacity to increase with its present

potential. In the years that lie ahead this will be a matter of great importance to our country.

I wish now to refer briefly to federal-provincial relations. Hon. members will remember that this is one of the topics that occupied the attention of many of those who traversed this country in 1957 and in the campaign of 1958. We will remember that promises were made in 1957 to the effect that a federal-provincial conference would be called immediately if the Diefenbaker party were elected. Well, it was elected and the conference was called, not immediately but in November. I was present at that conference, at least the public part of it. For all that was done the premiers of the provinces might just as well have stayed home and sent in their submissions by mail. They rose and read their presentations to the conference and proceeded to go back home to their respective provinces having been given the promise that they would meet again in January. They did not meet in January. Instead of a meeting being called the premiers were the recipients of the notorious telegrams sent by the Minister of Finance in December stating what was going to be done and saying, in effect, "You must take it or leave it".

We saw a reflection of this same attitude in the throne speech. It contained no plan for arriving at some satisfactory solution to all the problems that now exist between the federal government and the provinces. Let me say immediately that the government has given a great deal of assistance to the provinces including the maritimes. I will be one of the first to admit that. My criticism of the government's attitude is that the assistance it has given the provinces and particularly the maritimes has not been the result of general policy but rather the result of a piecemeal operation which so characterizes the present administration.

I believe we have reached a time when, if these problems are going to be solved, a federal-provincial conference must be called. But I suggest that this government is not going to call such a conference at this time. My own province has some extremely serious problems in this respect but I shall wait for a proper occasion to make my specific comments concerning these matters. I trust, however, that the Minister of Finance does not think that reducing the excise tax on artificial bait and lures is any substitution for the fulfilment of term 29 of the articles of union.

In conclusion may I suggest that the supporters of this budget have been arguing, in effect, that it is just right for the present financial situation. I must confess there is some truth in that position, but let me hasten to add that the present financial situation with which this government finds itself confronted is of its own making. Members of the government have gone out around the country and have made promises to the people. They came into parliament, formed the government and proceeded to spend wildly. Now that they have spent the bills must be paid and they are demanding that the Canadian people pay increased taxes in order to bail them out.

I believe that the Canadian people will accept this budget resignedly because they believe nothing else can be done under the present circumstances. I am also of the opinion, however, that many people across the country will know that the present financial situation is one the government voluntarily got itself into.

Mr. J. R. Keays (Iles-de-la-Madeleine): Mr. Speaker, as a reward for those who have been patient and loyal I should like to announce that at the end of the first period in the game between Toronto and Montreal for the Stanley cup the score is 0-0.

Mr. Pickersgill: We missed nothing, in other words.

Mr. Keays: As I rise to take part in this debate, I wish first of all to convey to this house the gratitude and appreciation of the people of Gaspe, where I have the honour of being mayor, concerning the recent announcement that Her Gracious Majesty will visit that town on June 21 next. The itinerary as announced was very welcome. Recently a dispatch has been sent to Her Gracious Majesty expressing on behalf of our town good wishes for a safe voyage and expressing the eagerness of our townspeople to receive her.

It is interesting to note that when the royal couple visit our great country they will first pay a visit to the youngest province of Canada and then the oldest. When I say the oldest, Mr. Speaker, I refer to the year 1534 when that famous French explorer, Jacques Cartier, by the act of erecting a cross took possession of this country in the name of God and his country. Throughout the annals of history Gaspe has always been described as the birthplace of civilization in Canada and I was somewhat disturbed by the fact that at the celebrations in honour of Champlain in Quebec city last year they attributed to themselves the honour of being the birthplace of Canada. It was at Gaspe. With this in mind I wish to convey to the house the appreciation and gratitude of our people at receiving her.

Mr. Pickersgill: I wonder whether the hon. gentleman would permit a question?

Mr. Keays: Mr. Speaker, I will permit a carload of questions as soon as I have finished my remarks. I should like to speak for my constituents and express their heartfelt thanks to the government for acceding to the request for an economic and physical survey of the Magdalen islands. This was undertaken by the government in the fall of 1958 and I must say that it was a thorough investigation. It proved that the Magdalen islands have been forgotten and I trust sincerely that when the study has been completed these people will be given a chance to win the battle they have been fighting since 1653, the battle between man and the sea, the battle for the right of survival of the people of these islands and the right to earn what they need for their existence. I am quite sure that when these studies have been completed these islands will be given the harbours and fishing facilities needed for the survival of the people.

As I have mentioned, Mr. Speaker, these islands have for long been forgotten. The history of the islands dates back to 1653 when Nicolas Denys took possession of same as a favour from his government and since that time the people have been engaged in the battle to which I have referred. I should like to refer to an article which appeared in a local newspaper, *Le Phare,* in October, 1948, and which reads as follows:

(Translation):

The cove provides so little security that people have to get up on very stormy nights to go and pull the boats ashore, and there are only 30 of these boats left in the bay. Fishermen are getting discouraged and try to find a more stable way of earning a living elsewhere. Our two seaports are only so in name: They are Havre Aubert and Cap aux Meules. They are in need of dredging and of some construction work: breakwaters and jetties, so that ships of higher tonnage might find shelter there. Some coastal communities, which have neither our population figure nor our volume of business have well-organized seaports. The project is therefore practicable. Our requests are reasonable.

(Text):

It then goes on to say, Mr. Speaker,

(Translation):

Magdalen islanders are hoping that the federal authorities will one day favourably consider their requests.

The same paper wrote in December 1948:

If that field were under provincial jurisdiction, there would be action and no mere promises.

(Text):

I then read the ideas of Robert Rumilly, a great historian and one interested in the problems of the Magdalen islands:

(Translation):

And that is true. The federal government is as indifferent and negligent with regard to the isles as was the provincial government until 1936. We would let them off if they did for the islands a tenth of what the provincial administration did for us. Let me write down all my thoughts, which have been confirmed by 13 years of experience in Ottawa. The federal government has jurisdiction on the sea fisheries of all provinces, except Quebec. So that the federal treasury, fed by Quebec taxes, looks after the maintenance of fisheries in all provinces who have any, except those in Quebec. The federal administration being freed from that load should as a compensation take more interest in our ports which are still under its jurisdiction. The victims of this federal sulking are the fishermen.

(Text):

It is therefore apparent, Mr. Speaker, that the Magdalen islands have long been neglected and as a result of the study undertaken and a realization of the needs the government has already undertaken the construction of a large wharf at Grindstone island, the construction of a wharf at Amherst island, commonly called Havre-Aubert, these facilities permitting the fishermen to approach the fish processing plants. I am sure that the study undertaken by the government will prove that the people of the Magdalen islands have long been forgotten and that it is time to realize their needs.

New transportation facilities are required and subsidies to encourage the establishment of such facilities. Although the present air service is quite adequate, unfortunately the freight rate is rather high for the transportation of fish by air. For your information, Mr. Speaker, the first steamboat to ply between the islands and Nova Scotia and Prince Edward Island started to do so in 1876. The first telegraph line was installed in 1880, but unfortunately broke down in 1910. The numerous requests which were made to this government at the time for transportation facilities fell upon deaf ears.

It was then that the mayor of House Harbour or Havre-aux-Maisons, Alcide Gaudette, thought of one method of transportation. He arranged a barrel or cask in which he placed the mail going to the relatives of these people in the United States, Nova Scotia, New Brunswick and the Matapedia valley. These were the relatives of the deported Acadians. Then, on this barrel he placed a little white flag to represent the spirit of the people in those islands. Some days later he set this new mode of transportation afloat and left it to the will of the open seas. It left on January 8, 1910 and on February 12 this barrel landed on Cape Breton island. In the barrel there was a letter addressed to the then postmaster general, Hon. Rodolphe Lemieux, which said: "If you cannot send a reply by boat, send it in this barrel".

The result of this communication was that in March of that year a steamboat left Sydney carrying mail. It is noteworthy also, that in 1911 with the advent of the Borden government the first Marconi station was

installed on the Magdalen islands. The people of the island were then granted a special privilege from the fall until the spring of sending 2,000 words per week free of charge. This was the beginning of regular transportation between the islands and the mainland.

It is easy to conceive, that everything was not rosy for these brave fishermen. What they claim today, as I have already mentioned, is the right of survival and the right to a share in the general economy of our country. We have heard a great deal of criticism from the opposition of this budget. I would not dare say that much of it was of a substantial nature, but rather seemed to follow the present policy of the opposition of criticizing without making constructive suggestions. They seem to be endeavouring to instil in the minds of Canadians a state of despondency. If only this mode of criticism could be left aside and the opposition would make a volteface, we might hear something concrete and beneficial.

We hear repeated references to inflation and recession. I should like to refer to what the Leader of the Opposition (Mr. Pearson) said as recorded on page 35 of *Hansard* for January 19, 1959:

> While we were in office, Liberal fiscal, monetary and economic policies were sound, steady—and steadiness is pretty important—flexible and successful. They made it possible for this country to combine startling economic expansion and reasonable monetary stability.

We know, that the contrary is true. Reports received from many financial institutions indicate that our economy is more stable today than it has been during the last few years. This opinion, is shared by many of the financial institutions in this country. Although we are aware of the dangers of inflation, much of this is of a chronic nature. The Minister of Finance has brought in a budget which is aimed at combatting inflation and reducing its dangers. This budget is very important and, as evidence will prove later, was brought in as a medium of attacking inflation, keeping in mind the genuine recovery of our economy. This, in itself, is very commendable, is good business practice and logic.

The Minister of Finance has endeavoured to further narrow the deficit and, as he mentioned in his speech, has brought in a budget designed to foster recovery. It is conceded that the mere statement made by the Minister of Finance will not, in itself, be a cure-all for the inflationary dangers, but is rather merely the first step provided by the government to relieve the dangers.

I should like to bring to the attention of this house the fact that inflation is not the sole concern of government but of every individual taxpayer in Canada. A few minutes ago I mentioned that first public reaction to the presentation of the budget was probably doubtful. However, after the business consultants, analysts and critics had a chance of studying the proposed actions contained in this budget, they were pleased and commended the minister for his courage in facing reality and giving us a budget commensurate with the needs of the day.

Mr. A. C. Ashforth, president of the Toronto-Dominion bank, and president of the Canadian chamber of commerce, is quoted in the Winnipeg *Free Press* as follows:

> I believe balanced budget, or close to one, would improve the bond market and general business. I personally was not surprised at the increase in income taxes to meet the current situation. However, I do feel that income taxes are too high on a long term basis for a young developing country like Canada.
>
> We cannot expect the government to lower taxes if we, the public, are constantly asking them to do more and more for us.
>
> Every penny the government spends has to come out of the pockets of the taxpayers. There is no other source. I am pleased to see the minister of finance is optimistic about the volume of this year's business.

Mr. Laurent Lauzier in an article in *La Presse* of Montreal of April 11 has this to say:

(Translation):

> The federal budget continues to give rise to many comments, especially among businessmen and, above all, among income tax experts. The first hours of reflection and consideration having elapsed, the actual objectives aimed at by the government in its budgetary resolutions, introduced Thursday night by the Hon. Donald Fleming, Minister of Finance, are better grasped.
>
> In financial quarters there seems to be general agreement—

(Text):

I should like hon. members of this house to note this.

(Translation):

> In financial quarters there seems to be general agreement about the necessity of the tax increases announced by the government. It is generally believed that the increases provided are not high enough to hamper the economic recovery now in full swing.

(Text):

I have one more quotation coming from the income tax committee of the Chamber of Commerce which was presided over by Mr. Charles McLaughlin. He had this to say in an article in *La Presse* of Montreal of April 11:

(Translation):

> The tax committee of the chamber of commerce, presided over by Mr. Charles McLaughlin, C.A., chief of the taxation division at the Canadian Industries Ltd., notes that the tax increase is slightly lower than could have been expected in the circumstances. He approves of the general attitude of the government, which seems to have looked for a middle course solution between a fight

against inflation and a balanced budget. The committee notes also that the government is showing an obvious desire to protect the taxpayer, small or average, in restricting its income tax increases to higher income brackets and its sales tax increases to luxury articles.

(Text):

Last night, Mr. Speaker, I attended the closing meeting of the Canadian mining convention and I met a friend of mine who attended the luncheon on Tuesday of the chartered accountants and business administrators of the city of Montreal. He admitted that everyone was surprised that when the experts on administration and financial affairs spoke, every one of them said there was no other course to follow and that they endorsed the courage of the Minister of Finance (Mr. Fleming).

It is noteworthy, Mr. Speaker, that when statements such as these are made we find that they come from people who have no political axe to grind. All hon. members know that the best interests of our form of government demand that those with authority to speak must give constructive criticism to legislative government so that the rights and concerns of all sections of our country are made known to the legislators. The Prime Minister (Mr. Diefenbaker) himself was well aware of this situation when speaking in Winnipeg last year to the Canadian Labour Congress. He then asked labour to hold the line with respect to demands for wage increases. Regrettably, such has not been the case, and in many instances labour has requested increases in revenue which were much to the detriment of the companies concerned.

There are those in this house sitting at our extreme right who have a well-known reaction to any announcements made in this house of government subsidies to farmers, industries or others. Whenever a statement is made that $40 million or $6 million or $2 million is to be made available to the public, they have but one common reaction: it is either peanuts or it is not enough. This group want bigger grants, bigger social security commitments and higher wages, with no concern for higher productivity.

Mr. Speaker, in order that a country can prosper, the corporations must make a profit and take out of their surplus the requirements for their expansion and future development. I do not say that all unions are in the same boat, because some have justly understood the problem and have heeded the warning of the Prime Minister. Labour in general has made a grand contribution to our development; but unfortunately there are still those who do not understand that increases in salary should also bring about increase in productivity, in order thereby to keep our dollar value as stable as possible.

Mr. Speaker, may I interrupt this speech to say that the score is still 0-0 at the end of the second period.

On the other hand, we have those in our country who are the executives of large corporations and who have an important say in the directives given to industries. To many of these persons can be atributed the dangers in our economy. Too many after dinner speakers and social club speakers spend their time criticising government legislation without endeavouring in any way whatever to suggest any solution to the problems always confronting government and refusing to take an interest in their communities in so far as these problems affect the economy of our country. They deprive their communities, their province and their country of the gift of their talents. They fail to see the forest for the trees and miss a great opportunity to create better public relations to the benefit of their concerns.

Those who seem afraid of public life or who seem to look down upon those who take an active part in it will be well advised to reconsider their position and to realize that they owe a debt to their communities and to their country. Instead of staying away from public life and avoiding exposing themselves to criticism, they should think the matter over and, if possible, bring to their communities, as I have already mentioned, the gift of their talents.

I was very happy some time ago to read what another Gaspesian, Gratton O'Leary of the Ottawa *Journal*, when speaking at a luncheon meeting in the Chateau Laurier during the congress of the Ottawa insurance agents' association, had to say, and I quote:

> Canada's business leaders sit "in the bleachers" and complain about the government but don't know what they are talking about because they take no active interest in public affairs. They sit in the bleachers. They talk loudly about inflation. But I don't see any of them telling us what should be done. Businessmen were calling at the same time for both lower taxes and a balanced budget.

Those who believe they are born to be sheep should endeavour to be shepherds and become the leaders of labour and industry and help those who take an active part in the business and financial problems of our Canadian economy. There is a place in Canada for everyone to be in the flock and not to be of those who eventually find themselves in the camp of those who oppose constitutional government, or even find themselves the leaders of such groups.

Before concluding, Mr. Speaker, I should like to refer to a speech made in this house by the hon. member for Timmins (Mr. Martin) reported in *Hansard* at page 207. The hon. member referred to the infamous strike at

Murdochville. I am not going to defend Gaspe copper mines, nor am I going to defend Noranda mines, its president, vice-president or other officials. But I believe in all justice to those labourers who stayed on the job that they deserve to be defended, and I would like to tell this house that when they marched on Murdochville, 1,000 people from all over the province of Quebec, they found not 40 men back on the job but 675 people back on the job and willing to work. I say this because I live with the people and many have come to see me, crying and wondering what they should do. They were intimidated and afraid and would not return to work although they had five, six, seven or eight children to feed. They said, "What are we going to do? We are scared. We want to go back to work but are frightened". They were satisfied with the salaries paid and happy to work for a higher wage than they had ever earned before.

In conclusion, Mr. Speaker, I would like to mention how our Canada has come ahead from the days when Voltaire once described it as a few acres of snow, and relate the sentiment expressed by Mrs. Erich Neuhouser, a lady of German descent, who fears that Canadians are losing the pioneer spirit of their forefathers. This to some extent is true, and I believe that the alarm should now be sounded to revive this spirit, and with the example shown by many of our new Canadians give impetus to the development of this country and the vision as seen by this government.

Mr. Pickersgill: Mr. Speaker, the hon. member from Iles-de-la-Madeleine (Mr. Keays) was kind enough in the course of his speech to say that he would answer a question of mine at the end of his speech, and my question is this. Does the hon. gentleman know that before Cartier planted the cross at Gaspe he visited Bonavista, and 37 years before that, the real discoverer of Canada, John Cabot, discovered Canada at Bonavista?

Mr. Keays: If I might answer that Mr. Speaker, as we read through history we will find at one time, many years before the hon. member for Bonavista-Twillingate (Mr. Pickersgill) ever gave to this country his gift of knowledge, that Newfoundland, the Magdalen islands and Prince Edward Island were all connected, and I would say that this connection of the Magdalen islands and Prince Edward Island gave to Newfoundland the desire to come into confederation ten years ago.

Mr. Martin (Timmins): Will the hon. member permit another question? The hon. member referred to the strikebreakers at Murdochville receiving the highest wages they had ever received. Could he tell us what the wages were at that time?

Mr. Keays: Mr. Speaker, as a Gaspesian and one who lives close to his constituents and employs 200 or 300 people, I can speak on labour problems in the Gaspe peninsula. I would say that the salaries paid at Murdochville were 20 per cent higher than any salary paid in that region.

Mr. Frank Howard (Skeena): Mr. Speaker, I would like to preface my remarks with those points which I know will be looked upon and received with the most interest. This knowledge is probably well known, but I think in view of the undue interest in another event which is taking place this evening I might say that at the end of the second period of the hockey game there was no score.

Mr. Hamilton (Notre Dame de Grace): Just like you.

Mr. Howard: The Postmaster General (Mr. Hamilton) gets nastier and nastier every day.

Mr. Hamilton (Notre Dame de Grace): I have such good material to work with.

Mr. Howard: Naturally, sir; look who he is sitting next to.

Mr. Speaker, often members start by referring to the particular motion which is before them, especially when it is a long debate, so that we can go back over the ground. I do not think it would be too wise to do that in this case because the motion is that you leave the chair and it has no substance to it in fact. The next best thing we can do is to look at the amendment moved by the Liberals, and if I may I should like to read it again:

> This house regrets the bad faith of the government, which sought and secured support from the Canadian people on a program of lower taxes, reduced expenditures and a balanced budget, and which has now produced, in flagrant disregard of pre-election promises, a budget calling for higher taxes, record expenditures and a large deficit.

There is certainly a philosophy contained in that particular amendment which is the same as the philosophy of the Liberal party; that there is nothing constructive in it, there is no suggestion, no ideas or proposals—

Mr. Pickersgill: Just good faith.

Mr. Howard: My hon. friend made no such point as that tonight. Yet they moved that motion in all sincerity and in all good faith and expect hon. members to vote for it.

An hon. Member: I expect you will.

Mr. Howard: What you expect and what you receive may be two different things.

Mr. Pickersgill: You will vote for it all right.

Mr. Howard: The hon. gentleman must not be too hasty in his assumptions. I will just say this: if they would allow a free vote from

their supporters, I would point out to the hon. member for Bonavista-Twillingate (Mr. Pickersgill) that many of his own followers would not hesitate about voting for it. This represents the quandary the Liberal party is in and reflects the attitude of fence sitting which has been so common in the party for so many years. And we know why. We know that there is a great deal of dissatisfaction existing at the moment in the Liberal party. We know there is an attempt under way to replace the present Leader of the Opposition (Mr. Pearson) by someone else who has gained national prominence in the past two or three weeks.

An hon. Member: Shame.

Mr. Howard: Hon. members may laugh, and my friend may say "shame" but if the truth is shameful that is the way it is.

Mr. Bell (Carleton): You ought to know.

An hon. Member: Are you going to try for it?

Mr. Howard: Do you want me to be the leader? There is one thing I will be proud about to my dying day, and that is I was not, and never will be, a member of the Liberal party.

This attempt to substitute "Smallwoodism" for negativism does reflect the political dilemma of the party to my left and the situation which exists in Canada between the Tories and the Liberals. The Liberals know that their usual position on a seat on the fence a little left of centre does not exist any longer because the Tories have replaced them in it. As far as progressivism is concerned, the Tories are more progressive. So what can they do? They have gone just as far as they can go in a progressive direction, so now they say: we must go in the other direction; we must move to the position of being a reactionary group. At this point there comes into the picture a personage from Newfoundland, Premier Smallwood, hoping that with a policy of reassessment and re-examination the Liberal party might be built up to the position it once held; and the hon. member for Bonavista-Twillingate is paving the way for all this to take place.

An hon. Member: Carving the way.

Mr. Howard: My hon. friend says "carving the way". It may be a little more sanguinary but it does represent the quandary in which the Liberal party finds itself. I think we only have to make a comparison between the amendment put forward by the Liberals and the amendment to the amendment which we have proposed to be reminded of the differences which exist between our group and that which sits to my left. After all, our amendment, within the limited scope available, does recommend some positive, some constructive, some progressive action, and this is the role which the C.C.F. has always played even though we have never been in government. We have always led the way in progressive measures and in the introduction of constructive ideas. We do not complain because the Liberals over the years have stolen them, or that the Tories have stolen them. We wish to heaven they would take over the whole works and put it into effect because then we would have the kind of society we want.

One of our proposals deals with the question of instituting a capital gains tax. I think we are entitled to look at the condition which will develop in the future if we continue to be without a tax on capital gains while our neighbour to the south has imposed such a tax. First of all, such a tax on capital gains would provide a monetary incentive for the investment of United States capital in Canada and increase the influence exercised by the United States corporations in this country. That is one of the detrimental effects which such a situation would bring about. Another is that in some instances there would be a drain on the finances of Canada, because if a person or corporation from the United States invests in Canada, makes a capital gain and returns to the United States, such gain is subject to taxation by the United States authorities. In other words, funds which should be flowing into the coffers of the Canadian Minister of National Revenue (Mr. Nowlan) are instead being diverted to the coffers of the United States treasury.

A third effect of such a situation is this: one of the by-products of the investment of United States money in Canada is a tendency to force up the exchange rate between the two countries which places us at a disadvantage in so far as world markets are concerned. It further places the Canadian taxpayer in an unfavourable position because he suffers at the hands of the Minister of Finance (Mr. Fleming) through having to raise additional money for taxes out of his own pockets. All this could be avoided if we had the capital gains tax we suggest. By his failure to institute this kind of tax, as we envisage it, the Minister of Finance has made the pro-Canadian type of speeches he used to make when in opposition sound extremely hollow. Indeed, his lack of action shows that the Prime Minister (Mr. Diefenbaker) spoke in a somewhat hypocritical fashion when he talked about United States buccaneers making piratical profits out of the pipe line stock deal, which was a capital gain.

Many of the unpleasant consequences which I have just mentioned would be overcome to a great extent if the minister

would only have the courage to introduce measures of the kind we have suggested in, apparently, what is to be one of his last actions as Minister of Finance before he moves to another office. I see a smile upon the minister's face. I say to him that if the speculation in the newspapers is correct, and if he does move to this other post in the cabinet, that of external affairs, I hope he will be more tactful and diplomatic in that post than he has been as Minister of Finance.

An hon. Member: He has improved.

Mr. Howard: He has improved. He now smiles a few times a day as he is doing at this moment, but it will take more than that forced smile to raise Canada to the position it enjoyed when the present Leader of the Opposition was secretary of state for external affairs. In fact, it might be that the Prime Minister had this in mind, knowing there is no one in his own ranks available to take this post. It may be that he is considering a bi-partisan policy and will take the Leader of the Opposition into his ranks and thus pave the way for the appearance of Premier Smallwood as leader of the Liberal party. This may sound amazing and imaginative but in politics nothing is impossible, especially with the Tories in office.

An hon. Member: A bed time story.

Mr. Howard: Every time I look across the house I see hon. members opposite nodding in their chairs, whether it is early in the day or late in the evening. So any time is appropriate for a bed time story.

An hon. Member: When you have the floor.

Mr. Howard: That is possible, and I would be the one to admit it. But there are 208 others who, I am sure, are much worse than I am.

Another matter mentioned in the amendment to the amendment was the rise in interest rates and this is a very crucial question because these rates represent a hidden drain on the purchasing power of all the taxpayers in Canada. Increases which may at first appear to be quite small —one-tenth of one per cent, for example— amount to a great deal when they are accumulated, and the effect of these higher rates of interest on the purchasing power of individuals, municipalities and provinces is most serious. At the present time these rates are at usurious levels and they are tending to creep even higher.

Municipalities, provinces and individuals are finding themselves in a very difficult position because of the attitudes and actions of the present Minister of Finance (Mr. Fleming) and the present government. In fact, they are trapped. The municipalities, provinces and individuals are trapped in this interest rate by what one might classify as "Fleming's foolishness".

I know that the minister comes from some constituency in Toronto and doubtless he will be interested as will other hon. members in knowing that Toronto has just scored and the score is 1-0.

Mr. Speaker: Has the hon. member unanimous consent to impart that information to the house and make it part of the record?

An hon. Member: He has to say something intelligent.

Mr. Howard: Coming from the west as I do, I hope Toronto will win, of course.

Mr. Fleming (Eglinton): Hear, hear.

Mr. Howard: Seriously, the Toronto Maple Leafs have been favourites of mine ever since I was a small child and first began listening to hockey games over the old crystal set.

When we come to talk about interest rates we can look back only a little while ago to that time when the Minister of Finance was gloating and rubbing his hands in glee over the decline in the rediscount rate on treasury bills. It was not long ago that he was asked questions about this. They are recorded in *Hansard* and if I have to refer to them for the exact words, I will. At that time the minister said the lowering of the rediscount rate on treasury bills was directly the result of the action of this government. He explained that it meant that inflation was curbed because interest rates were going down. He suggested that it meant the economy was recovering and that it marked the end of the tight money policy of the Liberals. He sat there and mustered together as large a smile as he is capable of producing and said these things with apparent open honesty. He attempted to take the credit saying it was the result of the efforts of his government that interest rates were lowered.

Following that we had the conversion loan which was designed, the minister said, to stabilize the money market. In this instance, I refer to page 4598 of *Hansard* of September 4, 1958 where my hon. friend who may be going to some other post in the cabinet is reported as having said:

> I will say without fear of contradiction on the part of any responsible source in this country—

The minister took in a pretty wide territory, speaking for everyone in Canada. He continued:

> —that the effect of the Canadian conversion loan has been to stabilize the market and in that way it has contributed not only to preventing a further

rise in interest rates but in checking it and turning the tide in that respect. That is the effect of this issue.

At the end of August at about the time the conversion loan was to go into effect the rediscount rate was somewhere in the neighbourhood of 1.4 to 1.7 per cent. That was in the last part of August or the first week of September. Since that conversion loan took effect interest rates have climbed higher and higher and today they are at the highest point they have ever reached in the history of Canada. What does the Minister of Finance, silent Sam, do now? He keeps his mouth shut. He does not talk about that because it is embarrassing to the government to find out that today the rediscount rate stands at 4.86 per cent, an increase of 1.9 per cent over a week ago, as a direct result of the budget.

I observe that the minister shakes his head and denies that this was a result of the budget. The minister is at liberty to deny that. All I have to do is look back at the number of statements he has made since assuming that portfolio. He has been wrong so many times that it is obviously doubtful if we should pay any attention to the statements he makes at this time.

In the one instance he is only too eager to accept the credit, but in the other instance he keeps his mouth shut. I say to him that if this government is going to take the credit for those periods when the sun shines it also has to take full responsibility for those periods when it rains. Today was a beautiful summer-like day with high temperatures and it is a wonder that some hon. gentleman opposite did not rise in his place and make the statement that the weather has now been placed under the jurisdiction of the federal government.

This treasury bill rate reflects government policy as the Minister of Finance has told us so many times in the past. It is indeed a direct result of government action, attitudes and policies and represents a direct return to the situation that existed when the Liberals were in office, not a tight money policy but an even tighter money policy. My hon. friend shakes his head again. Perhaps he does not know what tight money is. Money is tight with me all the time and if interest rates go up much higher I, like some other hon. members of this house, may have to find a part-time job.

Mr. Aiken: You might find a full-time job.

Mr. Howard: It may well be that my employers, the constituents in Skeena, may decide to employ me full-time someday. That is, of course, a decision that they may take and there will not be much I can do about it, although I shall attempt to convince them that they have an excellent employee in me and should continue to employ me, which is a course followed by everyone in this house.

I should like to deal now with the effect of a financial policy of the government which has been mentioned by two or three hon. members, some in a derogatory way, some in a way that indicates they have not the foggiest idea what it is about and others in a partially sensible way in which they attempted to look at both sides of the picture.

The hon. member for Iles-de-la-Madeleine (Mr. Keays) who preceded me in this debate mentioned what he thought was the effect of wage increases on the economy. The hon. member for Acadia (Mr. Horner) in either the throne speech debate or in a speech on the estimates of the Department of Agriculture, I forget which, also used the same approach and drew the analogy that because wages go up the farm implement machinery industry has to increase the prices of farm machinery and therefore the hon. member blamed the wages of workingmen for the higher prices of the materials used by manufacturers in producing farm machinery and the resultant higher costs of farm machinery and equipment.

My friend the hon. member for Acadia may know something about farming but it is extremely obvious that he does not know a darn thing about the relationship of wages and trade unions to the general economy.

Mr. Speaker, may I call it ten o'clock and in the same breath announce that the score is still 1-0.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, I wonder if I may ask the Minister of Finance if it is proposed to go on tomorrow with the same debate?

Mr. Fleming (Eglinton): Yes, Mr. Speaker.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

UNIVERSITY GRADUATE STATISTICS

Question No. 159—**Mr. Martin (Timmins):**

1. How many graduates of colleges or universities now reside in Canada, as follows: (a) bachelors or equivalent level; (b) masters or equivalent level; (c) doctors?
2. What percentage of the population is each of the above categories?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

1. Statistics are not available.
2. Statistics are not available.

CHANGES IN RURAL POSTAL REGULATIONS

Question No. 324—**Mr. McWilliam:**

1. Has a change been made in postal regulations reducing the required number of patrons from four per mile to three per mile to qualify for rural mail route service?
2. If so, is the post office department making a survey to ascertain the additional patrons who will qualify?

Questions

3. If the department is not making a survey at this time, will the department accept requests for service from additional qualified patrons?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. Yes.
2. No.
3. Yes.

IMPORTS OF NORWEGIAN LURES AND ANCILLARY EQUIPMENT

Question No. 325—**Mr. McWilliam:**

1. Is the government giving further consideration to the elimination of the custom duty on the importation of Norwegian lures and ancillary equipment used in commercial fishing on the east coast of Canada?
2. If so, will a decision be reached in the near future?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

1. The government has recently given consideration to the elimination of the customs duty on the importation of Norwegian lures and ancillary equipment.

2. In the tariff changes introduced in this year's budget it is proposed that lures, jiggers and artificial baits be permitted duty free entry under the provisions of tariff item 682.

APPENDIX

CHICAGO DIVERSION—CANADIAN NOTE TO UNITED STATES

No. 184

Sir,

I have the honour on instructions from my government to refer to proposals for legislation in the United States of America concerning an increase in the diversion of water from lake Michigan through the Chicago drainage canal. It is noted that one proposal to this effect has been approved by the House of Representatives and will shortly be considered by the Senate. During a period of many years there have been numerous occasions on which the government of Canada has made representations to the government of the U.S.A. with respect to proposals concerning the diversion of water from lake Michigan out of the great lakes watershed at Chicago.

Many of these representations have been directed toward particular proposals then under discussion by U.S.A. authorities. Because of the importance of the question, the government of Canada believes it timely to re-examine the considerations which it regards as most important concerning any proposals for additional diversion of water from the great lakes watershed. Accordingly, in order that there may be no misunderstanding as to the views of the government of Canada, I have been instructed to bring the following considerations to your attention.

Every diversion of water from the great lakes watershed at Chicago inevitably decreases the volume of water remaining in the basin for all purposes. The government of Canada is opposed to any action which will have the effect of reducing the volume of water in the great lakes basin. Careful inquiry has failed to reveal any sources of water in Canada which could be added to the present supplies of the basin to compensate for further withdrawals in the U.S.A. The government of Canada considers that many agreements and understandings between the U.S.A. and Canada would be broken if unilateral action were taken to divert additional water from the great lakes watershed at Chicago and directs attention to provisions of two treaties in particular

(a) The boundary waters treaty, 1909: The applicability of either art. II, para. 2 or art. III of this treaty depends upon the interpretation of physical facts.

If lake Michigan physically flows into the boundary water lake Huron, art. II preserves to Canada the right to object to such a diversion which would be productive of material injury to the navigation interests in Canadian waters.

If, as has been asserted by eminent U.S.A. jurists, art. III of the treaty applies, no further diversion shall be made except with the approval of the international joint commission.

(b) Niagara treaty, 1950: This treaty allocates water for scenic and power purposes. The amount of water which shall be available for these purposes is the total outflow from lake Erie. The specific inclusion of certain added waters in art. III of the treaty emphasizes the underlying assumption that existing supplies will continue unabated. In addition to these treaty provisions, there is a further agreement of far-reaching importance. Power development in the provinces of Ontario and Quebec is predicated upon agreed criteria for regulation of the flows of the St. Lawrence river. The order of approval of the international joint commission of October 29, 1952 as supplemented on July 2, 1956 and accepted by both our governments, forms the basis for the construction and operation of the hydroelectric power installations in the international section of the St. Lawrence river. Criterion (a) of this order of approval assumes a continuous diversion out of the great lakes basin limited to the present 3,100 cubic feet per second at Chicago.

Navigation and commercial interests depend upon the maintenance of the basis upon which channel enlargements have been designed in order that vessels of deep draught may proceed with full load to and from the ports of the upper great lakes. In this connection I would refer to the following matters:

(a) The construction of the St. Lawrence seaway. Legislation in the two countries and the several exchanges of notes concerning the construction and operation of the seaway now just completed are based on the assumption and understanding that there will not be unilateral action repugnant to the purposes of the legislation. Withdrawal of water from the great lakes basin would materially affect the operation of the St. Lawrence seaway;

(b) Dredging. By agreement contained in the various exchanges of notes between the two countries, profiles have been prepared for the excavation which has taken place or is about to take place in the International rapids section of the river, in the Amherstburg channel and in the St. Clair river. These agreements are based on the implied understanding

that material changes would not be made in the volume of water available for navigation;

(c) New channel. In an exchange of notes dated February 28, 1959, it has been agreed that a new channel should be constructed to eliminate the so-called southeast bend of the St. Clair river. The agreement by the government of Canada to this proposal was based on the understanding that there would be no artificial interference with the present supplies of water.

Because of the importance attached by the U.S.A. and Canada to the honouring of international undertakings in letter and in spirit, the government of Canada views with serious concern any possible impairment of agreements and undertakings relating to the great lakes basin. Furthermore, the alarms created by repeated proposals for diversion which inevitably disturb the people and industry of Canada are a source of profound irritation to the relations between our two countries which we can ill afford.

I am instructed, therefore, to express the hope of the government of Canada that the U.S.A. will view this matter with equal concern and will be able to give satisfactory assurances that unilateral action will not be taken which would imperil the present regime of the waters in the great lakes basin and the status of the agreements and understandings to which I have referred.

Please accept, sir, the renewed assurances of my highest consideration.

A. D. P. Heeney

The Canadian Embassy,
Washington, D. C.
April 9, 1959.

HOUSE OF COMMONS

Friday, April 17, 1959

The house met at 11 a.m.

PRIVILEGE

MR. HELLYER—REFERENCE TO REMARKS IN DEBATE BY PRIME MINISTER

Hon. Paul Hellyer (Trinity): Mr. Speaker, I rise on a question of privilege affecting the members of this house. Yesterday in reply to a question from the hon. member for Vancouver East (Mr. Winch), the Prime Minister (Mr. Diefenbaker) is quoted in this morning's *Globe and Mail* as having said:

> There have been reports indicating that some manufacturers and vendors of some products affected by the commodity tax changes announced in the budget are raising prices to the public and increasing them inexcusably by amounts in excess of the increase in the tax.

In *Hansard* of April 16, Mr. Speaker, the same part of the Prime Minister's reply is as follows:

> There have been reports indicating that some manufacturers and the vendors of some products affected by the commodity tax changes announced in the budget are raising prices to the public, and increasing them by amounts in excess of the increase in the tax.

In the interests of clarity and accuracy, Mr. Speaker, I think the Prime Minister should tell the house which report is correct.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I know the hon. gentleman is a model of accuracy and for that reason I would like the opportunity to say this. The blue copy which was sent down by *Hansard* is exactly as it appears today in yesterday's *Hansard*. I do not make it a habit to change *Hansard* in order to alter what appears there, except in so far as changes are made by my staff in the ordinary run of things. Yesterday when the blue was brought to my attention it did not contain the word "inexcusably". However, I recall having said that, but I would not alter *Hansard* in order to change the meaning or purport of the context prepared by *Hansard*. The word "inexcusably" was said by me yesterday but it did not appear in *Hansard*; therefore I would not change the record as it was.

HOUSE OF COMMONS

CONGRATULATIONS TO MR. SPEAKER ON ANNIVERSARY OF BIRTHDAY

Mr. Frank Howard (Skeena): Mr. Speaker, I too rise on a question of privilege, and I feel that all members of the house are involved and interested in it. The question of privilege relates to an event that will be taking place between now and the time this house meets again on Monday next. I would like to express my own thoughts, which I am sure coincide with the thoughts of all hon. members, and extend to you, sir, the very best wishes on the celebration of your birthday on Sunday, April 19. Naturally I hope also there will be many more such events ahead.

EXTERNAL AFFAIRS

FOOD FOR PEACE CONFERENCE—STATEMENT BY PRIME MINISTER AS TO MEETINGS

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as I indicated in my reply to the question asked by the Leader of the Opposition on Tuesday in connection with the food for peace conference, the Canadian government has accepted an invitation to participate in the meetings with representatives of the United States and other major wheat exporting countries to consider the proposals outlined in the President's farm message to congress on January 29. The invitation was extended by the United States secretary of agriculture, Mr. Benson, to whom the President entrusted the task of pursuing the proposals which he advanced in his message. The other countries taking part will be Australia, Argentina and France. The director general of the food and agriculture organization will also be present.

The meetings will take place in two stages. Officials will meet from April 27 to April 29 to prepare material for consideration at a ministerial meeting on May 5. In his address to congress the President proposed that a new approach should be made to endeavour to make better use of the free world's agricultural abundance in the interests of reinforcing peace and the well-being of friendly peoples throughout the world; in short, to use food for the purposes of advancing peace and

peaceful objectives. The United States suggested that attention might be turned first to problems in wheat distribution and indicated that at a later date consideration might be given to other agricultural commodities. It is proposed at these meetings to review problems affecting products and trade in wheat and surplus disposal programs now in effect. Consideration will also be given to the possibilities of improving present programs in order to make more effective use of current agricultural surpluses.

I need hardly add to what I said the other day, namely that the Canadian government is wholeheartedly in support of the objectives outlined in the President's address and welcomes the opportunity to discuss problems in wheat distribution and marketing with other major exporting countries. The suggestions I have made on other occasions looking to the establishment of a food bank for the assistance of countries whose populations are short of necessary food, either because of crop failures or natural disasters or for long term reasons such as economic underdevelopment, were directed to very much the same objectives as those outlined by the President. The Washington meetings will provide an opportunity to examine these suggestions as well as other suggestions put forward, and the Canadian representatives will endeavour to play a constructive role in seeking to advance the humanitarian objectives outlined by the President.

The success of any food for peace program will depend on finding ways to increase consumption in the food deficit countries. At the same time they will seek to ensure that in any proposals that may develop, adequate provisions are made to ensure that normal commercial markets are safeguarded. The elaboration of detailed proposals is not an easy task, and I should like to endorse the remarks of Secretary Benson that soundness of approach is essential and should take precedence over speed, important as speed is.

The Canadian government will be represented at the ministerial level on May 5. The composition of the Canadian delegation to the two meetings will be announced shortly, and the house will be given full information as to the results of these meetings. I think that is about as far as I can go at this time in answer to the hon. gentleman's question. I hope I will be in a position almost immediately to announce the composition of the delegation.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, this conference bids fair to be one of the most important international economic meetings to be held for some time, and I think it is quite appropriate, indeed it is essential, that Canada should be represented by a minister as the Prime Minister has just indicated will be the case.

The Prime Minister has stated that the conference will deal with wheat and other food products. Perhaps the commodity which will be of most importance to Canada in any such discussions under present circumstances would be wheat. The importance of such a subject at a conference of this kind is obvious when we realize that the world wheat surplus is large and perhaps increasing, and that national measures for the disposal of such surpluses have been shown to be inadequate and unsatisfactory. An international approach to this problem might therefore be an advantage for all concerned as well as a means of assisting underdeveloped countries by international action.

As the Prime Minister has mentioned, it is very important that the steps which can be taken in this field should be taken with a minimum of dislocation of established commercial markets, because if it were not done in this way Canada would probably suffer relatively more than the other countries which will be represented at the conference. It is always important to keep in mind—and we had evidence of this the other day in the reply to a question which appears at page 2652 of *Hansard* for April 13—what chaotic and strange results can ensue when exports are subsidized in the way that some of our food exports have been subsidized in recent months.

I hope this conference will have good results nationally for Canada, and good results internationally.

Mr. Hazen Argue (Assiniboia): For Canada this is a critical conference. I am very pleased that it is to take place, because for many years when others were laying great emphasis on the United States export program I was saying that instead of making such loud protests it would probably be more effective if we were to sit down in conference with the United States and other countries involved to work out a common program to deal with this common problem.

Canada's wheat surplus at the present time is not as large as it has been, mainly because our wheat acreage has been reduced and because in recent years we have not had such large crops as we had previously.

Mr. Churchill: There have been increases in sales, too, you know.

Mr. Argue: However, the situation today makes such a conference as this essential.

There are disturbing indications that the United States is making very rapid progress in increasing its exports of wheat while Canada's wheat exports have fallen to some extent.

I hope this conference will be followed by other conferences dealing with other agricultural products. We have many products in surplus in Canada today. Large inventories are held by the agricultural prices stabilization board, and unless action is taken at both the international and domestic levels to deal with food surpluses and make them available to people who need them, I think our agricultural industry at home will be in great danger.

The Leader of the Opposition said that a recent return showed what chaotic conditions can be brought about when exports are subsidized. I do not agree with the Leader of the Opposition that this situation has been brought about by the subsidization of Canadian exports. This problem must be dealt with in a co-operative manner such as is being contemplated by this conference.

In the international situation today I believe that food is more important than ever. It is important not only in the sense that it must be made available to people who are hungry and in great need, but I also believe it is an important instrument in the arsenal of democracy, an instrument that may be used to feed undernourished people and in turn help underdeveloped countries improve their economies. We welcome this conference and express the hope that it meets with success.

ATOMIC ENERGY

NUCLEAR TESTS—STATEMENT CONCERNING U.S. AND U.K. PROPOSALS

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, yesterday the hon. member for Winnipeg North Centre asked as to whether I could comment on recent press reports concerning the proposals made by the United States and the United Kingdom at the resumed negotiations in Geneva on nuclear tests. In reply I wish to advise that the Canadian government has been informed of the stand taken by the United Kingdom and United States representatives at the Geneva negotiations with respect to the approach they are making to the Soviet representations at that conference.

What is perhaps not clear from some of the published reports is that the western powers have not proposed abandoning the attempt to reach a comprehensive agreement and of substituting for it an agreement confined to nuclear tests in the upper atmosphere. They have proposed that the main effort continue, but that since the major stumbling block has been the question of on-site inspection in the case of unidentified subterranean events, and since discussion last summer of the techniques of detection in outer space was not pursued to agreed technical conclusions, as an interim measure the existing area of agreement might be consolidated. The negotiations would then continue with respect to explosions underground and in outer space.

This suggestion was put forward by the two countries as an alternative procedure. If the Soviet union were not for the present prepared to change its position on the veto in respect of procedures for on-site inspection and on early discussion of practical measures for high altitude detection, at least the alternative proposed, if implemented, would provide the means for avoiding further contamination of the atmosphere with artificial radioactivity should the nuclear powers decide to resume weapons tests. It would also enable a start to be made on the establishment of a control system. It would, however, leave for the future the achievement of the important objectives of arresting competition in the development of nuclear weapons and in restricting the capability of manufacturing them.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the other day when he was in Hamilton at the inauguration of the first reactor in Canada, the Prime Minister expressed the hope that some constructive results would be achieved in the vitally important discussions that are now taking place in Geneva on nuclear tests, and perhaps the reception to or the results of these new proposals will indicate whether these hopes are to be realized.

These new proposals do run the risk of being misinterpreted, misrepresented and indeed distorted by those who are opposed to any international action in this field. This risk is the greater because of certain statements that have been made in Washington during recent months to the effect that underground tests cannot be detected by any control agency although, I should add, there are other United States experts who have denied this. This is one of the reasons, of course, for the confusion of laymen in a field of this importance. But the confusion which does exist has given ammunition and argument to the opponents of a ban of all tests in the U.S.S.R. and in the U.S.A.

I realize, as the Prime Minister has pointed out, that the Russian position in regard to control and inspection, which are a vital part of this whole effort, has been intransigent

on their insistence on the use of the veto. I suggest, however, and perhaps this is a point which will be in the minds of those who are taking part in these discussions, that perhaps the western position would be stronger in reply to this Russian position if there could be no big power representation of any kind on any control agency which might be set up, and if that could be left to the United Nations where it could be effectively done.

This new proposal, Mr. Speaker, I hope will not be interpreted by public opinion in any country as a withdrawal from the ultimate position which the west has taken, to the effect that all nuclear tests must be banned. If this could be put forward as a stage, it might be easier for the Russians to accept because the ban would be confined to atmospheric tests. Some of the controls which would be required in other forms of tests would not be necessary here. If it could be put forward in this sense, as one stage, it might be useful and helpful in the achievement of the ultimate objective of a total ban. If, however, it is going to be misinterpreted and misrepresented as a departure on our side from that ultimate objective, then, Mr. Speaker, we shall all suffer.

Mr. Diefenbaker: That was the point I was trying to make. I thank the hon. member.

Mr. Pearson: I realize that.

Mr. Hazen Argue (Assiniboia): The C.C.F. for years has taken the position that nuclear tests should be abandoned. Of course the best possible arrangement is to have international control and inspection. I think there is a growing body of evidence that continuing nuclear tests endanger the very existence of mankind. The position Canada should take is that we should encourage and endeavour to persuade all nations in the world to cease nuclear tests. I myself feel very strongly that the western nations should take this lead, and should say to the Soviet union, "our testing is over", that we should cease testing nuclear weapons, particularly on this continent, at least until such time as we see what action or what measure of co-operation will be forthcoming from the Soviet union after we have said that our nuclear tests are ceasing.

There is disturbing evidence that the increase of strontium 90 is endangering human welfare and could lead to very serious results for the human race in generations to come. I submit that Canada has an opportunity to take the lead by insisting on ceasing and endeavouring to persuade all nations to cease nuclear tests.

[Mr. Pearson.]

FLOODS

MANITOBA—FEDERAL ASSISTANCE IN RED RIVER CONTROL PLAN

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to address a question to the Prime Minister. Can he tell the house whether the government has completed its study of the material provided by the premier of Manitoba in connection with the plan for flood control on the Red river? If so, has a decision been reached to provide federal assistance for this plan?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think the question is answered by its first part. The government has not yet completed its examination.

EXTERNAL AFFAIRS

WEST BERLIN—REFERENCE TO HIGH ALTITUDE FLIGHTS BY U.S. AIR FORCE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Prime Minister. In view of the reported concern of the British government and the British public with respect to the high altitude flights of the United States air force to Berlin, can the Prime Minister inform the house whether the Canadian government is prepared to extend its good offices toward settlement of this unfortunate and hazardous situation?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the hon. gentleman brought this question to my attention. The Canadian government is aware that certain high altitude flights have been made to and from West Berlin by aircraft of the United States. It has received the text of the reply of the United States of America of April 13 to a Soviet protest about such flights. The text of that reply, of course, has appeared in the press as well.

The United States is making these flights as one of the occupying powers in West Berlin with certain rights of access and with certain requirements of supplying the western garrisons there. Having regard to all the circumstances I would not like to make any extended comment, indeed any comment, at this time, in respect of the question asked.

ATOMIC ENERGY

REPORTED CONFERENCE ON USE FOR DEFENCE PURPOSES—CANADIAN REPRESENTATION

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I would like to address a question to the Minister of National Defence. I apologize for not

having given him notice. Will the minister advise the house whether Canada has received an invitation to attend a meeting to be held in London this week, as reported in the London *Times* of April 13, to discuss existing and future collaboration under the Anglo-American agreement for co-operation on the use of atomic energy for defence purposes?

Hon. G. R. Pearkes (Minister of National Defence): If such an invitation had been received it would have passed through the department of the Secretary of State for External Affairs.

CRIMINAL LAW

TABLING OF REPORT OF ROYAL COMMISSION ON SEXUAL PSYCHOPATHS

On the orders of the day:

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, yesterday I was asked when I would be tabling the McRuer report on criminal sexual psychopaths. I am glad to be able to advise the house that this report was tabled in both English and French yesterday afternoon, and that in accordance with the previous undertaking sufficient copies are available so that members can obtain them.

INDUSTRY

REPORTED PRICE INCREASES IN EXCESS OF TAX INCREASES

On the orders of the day:

Mr. M. W. Martin (Timmins): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the Prime Minister's remarks in answer to a question from the hon. member for Vancouver East, to the effect that some manufacturers and vendors are increasing their prices inexcusably by amounts in excess of the increase in taxes, could the Prime Minister inform the house if he thinks it would be excusable if they only raised their prices by such an amount as to offset the tax?

Mr. Speaker: Order. In view of the answer yesterday, which raised a question of jurisdiction, I suggest to the hon. member that it is questionable whether this is a matter of administrative responsibility of the federal government.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, might I now, having known that this question was going to be asked, ask leave of the house to have the word "inexcusably" added to the *Hansard* record at page 2739?

Mr. Speaker: Has the Prime Minister leave to have the word "inexcusably" added to the record?

Some hon. Members: Agreed.

[*Later:*]

Mr. Martin (Timmins): Mr. Speaker, now that the Prime Minister has been kind enough to clear up any misunderstanding, I wonder whether he would answer a supplementary question. Would the Prime Minister deem it equally excusable if the trade unions of Canada were to follow the same automatic practice of the companies?

Mr. Speaker: The hon. member is getting into the realm of hypothesis now, and I do not think I can allow the question.

NATURAL RESOURCES

IRON ORE—PROPOSED DEVELOPMENT AT UNGAVA

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Minister of Northern Affairs and National Resources which is the result of a rather restless night. In view of the minister's criticism of United States financial control of the Canadian iron ore industry at the annual dinner of the Canadian Institute of Mining and Metallurgy, would the minister inform the house if he is correctly reported as having given his blessing to the $50 million iron ore development in Ungava proposed by the Krupp and Eaton interests?

Mr. Fulton: You must have had a restless night.

Mr. Speaker: Before the minister replies, I think there is also a question of jurisdiction involved here, with respect to whether the development of iron ore resources in Ungava is not solely a matter of provincial concern. However, I do not want to prevent an answer if the minister wishes to reply.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I was handed this question as I came into the house. I should like to say first of all that I am very pleased that the hon. member is taking an interest in the speeches I am making. I did not have time to bring a copy of the speech with me, but I can assure him that I made no reference in my speech to any iron ore development in Ungava. However, I will go to my office later, obtain a copy of the speech and send it to the hon. member.

LABOUR CONDITIONS

LAY-OFF OF RAILWAY WORKERS—SUGGESTED INVESTIGATION BY PROPOSED ROYAL COMMISSION

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Prime Minister, and I regret that I was not able to give him notice of it. It arises out of a news item in this morning's *Globe and Mail* to the effect that during 1958 Canada's two major railways had dismissed 18,000 workers, and the article also contains a suggestion that the proposed royal commission on freight rates should have included in its terms of reference the question of the lay-off of railway employees and the effect of technological changes or automation. Has this request been communicated to the Prime Minister, and what degree of consideration will be given to it?

Right Hon. J. G. Diefenbaker (Prime Minister): I have no knowledge at the moment of this matter having been brought directly to my attention or to the attention of any member of the government. I did read the item in question, and when the enunciation of the powers of the royal commission is made I think there will be an answer to the question the hon. gentleman has asked.

BUSINESS OF THE HOUSE

INTRODUCTION OF LEGISLATION RESPECTING NATIONAL ENERGY BOARD

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Prime Minister; I regret that I was unable to give him notice. It has to do with a report in this morning's Montreal *Gazette* to the effect that the government's legislation to establish a national energy board may not be introduced during the present session. Can the Prime Minister say whether we will be dealing with this legislation this session, or whether it is awaiting some clarification of United States policy as far as Canadian oil exports are concerned?

Right Hon. J. G. Diefenbaker (Prime Minister): There is no foundation for the statement that the legislation will not be introduced at this session. It will be introduced and proceeded with.

Mr. Benidickson: Soon?

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Thursday, April 16, consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson, and the amendment to the amendment of Mr. Regier.

[Mr. Hamilton (Qu'Appelle).]

Mr. Frank Howard (Skeena): Mr. Speaker, I seem to be getting a fair amount of exercise today in rising and sitting down. Last evening as we were approaching ten o'clock I had begun to relate my opinion as to the attitude which exists in Canada today regarding the effect that wage increases may have upon price increases. I had said there were varying opinions, some to the effect that the workingman is completely to blame. Others are more enlightened, and say that while wage increases may have had some effect there are also other causes.

I mentioned that the hon. member for Acadia in his discussion of the estimates of the Department of Agriculture, had left the impression that the rising level of wages in the agricultural implement industry was directly responsible for the increases in the prices of farm machinery. He made reference to a 6 per cent increase instituted by the farm implement companies last fall, and left the impression that this was the direct result of an increase in wages paid to employees working in the agricultural implement industry.

I would point out that in this instance I do not think the comparison is quite correct. The real reason that prices were increased was the Tories' $1 an acre program and the fact that the farm machinery manufacturers wanted to capitalize on this extra income. With respect to the movement of farm machinery prices, it is a pretty well-known fact that for at least 50 years some sort of price fixing arrangements have existed in the agricultural implement field and that there has been relatively little competition and in many years no competition in the prices for farm machinery. In fact in 1937 a committee of the house considered the question of farm implement production, and one conclusion it came to was that there had been little or no competition in the farm implement industry for quite a number of years.

We know that annually for at least the past five years and probably for some number of years before that the companies in the farm implement industry have been making regular and almost automatic increases in the prices of the machinery they sell, amounting to approximately 6 per cent each year. I have some statistical information compiled by the dominion bureau of statistics respecting average annual hourly earnings in the agricultural implement industry. I am only taking the figures from 1953 to 1958, as

being relatively recent. Over that five-year period we find that wages increased in this industry by 18.01 per cent, but we also find that the prices charged by the agricultural implement industry increased by some 30 per cent. That means twice as much increase in price percentagewise as compared with the increase in wages over that same period.

At one time it used to be quite popular to be against sin. Then there was an anti-Quebec feeling; people from Quebec were on the short end of the stick. The Jewish people have been subjected to the same sort of thing. It was popular to be against communism. Now it is popular to be against unions, or anti-union. The spread of this propaganda of an anti-union nature takes many people down a blind alley and leads them to the conclusion that anything which unions do is of no value and should be condemned. I know from personal experience, as I related to some extent during last year's debate on departmental estimates—and I intend to comment also on this at a later stage in the proceedings—that unions sometimes do things which are not too sensible and which we should not regard as too helpful to our economy. It is true that in some negotiations which have been conducted by the unions, their attitude, approach and demands are sometimes just not reasonable. But that does not give us the right to condemn everything the unions do.

Mr. Speaker, I would like to relate two or three instances where international unions have acted in a manner which is most responsible toward society, and whereby they gave full consideration to the effect of their negotiations upon other sections of society apart from those in which they were directly involved. I would like to relate an instance of an attitude which has been prevalent in the united packing house workers of America for some years. Negotiations between the U.P.W.A. and the packing house industry have an effect on farmers, and for some time the packing house workers in their negotiations with the meat packing industry have asked the industry to guarantee a certain floor price to the farmers for the commodities the meat packers buy. They have been concerned enough about the farmers to attempt to protect them as much as they can in that way, but they have been told time after time by the meat packing industry to mind their own business. They said, "The price we pay the farmer for hogs or other animals which we buy has nothing to do with you." So the U.P.W.A. has expressed this desire to protect the farmers and the commodities they sell to the meat packers of Canada, but they have been told it is none of their business and that they should pay attention to the wage rates and other conditions of their members in the packing plants.

Recently the united automobile workers under Walter Reuther made a similar proposal to the automobile manufacturers asking them to act sensibly in the prices charged for their cars and trucks and so on to consumers, and Walter Reuther was told again by the automobile industry to keep his nose out of the companies' business, that they would charge whatever prices they liked.

On January 20 of this year the united steel workers of America, which is another international union organized on behalf of one of the basic industries in our country, indeed in the world, being so concerned about the effect of increases in steel prices over the past number of years, presented a memorandum to the Prime Minister. They asked in that memorandum if the government would undertake to conduct an independent survey into increases by steel manufacturers in the prices they were charging the consumers, and asked for a study of the relationship between the charges made in the steel industry and the prices charged by the steel corporations.

The steel workers union suggested that they would be prepared to co-operate with the government in any way if the government would institute such an investigation and study; and if it was discovered that wages paid to the steel workers were pushing up steel prices, the steel workers' union would take that into consideration in its negotiations for wages and it would affect the wages paid in the steel industry. They are asking for an independent survey because they do not know what the position is. That is another instance of a union which has the welfare of society at heart and is attempting to find ways and means of assuring that other sections of our Canadian society are protected to the greatest possible extent.

I would suggest that generally speaking wage increases have relatively little effect on price increases. The Prime Minister made reference yesterday, and again today, to the inexcusable action of certain manufacturers in raising their prices. It had nothing to do with wage increases and nothing to do with negotiation. It merely had to do with an opportunity to boost prices by using the tax increases as an excuse. The attitude of the Prime Minister was that this action is inexcusable, and I am sure he would extend those remarks to price increases in other fields as well.

We know that our corporate structure in Canada, and indeed in other parts of the world, has been for quite a number of years

now developing more and more toward a monopoly or oligopoly position. More and more throughout this century there have been arrangements between companies within a nation with regard to fixing prices, the automatic raising of prices, the reducing of production and the records in the combines investigation branch of the Department of Justice are full of different practices which have been studied by the restrictive trade practices commission. More and more international cartels have been established to carve up the world into markets and assure that the highest possible income will accrue to those cartels.

We have been moving toward bigger and bigger industries, more and more price fixing arrangements, and control over our economy by outside forces. International cartels do not exist in a legal or corporate sense. In many instances they exist only by gentlemen's agreements or even by written contractual agreements, and the position is such that it is impossible for a nation to take any corrective measures to ensure that the consumer gets the fullest possible benefit from the goods produced by those particular industries.

This is one of the fields to which we should be directing a great deal of thought, as to how our Canadian governmental agencies can effectively deal with the steadily increasing cost of living and the increasing prices of goods and commodities, rather than following this blind lead which has been given to us that the unions and their members and working class people generally are entirely to blame for every price increase which takes place.

I am not in any way trying to say that unions are lily white and pure in every sense.

But unless and until the government undertakes to move in this direction and considers the necessity of instituting statutes and regulations to ensure that the consumers of Canada get the best possible deal they can in terms of price, quality of goods produced and services offered, we will continue to have the control of our society, our industry and our very economy resting in the hands of people not responsible to parliament or to the government. This government will be most derelict in its duty if it does not move in this direction.

In the speech from the throne it was indicated that changes are proposed in the combines investigation laws some time during the present session. I sincerely hope these problems are taken into consideration when this legislation is drafted, so the authorities within the combines investigation branch will be able to deal with them in a most effective way. But as long as we continue to allow the control of our economy to rest in hands not responsible to the government, to parliament and to Canadian citizens, we will continue to be caught concurrently in depressions, inflation and out and out thievery from the pockets of the people of Canada.

Perhaps I can sum up very briefly by saying this. During the debate on the budget which was presented last year I was able to develop an anagram on the letters of the last name of the Minister of Finance. It was quite appropriate, but this particular budget does not allow me to use the last letters of the minister's name. I must therefore content myself with his initials, which I think are most appropriate, and declare the budget to be distasteful, mean and foolish.

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, as I rise to make a brief contribution to this debate I should like to draw your attention and that of the house to a trend which has been very noticeable in this country, and probably in every country, over the years. In the last three quarters of a century the place of government generally in the lives of Canadians and in the economy of the country has become very much greater than it used to be. For example, there are many emanations in the administrative field, and many departments, whose annual budget is now much greater than was the total budget of the federal government in the days of our grandfathers.

This is not due entirely to the development of the country and the increase which has taken place in the population, because the per capita importance of government has increased tremendously in the same period of time. During the last few years the per capita expenditure of the dominion government has been in the neighbourhood of $300 annually, whereas 75 years ago it was only $7 or $8 per capita. So it can clearly be seen that the impact of government policy, be it good or bad, is bound to have a much greater effect on the economy of the country in this day and age than it had in the days of our grandfathers.

As a matter of fact this trend has been increasing with the passing of time. In the years since 1945 the total expenditures of all governments at all levels in this country has increased by about 96 per cent. This is understandable, because governments at all levels offer a great number of services, welfare payments and projects of infinite variety which were never offered in the days of our grandfathers; some of them, indeed, could not even have existed. For example, the annual budget of the Canadian Broadcasting Corporation today is much greater than the total national budget was in the days of Sir John

A. Macdonald in the last years of the nineteenth century. Thus it should readily be realized that the role of government in the everyday life of the average citizen is much greater than it used to be.

In addition to the facts I have just mentioned we are, of course, in this era of cold war faced with the necessity for spending vast amounts of money and effort on defence. There are generous payments made to other levels of government, on a scale which was unequalled in former years. The increased importance of government, with its correspondingly greater effect on the economic forces of the country means that the responsibilities which rest on any present-day government in the economic field are much greater than they used to be.

With due deference to economists, trained experts and self-appointed experts, the business of predicting the effect of any particular policy on the economy of a country is far from being an exact science, and one of the notable things about any measures which are taken is that there is a considerable time lag, usually between a year and a year and a half, between treatment and recovery.

In this connection I am struck, as a former pilot, by the close analogy between this and flying an aircraft with primary instruments. The thing that has to be learned is that when a trend shows, even to the slightest degree, corrective action must be taken early. If a trend develops, the tendency is to overcorrect when the full impact of the trend becomes apparent. We have heard repeated references in this house to unemployment. Unemployment is an unfortunate thing and is a matter of serious consequence in our economy. Nevertheless it must be realized that after the treatment is applied some time is necessary before the effects begin to appear.

There is another analogy which occurs to me from the medical field, when repeated demands arise for this or that cure in a certain situation. We do not want to be in the position of the relatives of a patient who would insist, when that patient was very ill with pneumonia, that he be given doses of penicillin every five minutes because he did not appear to be recovering. There has to be time for the treatment to take effect. In this day and age foresight is of prime importance.

When this government came to power, it found immediately that there were evidences, and sometimes danger signs, of unsatisfactory trends as far as the economy of the country was concerned. There was the prospect, the forecast, of sharply increased unemployment. There was inadequate social security, and the country was faced with a considerable decline in home building, a slowing up of the growth in personal income, an increasing disparity in the standards of government services as between provinces, increasing stocks of agricultural surpluses and many other indications of difficulties ahead.

This government acted quickly to apply treatment to some of these unsatisfactory trends. One of the earliest things it did was to stimulate home building in order to provide not only homes for Canadians but also jobs for those who build them and for the service industries which supply all the innumerable things which go into a modern home, its furnishing as well as its construction. The result was that after a decline of 8 per cent in 1957, expenditures on home building in this country rose in 1958 to $353 million or 25 per cent.

The government expanded its own capital expenditure in order to stimulate the economy and provide jobs. In addition, in co-operation with the provinces, it embarked on various projects designed to create employment quickly in certain fields, and last winter it embarked on a policy in co-operation with the provinces which allowed the municipalities to put in hand essential public works projects which, in addition to being beneficial in themselves, did at the same time provide employment for thousands of people. It will be remembered, too, that this government on coming into office immediately increased old age pensions, disabled persons' pensions, veterans' pensions and many other social benefits, besides extending hospital insurance programs to the provinces. Perhaps most important of all, it reduced taxes to those in the low income group. It increased payments to the provinces, with special adjustment grants to the Atlantic provinces, to go some considerable way, as I have already mentioned, toward eliminating the disparity between the levels of services which those provinces are able to offer as compared with most other provinces in the country.

The transfer payments of the federal government to other levels of government increased in 1958 over 1956 by $177 million. This government also placed restrictions on some types of farm products which were coming into Canada at depressed prices and glutting our own markets for Canadian producers. The government also embarked on a vigorous program of wheat sales, with the result that the wheat surplus has been cut to some extent.

In the present budget the government took further action to better the position of the Canadian farmer in his own markets by imposing reasonable duties on fruit and vegetables coming into this country, including potatoes. I am very pleased indeed to see

this come into effect because for many years my own province, where the growing of potatoes is vitally important, was in the position of having its potatoes go into its chief market, the United States, over a duty of 37½ cents per hundredweight whereas for many years United States potatoes came into Canadian markets duty free for most of the year. Two or three years ago a change was made to increase the length of time during which the duty was payable, but the present action by the government puts the Canadian producer on an even footing with his United States counterpart as far as entry into each other's market is concerned.

What are the effects of some of these policies that have been applied? I believe all Canadians are pleased to realize that during the last couple of months—for the first time in approximately 18 months, I believe—the level of unemployment is less than it was 12 months previously. There are other encouraging trends, too. Home building, which declined in 1957, rose by 25 per cent in 1958, in which year there were 164,000 starts made to establish an all-time record by 26,000 units. Net farm income, which went into a rather sharp decline in 1957, rose in 1958 by $234 million, or 24 per cent. Cash farm income rose by 8 per cent. When it is realized that the number of people engaged in agriculture declined during the same period and has been declining for many years, it will be appreciated that in 1958 the per capita cash income of people engaged in agriculture established an all-time record. The gross national product in 1958 as compared with the previous year rose by $778 million. Unincorporated non-farm business income rose by 7 per cent in 1958.

These policies which the government embarked upon were not, of course, without cost. Anyone who imagines that services and benefits can be created out of thin air is deceiving himself or the public, or both. In a rich country such as ours it is my belief and that of the government that investment in Canada and in the welfare of Canadians is money well spent. No wise government, with the conditions which have existed over the last few months would, I believe, have attempted to balance the budget, because under those circumstances such a balance would not be in the public interest.

The past year was a period when the economy of the country needed stimulation. It received that stimulation and is now responding. With the increased tempo of the economy generally it was reasonable then, to make a small increase in taxes—and it is a relatively small increase—affecting those who are best able to carry the load. I should like to point out here and now that the income taxes paid by the low income groups in Canada, representing approximately four-fifths of the income taxpayers, have not been raised on this occasion. The income taxes paid by a vast number of Canadians are still lower than they were two years ago.

It was felt that with a gradually brightening situation steps should be taken to bring the budget more nearly into balance. That is what has been done. Those who would cry ruin because for a short period deficits have been shown are not realistic. It must be remembered that the ability of a country to carry its debt is made up of many factors. To begin with, the per capita debt of Canada is much lower at this time than it has been for long periods in the past. The development of our country, which brings our whole economy more into balance and thereby renders it able to carry with ease tax burdens which would have been completely unsupportable 40 or 50 years ago, is another consideration.

I have great confidence in our country's future. We are rich in natural resources and are blessed with one of the finest collections of racial stock that exists on the face of the earth. We live in the temperate zone in the northern regions of the world, regions which since the dawn of history have produced the greatest stimulation to human endeavour. I am convinced that Canadians in all walks of life can look forward with great confidence and optimism not only to their own immediate future but to the future of their children and their children's children.

(Translation):

Mr. Guy Rouleau (Dollard): Mr. Speaker, in rising to take part in the budget debate, I would have liked to congratulate the Minister of Finance (Mr. Fleming) on last week's budget speech. Unfortunately, I am unable to do so under the circumstances, and instead I would like to tender a message of sympathy. I sympathize with the Minister of Finance for having had to bring down last week's budget. He was obliged to meet the inconsiderate expenses made during the session between the last two general elections. As a matter of fact, during that session, the Minister of Finance had to meet the expenses resulting from inconsiderate promises made during the 1957 elections and, Mr. Speaker, people in Canada now realize that they have to pay for alleged gifts.

This reminds me of a particular fact. When the present Minister of Finance was sitting in the opposition, and the Liberal government had increased the price of postage stamps by one cent after the 1953 general election, he stated, as can be seen on page 1132 of *Hansard*, volume II, "The chickens are coming home . . ."

(Text):

—the chickens are coming home to roost—

(Translation):

Yes, Mr. Speaker, the chickens are coming home to roost. We must today pay the piper, and that is what the Minister of Finance had to do last week.

When the Minister of Finance entered this house last week, I was reminded somehow of the prodigal son. The Canadian people had entrusted the Conservative party with the government of this country. The Liberal party, which had preceded the Conservative administration had left well-filled coffers. The Minister of Finance and the Conservative government have spent our legacy and today, the Minister of Finance comes back to us smiling, but empty handed, and asks us to fill his pockets again.

Mr. Speaker, the honeymoon is over. The Canadian people, which has allowed itself to be taken in by the Conservative party, now realizes, on its return from the honeymoon trip, that the magnificent engagement ring which it had been given is not even paid for. The Canadian people also have noticed that the magnificent house which had been held out as their future home was only a mirage and that the vision of stable employment at all times does not exist.

Mr. Speaker, the present government also reminds me of those used cars we buy in garages. When a buyer appears, the salesman points out the good features of the car, makes him look at all the chrome fittings, and, once the sale is made, the buyer soon realizes he is stuck with a "lemon".

Well, Mr. Speaker, the Canadian people are now stuck with a "lemon", the Conservative government.

Mr. Speaker, this budget reminds me of the man standing on the highway between Ottawa and Montreal waiting for the bus to go to Montreal. After many hours, he sees a bus coming at last. He waves to the driver to stop and gets into the bus. After a while, he notices that the bus driver takes all possible roads without seeming to know exactly where he is going. The fellow gets up and asks the conductor: "Where are we going?" and the conductor replies: "But, sir, don't you know this bus is not going anywhere in particular?" Well, Mr. Speaker, this government gives us the same impression, the feeling that it is not going anywhere.

Mr. Speaker, as I said just now, the honeymoon is over. Today, the government is facing the people, but the encounter is not the same as the one we saw last week on television.

At this stage of my remarks, I address my remarks particularly to the hon. Minister of National Revenue (Mr. Nowlan), and I should like to refer to this matter incidentally, because it comes under parliament and has to do with programs put on the national network of television, for which Canadians are paying the bills.

On April 12 last, at 10.30 p.m., we were given a program entitled "Affrontement" (Encounter) which was nothing of the sort. In fact, before coming to the house this morning, I took the trouble of looking up in the Larousse the exact definition of the word "affrontement". Well, according to the dictionary, "affrontement", means "action d'affronter". Now, "affronter" means "to attack with intrepidity, to brave". You should have seen, Mr. Speaker, with what intrepidity the provincial member for Jeanne-Mance, Mr. Maurice Custaud, and Mr. Julien Morissette, a well-known supporter of the Union Nationale, were facing each other. Incidentally, the provincial member for Jeanne-Mance is a member of the Union Nationale and one of the parliamentary secretaries of the Union Nationale government. By the way, may I inform the house that the Union Nationale government has appointed parliamentary secretaries, which must arouse the envy of many backbenchers in this house, many of whom just now are perspiring, pining, hoping and hankering after the position of parliamentary secretary in Ottawa.

Mr. Speaker, it should be noted that on that program there was no actual encounter of participants. All it amounted to was fulsome praise of the Quebec government. If such programs are to be continued, in spite of protests from the people of the province of Quebec, it would be a good idea to retitle the program "Thwacks with handkerchiefs".

Mr. Pigeon: Or "Jean-Louis Gagnon", one or the other.

Mr. Rouleau: Yes, the program might well be called "Thwacks with handkerchiefs" and, as a topic for the first program they might well deal with the usefulness of parliamentary

secretaries in the parliament of Canada. Furthermore, I would suggest that the first two participants in the program be the hon. member for Roberval (Mr. Tremblay) and the member for Joliette-l'Assomption-Montcalm (Mr. Pigeon). It would be quite interesting to hear those two members discuss that matter.

Mr. Tremblay: Certainly.

Mr. Rouleau: Instead of making continuous interjections, the hon. member for Roberval would be well advised to do like the member for Lake St. John (Mr. Parizeau) and follow personality courses. Perhaps he could find a sponsor and get paid for making advertisements. He could advertise Ex-Lax and say: "While I felt sick, I took Ex-Lax tablets and today I feel just fine".

Mr. Pigeon: We never hear you addressing Maurice Lamontagne.

Mr. Tremblay: Nor Father Levesque.

Mr. Rouleau: Mr. Speaker, when looking over the interjections made by the hon. member for Roberval, one finds he spends most of his time calling others ignoramuses. In making such a remark, he is probably referring to all the other members in the house. I agree that we are not as well read as he is, since we did not have the opportunity to read *les Malheurs de Sophie, Aurore, l'enfant martyre,* nor *Le voyage de M. Pleurnichard.*

Mr. Speaker, I would also suggest that the panelists on the second telecast of the program "Thwacks with handkerchiefs" should be the Minister of Citizenship and Immigration (Mrs. Fairclough) and the Minister of National Revenue; they could talk about the national anthem "O Canada".

On the third telecast, the panelists could be the hon. member for Restigouche-Madawaska (Mr. Van Horne) and Mrs. Gilberte Côté-Mercier; they could deal with complete tax exemption in Canada. This would no doubt please the Minister of Finance (Mr. Fleming) who is obliged to tax the Canadian people.

Again on the program "Affrontement" if it should be decided to retain that name, I suggest that the panelists on the fourth telecast could be the Minister of Finance and the Canadian taxpayers. Following the budget which was introduced by the minister, we would certainly witness a real encounter.

Instead of taking pleasure in just sitting on the government benches and instead of showing smug smiles of satisfaction, members of the cabinet should endeavour to listen to the complaints of the people of Canada.

[Mr. Rouleau.]

Mr. Speaker, last Monday, the hon. member for Sherbrooke (Mr. Allard) said that he was glad that he did not have to sit any more in front of the opposition. He also added that since he was seated further from the opposition, he was closer to the people. May I advise him to be careful, for the right hon. Prime Minister (Mr. Diefenbaker), in his vision, perhaps has felt that the hon. member for Sherbrooke would not stay long in this house and has placed him closer to the exit, as the hon. member for Beauce (Mr. Racine) said yesterday.

If the hon. member for Sherbrooke would get closer to the people, he would see that the people of Canada are suffering and he would hear them protesting loudly against the heavy burden of taxes they now have to bear.

Mr. Speaker, is there a more revolting sight than to see the men who now occupy the government benches—those who, for years, have been criticizing and saying that the people were too heavily taxed—unduly tax the Canadian people? When they were in the opposition, they used to tell us that taxes were too high in Canada, and now that they govern the country, they increase those taxes.

At the time they were in the opposition, they used to tell us that there was too much taxation in Canada; and now that they are in power, they tax us some more.

Mr. Speaker, during the last two election campaigns, the hon. ministers and the members who sit on the government side of the house, like the juvenile heads, the "wonder boys" they wanted to be, roved all over Canada promising tax cuts, lower expenditure, a lowering of the national debt and full employment everywhere in the country. Let me refer to only a few of the promises made by the leader of the Conservative party, the present Prime Minister (Mr. Diefenbaker), in Toronto on April 25, 1957. This is what the Prime Minister said on that occasion, and I quote from the Montreal *Star* of April 26, 1957:

(Text):

It is time to take the unrepentant tax-masters off the backs of the Canadian people. No one can deny that present rates of taxation penalize success, neutralize incentive and diminish production.

(Translation):

And in Quebec, on April 27, 1957, as reported by the Ottawa *Journal* of April 29, the Prime Minister said:

(Text):

Don't you think you have been overtaxed long enough by this government?

(Translation):

In Vancouver, over the national broadcasting system on May 24, 1957, the Prime the Prime Minister said:

(Text):

Are you satisfied with the policy of the Liberal over-taxation?

(Translation):

Today, Mr. Speaker, it is the people of Canada who are putting the same question to this government, and particularly to the Minister of Finance who is responsible for introducing in the house the budget agreed to by the government. Today, the people of Canada are asking the government: "You used to say that we were overtaxed, but what are you doing now? You are taxing us even more. We, the people of Canada, now ask you: what are you leading us into?"

Canada's present financial position is the result of a lack of administrative judgment on the part of the government, of its lack of administrative foresight and its policy of indifference and neglect.

During the campaigns which preceded the election of this parliament, the people of Canada had been promised new records of achievement. We had been promised a racing car that would take us to the highest peaks and records. But all we have now is a stock-car, headed for disaster. We do hold records, but of the wrong kind, for instance the record of unemployment, the record for peacetime government expenditure, the record for peacetime taxation, and the record for peacetime increase in the national debt. We also hold the record for peacetime deficit.

Yesterday I was listening to the speech made in this house by the member for Iles-de-la-Madeleine (Mr. Keays), in which he stated that at the Canadian mining convention he had met manufacturers who said to him, and I quote from page 2778 of yesterday's *Hansard*:

He admitted that everyone was surprised that when the experts on administration and financial affairs spoke, every one of them said there was no other course to follow and that they endorsed the courage of the Minister of Finance (Mr. Fleming).

Well, to disprove that statement of the member for Iles-de-la-Madeleine I need only quote from the *Northern Miner* of February 19, 1959:

(Text):

The continuation of big deficits at Ottawa, knocking bond values down to a level that creates interest rates that stifle new capital-raising; the tax pinch on provinces and municipalities forcing them to curtail improvements; a high-cost economy that scares away foreign capital that has had so much to do with Canada's recent boom; constantly recurring big gobs of unemployment requiring expensive relief; all these are plain signs that the Canadian people should stop, look and investigate.

That goes for the government too. The government should stop, look and investigate.

(Translation):

Mr. Speaker, when we criticize the government, government members either laugh or shower us with insults, or say to us: "What would you do in our place" Or again, "it is the fault of the former government".

Well, Mr. Speaker, I should like to refer to an editorial which appeared in *Maclean's* on 28 February 1959, and I quote:

(Text):

It seems fair to suggest that the time has now come for getting on with the job, instead of proving all over again that the Grits are to blame for whatever ails us.

(Translation):

And, in conclusion, the writer said this:

(Text):

Conservatives will get the credit for the good things that happen to Canada in the next four years. They will have to take the blame for the bad things.

(Translation):

So, Mr. Speaker, I need not tell you that the picture is pretty dark in Canada at this time. People are realizing that things are bad, and the blame rests on this government, and this government alone. If things are had in Canada, it is, as I said before, because of poor administration. The opposition does not have to run this country; this is a responsibility of the government. And if Canada is in a bad way right now, the government is to blame. When I say that things are bad in Canada, I am not stating my own opinion, nor that of the opposition, but the opinion of the people of Canada, as reflected in every newspaper across the country.

Here is what we find in *Le Droit* of April 8, 1959:

Biggest deficit ever—Living standard down.

This from the *Gazette* of April 10, 1957:

(Text):

Income, Sales Taxes Up; Also Liquor, Cigarettes.

(Translation):

There was another interesting article in *Le Droit* of April 2, 1959:

Mr. Fleming's headache.

In *La Presse* of Wednesday, April 8, 1959, another article appeared under the headline:

$617,000,000 deficit.

And here are other headlines which appeared in the April 8, 1959 edition of *La Presse*:

Increased public debt
Lower purchasing power in 1959
Debt $685 per capita
Defence Fund exhausted
Deficit of Old Age Security Fund

Decreased Unemployment Insurance Fund Consumer pays the bill.

And, finally, I have here another article which appeared in *Le Droit* of April 15, 1959:

CNR deficit largest since the depression.

This in an editorial of *La Presse* on Thursday, April 9, 1959:

Situation far from bright.

Finally, from an article in *Le Devoir* for April 10, 1959. This is striking, for it is headed:

All taxes up.

And just under the heading, there is a picture of a smiling minister of finance who seems to be grinning at the nice trick he pulled on the people of Canada.

Those are, Mr. Speaker, some of the headlines that appeared in the press across the country. They clearly show that the situation in Canada is bad. And yet, at the same time, during the same month, the British government managed to reduce taxes while budgeting for a surplus. *La Presse* for April 8, published a news report from London, stating that:

Mr. Amory (Chancellor of the Exchequer) estimates that the reductions (of taxes) will cost the government $826 million for the current year and that without those reductions the budget would have shown a surplus of $1,111,600,000. But despite those reductions, Mr. Amory forecasts a surplus of $285,600,000.

This government, through its leader the present Prime Minister, always a great admirer of anything British or coming from the Commonwealth, should have come to some understanding with the ministers when he was drawing up this year's budget. He should have followed the pattern set by England for the management of the people's money and, instead of a deficit budget involving tax increases, he should have announced a surplus budget with no increase in taxes.

This year's budget, Mr. Speaker, is an anti-family budget. In support of this statement, let me quote from an article in *Le Devoir* of Saturday April 11, 1959, under the by-line of Paul Sauriol:

—our income tax does not make sufficient allowance for essential family expenditures.

The budget submitted last week by the Minister of Finance weighs especially upon small Canadian families. The Conservative party which has always been the party of big business, was again unmindful in its budget this year of those who toil or suffer.

Last night, in his speech, the hon. member for the Magdalen Islands (Mr. Keays) gave a striking illustration of the Conservative approach when he recalled how the Prime Minister last year in Winnipeg had urged workers and especially the National Labour Council not to press for higher wages. The member for the Magdalen Islands said last night that higher wages would hurt corporate profits and that it was important to make sure in the first place that corporations operate at a profit before workers' wages are allowed to go up.

Mr. Speaker, after hearing those words of the member for the Magdalen Islands, I wondered about his background. I looked up the current edition of the *Parliamentary Guide* and I realized why the hon. member had spoken in that vein.

According to the *Parliamentary Guide* the hon. member styles himself an "Industrialist". Furthermore, he is the president of Gaspe Equipment & Transport Limited; president of the South Bay Lumber Limited; president of the Gaspe Shipbuilding Limited; and vice-president of the Peninsula Construction Company Limited. Mr. Speaker, as I said, this is the stand which has always been taken by the Conservative party, protect big business and forget about the workers and the small Canadian families.

As for the Liberal party, when it held power and managed the public funds, it always tried to protect the average Canadian, the worker, the ordinary people, the small wage earner. The Liberal party, through its social legislation which benefits everyone in Canada, enacted legislation such as the Family Allowances Act, the Disabled Persons Act, the Old Age Pension Act, and all the other welfare legislation which is part of the Canadian pattern.

This year's budget, Mr. Speaker, bears down economically and financially on the workers and, strangely, but unfortunately, reminds us of the hardships of the years 1930-35. The budget presented to us last week by the Minister of Finance makes no mention, Mr. Speaker, of a matter of interest to all people of Canada, namely dominion-provincial relations.

And yet during the recent election campaigns, the present Prime Minister had promised to settle once and for all every tax matter having to do with the allocation of taxes between the different governments. To this effect, may I be allowed to quote certain formal statements made by the present Prime Minister. In Toronto, on April 25, 1957, the Prime Minister stated:

(Text):

We intend to form a government to immediately convene a dominion-provincial conference to bring about a settlement of these problems not in the

spirit of arrogant domination as displayed by the present government, but in the spirit of unity and amity and with mutual tolerance and respect.

(Translation):

I have here a report of the newspaper *Le Soleil*, dated April 30, 1957, dealing with a statement made in Charlottetown by the Prime Minister on April 29, 1957, and I quote:

During a speech in Charlottetown, Prince Edward Island's capital, Mr. Diefenbaker promised that, if he should be entrusted with federal authority, he would immediately call a conference for the redistribution of fields of taxation.

Maybe that was another fleeting vision of the Prime Minister's. The present government is nothing but a government by postponement. The government has not achieved anything in the field of federal-provincial relations. It does not wish to solve that problem for fear of having to face it. Tax relations between the provinces and the central government are the best proof of this government being a government by postponement. During the 1957 pre-electoral campaign the present Prime Minister promised, if he was called upon to lead parliament, to convene a federal-provincial conference as early as September 1957. The leader of the Conservative party became Prime Minister, but he has called no such conference; he found excuses for not convening it in September. The conference took place in November 1957, in the shape of a preliminary conference to another conference which he had promised for 1958.

Everybody knows that this conference was never called.

And now, Mr. Speaker, there is talk of calling a conference of provincial treasurers, not for the purpose of settling fiscal problems but to draft a research plan which could be put into effect by a committee of officials.

Yet in 1957, the premiers of the provinces had made concrete suggestions. Why should the provincial premiers meet in Ottawa, if it is to set up a committee of officials to study those problems? In my opinion, the establishment of such a commission is useless.

As I said a moment ago, the provinces, Ontario and Manitoba particularly, made concrete suggestions during the 1957 federal-provincial conference. I feel that the federal government has had plenty of time to study those proposals, and that it should now make its intentions known to parliament, to the provinces and to the Canadian people at large.

The provinces of Ontario and Manitoba, together with the other provinces with the possible exception of Quebec, suggested to the federal government the 15-15-50 formula, which provided a deduction of 15 per cent from the individual income tax collected by the provinces, of 15 per cent from the corporation income tax also collected by the provinces, and 50 per cent from the succession duties levied by the provinces.

Why does this government persist in its refusal to tell us that it is ready to accept that formula? As I said just now, there is hardly any need for a survey by officials to determine whether the federal government has the financial means to accept provincial requests and to carry out their suggestions.

Mr. Speaker, I think and I am even firmly convinced, that federalism is the only possible system in Canada. Federalism should comprise several states. We now have in this country, under our federal system, eleven states, with ten provincial governments and a central government, which means that several of those states could make some compromise, as there is a distribution of legislative power and of fiscal power.

If the federal system is essential to the Canadian nation, it has also some drawbacks which must be accepted, including some necessary compromise arrangements in the taxation field, and those arrangements should be periodically adjusted to meet economic changes in this country.

In 1955, the Liberal government and the provinces jointly found a formula which, at that time, was the best and most likely to rally all parties. I admit that the formula might be improved in the light of new needs that are now felt. In order to do this, a federal-provincial conference should be called as soon as possible in order to settle the significant matter of federal-provincial relations.

Should a federal-provincial conference be held, another matter could be dealt with, in my opinion, and it is that of indirect taxation.

As you know, under the constitution, only the federal government has a right to levy indirect taxes. And, as Mr. Duplessis, premier of Quebec, would say the provinces, all over the country, I believe, have encroached to some extent upon the field of indirect taxation. To levy indirect taxes the provinces have entrusted to the retailers, in many cases, the function of levying taxes on behalf of the provincial government. In my opinion, this is only an expedient, and the whole field of indirect taxation should be open to the provinces.

If the provinces used that method of taxation, sincerely and honestly, they could benefit from several advantages, of which the most important would be, in my opinion, the decentralization of indirect taxation, without creating any geographic inequality.

Furthermore, the revenue accruing from indirect taxation does not depend so much on the industrial picture as do corporate taxes and succession duties.

The revenue from indirect taxation is more stable and, finally, the cost of its levying is lower than that of direct taxation.

At the federal-provincial conference on reconstruction, in 1945-1946, the federal government proposed to the provinces to open to them the field of indirect taxation.

At the 1950 conference, the provinces made the same suggestion, except, of course, the province of Quebec, who was opposed to it.

After the 1950 conference, the federal government circulated to the various provincial governments a proposed amendment to the constitution, which would have allowed the provinces to levy indirect taxes. However, in the face of Quebec's continued objection, the proposals were dropped. The time has come, it seems to me, for the federal government to call a federal-provincial conference, in order to find out if the province of Quebec's attitude has changed since then in that respect. However, I can see that, in the light of past experience, the federal government may well wonder whether the province of Quebec is really willing to make suggestions.

Mr. Speaker, when the member for Sherbrooke spoke in this house last Monday, he closed his remarks on education by expressing the wish that the province of Quebec take the trouble to offer definite, appropriate and constructive suggestions and proposals to the federal government. I would have liked him to enlarge upon his conclusions and to add that he wished the government of the province of Quebec would make definite and constructive suggestions and proposals to the central government in the matter of taxation.

After reading the proceedings of the federal-provincial conferences which have taken place in Ottawa, it is difficult, I know, to expect that the premier of Quebec will offer anything else but beautiful sentences. He will probably never submit definite proposals.

Mr. Duplessis' speech to the December 1950 conference, may be summarized by the paragraph appearing on page 27 of the proceedings. I quote:

(Text):

Co-operation is not centralization; co-operation is not assimilation; co-operation is not bureaucracy; co-operation is the friendly and mutual collaboration of two fellow Canadians working loyally hand in hand respecting fully the rights of each other, so as to safeguard and stabilize the future of Canada by rendering full justice to each and every one.

(Translation):

Such is the purport of the speeches made by the premier of the province of Quebec.

Mr. Maurice Johnson (Chambly-Rouville): Mr. Speaker, may I ask the hon. member a question?

Mr. Rouleau: The hon. member had better wait till I am through with my remarks. I will answer him later.

Mr. Johnson: Mr. Speaker, since the hon. member gives us such a good imitation of the premier of the province of Quebec, may I ask him to also do a take-off on the then prime minister of Canada.

Mr. Rouleau: I'll do that later.

Then, if we refer to the 1955 and 1957 conferences, and take the trouble of reading the speeches that were made on both occasions by the premier of the province of Quebec, we see that in 1957, he repeated exactly word for word, the speech he had made in 1955.

Mr. Johnson: It proves that he does not change his mind.

Mr. Rouleau: A study of these two speeches does not show, Mr. Speaker, any positive proposal submitted to the federal government towards a solution to the problem of the centralization of tax fields.

Mr. Speaker, if the hon. member for Chambly-Rouville would like to hear a sample of the speech made by his provincial leader—

Mr. Johnson: No. But he has always said the same thing.

Mr. Rouleau: —I will give him a few examples where he will recognize the premier of the province of Quebec. When Mr. Duplessis came to Ottawa in 1955 and 1957, he referred to an illustrious fellow Canadian, Sir Wilfrid Laurier; he talked about the highlights of history and its ancestral traditions and about fundamental truths. He also dealt with inalienable and unalienated rights and talked about good judgment and good sense—incidentally the Minister of Finance should have been there to listen to what the premier of the province of Quebec said—and he also talked about moderation in the matter of taxation.

But, Mr. Speaker, the Quebec premier made no concrete proposal to the government. And when he goes back to the province of Quebec after attending conferences here in Ottawa, the premier travels throughout the province to make tub-thumping speeches raising a hue and cry against the Ottawa government. But that did not prevent the premier from always accepting federal grants in substantial amounts. The Quebec premier wants the direct taxation field to himself. The province of Quebec has the same rights it always had. It never lost anything.

Mr. Deputy Speaker: I am sorry to interrupt the hon. member, but I must tell him that his time has expired.

Mr. Pigeon: Mr. Speaker, does the hon. member for Dollard (Mr. Rouleau) allow me to ask him a question?

May I ask him if Mr. Maurice Lamontagne prepared his speech?

Mr. Rouleau: Mr. Speaker, rumours are going around here in the lobbies to the effect that the "chatterbox" from Joliette-l'Assomption-Montcalm has 27 or 28 speeches already prepared. I do not know who prepared them for him but as far as I am concerned, ever since I came to parliament and I entered politics, I have always managed to prepare my own speeches.

Mr. Pigeon: I myself am at work when I am supposed to sleep.

Mr. Tremblay: You will tell Mr. Lamontagne that his style is very poor anyway.

Mr. Deputy Speaker: Order! I would ask the hon. members sitting on this side of the house to be a little bit less demonstrative.

(Text):

Mr. Eric Stefanson (Selkirk): Mr. Speaker, on rising to take part in this debate, I see it is now almost one o'clock. May I call it one o'clock?

(Translation):

Mr. Rouleau: Mr. Speaker, I was not through with my remarks. When you rose, I understood that it was one o'clock and I resumed my seat. I would like to continue my remarks at two thirty.

Mr. Deputy Speaker: I must point out to the hon. member for Dollard that the reason I got up was that he had already spoken for forty minutes, indeed, 42 minutes.

(Text):

Is it the pleasure of the house that I call it one o'clock?

Some hon. Members: Agreed.

It being one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. Eric Stefanson (Selkirk): Mr. Speaker, in rising at this time to make my contribution to the budget debate I should like first of all to congratulate the Minister of Finance (Mr. Fleming) for the excellent manner in which he presented the budget to the House of Commons. The manner in which it was presented shows that he devoted much study and hard work to it and no doubt he consulted and sought the advice of experts in every phase of the economy before arriving at his final decision.

The opposition have been taking the same approach as last year, clouding and casting smoke screens over all the issues. They take delight in citing past statements of the Minister of Finance and other hon. members of the government. I should like to remind hon. members of the opposition that some of the statements made by them last year in the budget debate make funny reading today.

I do not profess to be an expert on matters of finance but I believe I have the average good sense and show the same responsibility of duty as the average Canadian. The average Canadian has accepted this budget. Last year the Minister of Finance predicted an increase of 2 per cent in our national production. Opposition members made fun of this and said that he was being highly optimistic. They also tried to make fun of the large deficit forecast a year ago. After listening to them for many days one got the impression they were secretly hoping conditions would get worse and not better. I honestly think they were disappointed when the white paper was presented to the house on April 8 showing that our total national production has increased by 2½ per cent and that the deficit was considerably less than forecast. Even though this did not please the opposition I am sure it pleased the people of Canada.

In my opinion the Minister of Finance and the government deserve much credit for checking the two evils they inherited from the former government, unemployment and inflation. The opposition have now embarked on the same line of criticism they adopted

last year and one again gets the impression that they hope things will worsen and not improve. The people of Canada have every reason to have confidence in the predictions of the Minister of Finance for the coming year. All they have to do is take as a guide the predictions of a year ago in which he forecast conditions so accurately.

This year the minister has forecast an increase of 7 per cent in our national production and a budget deficit of $393 million. I am confident that at the end of the year both these figures will be bettered; that is to say, the gross national product will be more than 7 per cent higher and the deficit will be less than estimated. In some press reports this has been termed a recovery budget. I believe the words of the minister as reported at page 2425 of *Hansard* of April 9, are worthy of repetition. During the course of his budget speech the minister said:

> Just as last year's budget was designed to meet 1958 economic conditions and needs, so this year's budget is designed to meet the changed conditions and needs of 1959. In a period when economic conditions are undergoing rapid change, our approach to our fiscal problems must be flexible and adaptable.
>
> This budget has been designed to foster and promote recovery. Our aim is to maintain a sustainable rate of growth in terms of employment, development of resources and a sound dollar, so that Canadians everywhere may find full expression for their enterprise, industry and aspirations as free men and women.
>
> Canada has no reason for fear. Blessed as she has been by a benign Providence above all other lands, she can face her shining future with utmost confidence.

Mr. Speaker, I can assure you that I am not happy about increases in taxes and I am sure that none of our people are. In this we no doubt agree wholeheartedly. However, my hon. friends to my right are not altogether correct or fair in their criticism when they say that the Prime Minister (Mr. Diefenbaker) and other members of the government had promised tax cuts and increased social services. Members of the government did promise tax cuts in the campaign prior to the June 10 election and they did fulfil those promises when they introduced the baby budget of 1957 which lowered taxes and increased social services. They definitely kept faith with the people of Canada. However, when they assumed office they did not fully realize how bad the situation was, nor did they have all the facts. When they took office they became aware of conditions in the country brought about by the policies of the former government and became aware of the extent to which unemployment and inflation prevailed. The last budget brought in by the former government helped to aggravate both these conditions.

Last year's deficit budget represented a remedial step to help check both the evils mentioned and the actions of this government have helped to bring about a steady recovery.

My friend the hon. member for Iles-de-la-Madeleine (Mr. Keays) in his remarks quoted a statement made by Mr. A. C. Ashford, president of the Canadian chamber of commerce, which appeared in the Winnipeg *Free Press,* and I wish now to make reference to a statement by Mr. Ashford reported in the Winnipeg *Tribune* of April 10. I am a member of a small chamber of commerce and through my association with the Canadian chamber of commerce I have found them to be sound in their judgment on most matters. The article reads as follows:

> A. C. Ashford, president of the Canadian Chamber of Commerce, told the *Tribune* today a more balanced budget means general business improvement but that high taxation can be harmful on a long term basis for a young developing country like Canada. He said, "I believe a balanced budget, or close to one, would improve the bond market and general business. I personally was not surprised at the increase in income taxes to meet the current situation. However, I do feel that income taxes are too high on a long term basis for a young developing country like Canada.
>
> We cannot expect the government to lower taxes if we, the public, are constantly asking them to do more and more for us. Every penny the government spends has to come out of the pocket of the taxpayers. There is no other source. I am pleased to see the Minister of Finance is optimistic about the volume of this year's business."

Mr. Ashford, incidentally, is also president of the Toronto-Dominion Bank. The Ottawa *Citizen* on April 13, under the heading, "Budget Hikes Necessary, Realtor Says", carried another interesting article which reads as follows:

> Donald H. Koyl of Saskatoon, president of the Canadian association of real estate boards, says recent tax increases announced in the federal budget were necessary.
>
> Mr. Koyl, here to attend the B.C. association of real estate boards convention, said the budget was not inflationary. It was foolish for a government to do heavy deficit financing when it could be avoided and an increase in taxes was not inflationary.

Mr. Koyl then went on to say that the real estate business in Canada is in a very sound condition.

This budget was designed to bring about a further recovery. No matter how much we dislike higher taxes they are necessary to meet higher national bills and to keep our dollar sound. Over half the increase in taxes goes toward the old age security fund to put it on a sound basis for the first time. Since the fund was set up and a formula adopted it has always operated in the red. I am sure that every Canadian is glad to

see this fund put on a sound basis. I am sure that no one would want to see the old age pension decreased.

I personally believe that many of our senior citizens are having difficulties in getting by on the present pension. I do feel that we should give serious consideration to increasing the pension for needy pensioners as well as to lowering the age limit. In my home town of Gimli, Manitoba we have the Betel old folks' home, one of the finest establishments of this nature in Canada. Any community contemplating building a senior citizen's home, no doubt could get valuable information from the board of directors of this institution.

No doubt what annoys the members of the opposition is that the public have accepted this budget and have accepted the tax increases as necessary. They realize that they are getting far greater social service benefits than ever before and that these things have to be paid for. No one wants smaller old age pensions, smaller family allowances, smaller pensions for the blind, smaller veterans' pensions and so on. Mr. Speaker, if the public were asked to vote on these services I am sure it would vote overwhelmingly in favour of maintaining them. Furthermore, the hospital plan has come into operation since this government took office and this creates a large expenditure of money. This is another matter that the people approve of.

Another large item of expense is for national defence, and I have not heard the opposition suggest that this is not necessary. With present world conditions and the cold war, this expenditure appears absolutely necessary. It is also spread throughout the country and does help the economy of the country. In Gimli we have an R.C.A.F. station, and its location there has given considerable employment to people living in the vicinity. I am sure that the people in that area want to see that air force station remain there in operation indefinitely.

Last year in my maiden speech I gave a brief outline of the boundaries of my constituency and also a brief description of the people and their occupations. When you look at the map of Canada you can see that Manitoba is the centre of Canada and is known as the keystone province. The centre of Manitoba is the interlake area which comprises the constituency of Selkirk. The boundaries of the Selkirk constituency follow the east shore of lake Winnipeg and the west shore of lake Manitoba and includes all the land between those lakes, and includes both lake Winnipeg and lake Manitoba.

Most of the people of my constituency are primary producers. They are engaged either in farming or fishing. Generally, people who are primary producers are proud and independent. This is true of all the people in my constituency. They greatly value their freedom and the opportunities of earning a livelihood through their own efforts. They are not the type that expect handouts from the government. These people have worked hard, and it is throughout all this area that we have the real, genuine family farms. The interlake area is sometimes referred to as the breadbasket of Manitoba. There have been times when these people have met with hardships through drought and flooding. When people are faced with such conditions through no fault of their own the government should assist.

This government since coming into office has introduced legislation and has an agricultural program tailored to meet the needs of the farmers. Since taking office this government has introduced the stabilization act, paid cash advances on grain, made acreage payments and amended the Prairie Farm Assistance Act to the point where it is now much more practical and much more acceptable to the farmers.

This year in the throne speech the government indicated that it will be bringing in legislation dealing with crop insurance and farm credit. Legislation regarding farm credit will be of real benefit to the farmers. I think all of this legislation has been asked for by farm organizations, and all of it is aimed at improving the conditions of those engaged in agriculture. I feel confident that this government will continue to study the problems of agriculture and when necessary bring in legislation accordingly.

The fishermen in my constituency have also had good years and bad years. Some years the fish just do not seem to be there. Nobody knows the reason why. Recently in my province the fishermen formed the Manitoba federation of fishermen, and they have already met with the government of that province to discuss the industry. There is real need for some form of credit system for fishermen. At present the only credit available is from the fish companies, and I am sure they would be glad to get out of this financing. There is need for more research and also a need for better advertising, and an education program on the cooking and the preparation of fish. There is no problem in selling certain fish and it brings a high price on the export market. Pickerel, white fish, sauger, perch and goldeye are among these. It is for what we call the rough fish that such a publicity and educational campaign is required.

I have mentioned briefly some of the problems of the farmer and the fisherman. I also wish to point out that the increase in

income tax and corporation tax affects very few people in my constituency.

I pointed out, Mr. Speaker, that Manitoba is the centre of the nation and the Selkirk constituency is the centre of Manitoba. It is like the core of the nation. Take the core of an apple; when the core is healthy the rest of the apple is also generally healthy. Manitoba is the core of the nation and that core is in excellent condition; therefore the rest of the nation is also healthy.

Manitoba is blessed with having an excellent government. Mr. Roblin and his colleagues are giving the province real progressive legislation, and I am sure the people of Manitoba will show their appreciation of this at the polls on May 14.

Recently, a report released by the retail merchants' association in Manitoba showed a large increase in retail sales. This shows conditions in the country to be the direct opposite of what opposition members are preaching.

The government of the province of Manitoba tackles the problems before them and does something about them. The education bill is an example, and I could give the house many more. The attitude of the previous government was, "we will wait and see".

I am pleased to see that the grants to the provinces are higher than at any time before and almost double those of three years ago. With the grants to the provinces larger, they in turn can make larger grants to the municipalities, which have a very limited income through the real estate tax. The services that municipalities are being called on today to supply cannot be financed through the real estate tax, and their only other source of income is government grants.

This morning the hon. member for Queens (Mr. MacLean) outlined very well that the budgets of all forms of government, municipal, provincial, et cetera have greatly increased during the past years, and the services being rendered have increased many times over what they were 50 years ago.

The hon. member for Humber-St. George's (Mr. Batten), as reported at page 2773 of *Hansard*, last night referred to the meeting that the Prime Minister held in Selkirk. He said:

> The Prime Minister went on to speak in Selkirk, Manitoba, on March 7,—

That is an error; it should be March 17.

> —1958, as reported in the Toronto *Telegram* of March 18. After claiming that the government had eased the tight money situation, he went on to say:
>
> "This has been done by releasing $300 million for new housing, launching a vast public works program and by reducing taxes."
>
> Incidentally, I wonder where that public works program went to.

[Mr. Stefanson.]

Of course, he must admit that the housing program has been a huge success and that we built more houses last year than at any time before. When I went home at Easter I was amazed to see the number of new houses being put up in the town of Selkirk during the past winter and being constructed at the present time.

As far as the public works program is concerned, I am also aware of some of that work being done, as this government has been participating in the cost of roads being built along the west shore of lake Winnipeg on a 50-50 basis with the provinces. They have also just recently given out contracts for three extensions to wharves in my constituency. I can assure you that this public works program is going on, and I can refer also to several public buildings for which contracts have been awarded or which tenders for construction are being called for.

Before I conclude my remarks there are a few things that I want to mention briefly that are of real importance to the people of my constituency. One thing that is badly needed is improved television. I am continually getting complaints, petitions and so forth from the people of the interlake area requesting television facilities. If the C.B.C. is not prepared to give these facilities, then serious consideration should be given to granting a licence to a private station that would be willing to render this service.

Another thing that is of importance to my riding is northern development. Roads and communication are of real importance to such development. The development of our natural resources is very important, and to accomplish this one has to build railroads, highways and communication systems into these areas. In the Arthur D. Little report on the economy of Manitoba it is proposed that a railroad be constructed from Gypsumville to Grand Rapids and to Wekusko on the Hudson Bay railway. This would shorten the distance from southern Manitoba to Churchill by quite a bit. This report also points out that Grand Rapids is a logical point for a power development project on the Saskatchewan river, and if power were developed a pulp and paper mill would be built. These are sound projects and serious consideration should be given to carrying them out.

I was extremely interested in the report of the lakes Winnipeg and Manitoba board which was presented to this government last June. The board was established jointly by the federal and provincial governments. Following this report the province had the benefit of a cost analysis made of the proposed lake Manitoba regulation. The findings of this study are contained in a report entitled

"Benefit-Cost Analysis, Lake Manitoba Regulations, September, 1958". This report shows that regulation of lake Manitoba is economically feasible. I appreciate the action taken by the provincial government, and this is a project worthy of support by this government. Controlling the level of this lake will not only benefit those engaged in agriculture, but it will, I am sure, have a beneficial effect on fishing and hunting. It will also provide much better beaches.

Before I resume my seat I did want to make a further mention of northern development program. Last fall I was very much interested in hearing a lecture given in Winnipeg by the Arctic explorer Vilhjalmur Stefansson. I cannot claim to be related in any way to him. However, he was born at Arnes, which is in the Selkirk constituency. He spent many years in the Arctic. In fact, he wrote a book back in 1922, "The Northward Course of Empire." I am just paraphrasing some of the things he said in this lecture. I think it was his third Arctic expedition which was financed by the United States government. They gave him $50,000. Then, he found himself running out of money. He knew the head of some university in Ontario as well as the president of some bank, and between them they got him an appointment with the prime minister of the day, who at that time was Borden. Stefansson talked with Mr. Borden and suggested that he would like to get $25,000 from the Canadian government because any land he might discover would be north of Canada. The next day he met with Mr. Borden who had met with his cabinet and Borden told him that he was sorry but they had turned down the offer. However, Mr. Borden said, "I will tell you what we will do; we will take over the expedition." They paid back the $50,000 to the United States and Canada took over the expedition.

During the course of this expedition he discovered five large islands in the Arctic. He named all those islands after Conservative cabinet ministers. There is Brock, Lockheed, Borden and I forget some of the others. Then, he said the Liberals came into power and they referred to this as a Conservative archipelago. Then, he referred to what he thought was a sort of mean trick. Several years later when they flew over this largest island which he had named Borden it was found that what he had thought was a large bay was actually a strait, so there were two islands. Now, the Liberals were in power and they named the larger island Mackenzie King island. You can check this on the map. It was very interesting for me to hear this. He said, referring to the book "The Northward Course of Empire", that it had finally caught on when Diefenbaker was elected; they had seen the vision of development in the north, and I am sure this development will continue steadily.

In concluding, I should like to point out that Canada is well on the road to recovery and can look forward to a steady expansion in economic activity, employment and income. The policies being pursued by the present government assure the people of Canada a bright future.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, since this debate occurs at a time so close to the tenth anniversary of confederation with Newfoundland one would normally use this occasion to say something about the impact which confederation has had on the tenth province. However, recent events have rendered that inadvisable, so I shall restrict my remarks to registering the keen disappointment and the utter disillusionment of the people of my province at the treatment which they have received from this government. I shall reserve further remarks until the appropriate legislation comes before this house.

Yesterday the hon. member for Port Arthur (Mr. Fisher) dwelt at considerable length on the subject of democracy and particularly democracy as it is practised by corporations and by labour unions. Today I should like to add a few words of my own on this subject. Despite the successes which the Russians have had in perverting the meaning of words there is still only one kind of democracy, and that democracy is founded on the bedrock of the importance of the individual and the nature of the individual as a created being. The human personality has worth within himself as a human being and because of that he has certain God-given rights which should not be violated by the state, by any organization or by any other person.

Democracy also recognizes that among these fundamental rights there are priorities and the highest priority goes to the right to live. As Shylock said in "The Merchant of Venice", you take away my life when you take away from me the means to support that life. Democracy also distinguishes between God-given fundamental human rights of a human personality and the legal rights of an impersonal organization which are conferred upon it by man.

The hon. member for Port Arthur yesterday pointed his finger at corporations and observed that they were not very democratic in their actions. Then he went on to use that argument to justify the same kind of

action on the part of unions; in other words, two wrongs make a right. Naturally this raised some questions in my mind, and to balance the arguments put on *Hansard* yesterday by the member for Port Arthur I should like to read excerpts from two articles which appeared recently in the Newfoundland press. The first article is taken from the *Evening Telegram* of St. John's, Newfoundland, for February 27, 1959. It is a press report from Grand Falls by Ian Macdonald. I quote:

> The Canadian Labour Congress took away the charter of the Grand Falls-Gander district labour council early today for their stand against the striking international woodworkers of America (C.L.C.). It was the first punitive action taken by the C.L.C. against any labour body as a result of the bitter and violence-spattered strike of 1,200 I.W.A. loggers against the Anglo-Newfoundland Development Company.

I skip a portion because I do not want to take up too much of *Hansard* with this article and I come to another excerpt from the same article which gives the meat of the problem:

> Eight of the twelve unions represented at the special labour council meeting left en masse after Mr. Rhodes called on them to back the I.W.A. strike. The meeting was called to discuss the reinstatement of Sterling Thomas as council president. He was suspended as president of the 3,000-member council and as vice-president of the Newfoundland federation of labour by the Canadian Labour Congress for his opposition to I.W.A. "tactics" during the two-month strike of 1,200 loggers.
>
> A statement issued by Mr. Grimes on behalf of the eight dissenting unions said:
>
> "At a meeting tonight of the council with C.L.C. representatives C. W. Strong and Henry Rhodes the suspension of Sterling Thomas was discussed. After about one hour it was pointed out that the council had no alternative except to come out and file full support to the I.W.A. and notify the premier to this effect. On this statement, eight unions rose as a body and walked out of the labour council."

The second article is much shorter and comes from the St. John's *Daily News* of February 23, 1959. It contains a statement made by Mr. Thomas himself describing what led up to the action referred to in the article I have just read, and it reads as follows:

> Sterling Thomas, ousted president of the Grand Falls and Gander district trades and labour council, has accused the Canadian Labour Congress and the Newfoundland federation of labour of taking discriminatory action against him. . . . Mr. Thomas told the *Daily News* he can come to no other conclusion than that he has been discriminated against in view of the fact that other affiliates of the two bodies have expressed just as strong support for Premier Smallwood's stand and no action has been taken against them. He said, "They too are governed by the regulations of the federation and C.L.C.". Mr. Thomas said he was particularly surprised at Mr. Jodoin's action in the light of the work that he, (Mr. Thomas) has done in re-organizing and helping to firmly establish the Grand Falls-Gander council. He pointed out that over the past two years a lot of work had been done to get the council on its feet and to make it a strong member of the C.L.C. and the federation. His reward, he said, is to be thrown out without a hearing. He said, even more disturbing is the fact that even though there was a C.L.C. representative in Grand Falls he was never once approached about his stand. He was not given the opportunity to defend or explain his actions.

For the benefit of hon. members I should point out that Mr. Sterling Thomas is an officer of an international union of long standing and that he bears the highest repute in his community. The hon. member for Port Arthur is not in his seat at the moment but if he were I would naturally like to ask him if this was the kind of democracy to which he was referring yesterday.

I should like to take a few minutes now, Mr. Speaker, to deal with the budget. The purpose of any budget is to give a clear, concise picture of the state of the national health, describing what maladies may be present and what remedies are prescribed to cure them. The real test, therefore, of a budget is the clarity and accuracy with which it presents that picture. Since the budget concerns everyone it should be presented in such terms that the ordinary man in the street can understand its salient points.

The present budget follows that traditional pattern which has been established over the years and which is getting far too complicated to be understood by the man in the street. The pertinent facts are buried under masses of words, figures and graphs, buried so deeply that you have to use a pickaxe to dig them out. The present budget is perhaps a little wordier and more complicated than that of last year. The astronomical figures are beyond the ordinary man's comprehension and the very form of the budget tends to conceal important facts rather than expose them.

We can understand, of course, the human tendency to present unpleasant facts in as favourable a light as possible, particularly in a light favourable to the party in power. That is a human failing but it is one that carries with it certain disadvantages because the time has come when we must treat the Canadian taxpayer as a mature individual, one who is able to face unpleasant facts and one who has a great part to play in whatever remedies may be prescribed.

The most important fact of any budget is that there is only one pie. During elections we hear a great deal about pie in the sky. During the last two elections I think we had more pie of that kind than ever before in our history. We were told about savings of $500 million of waste and extravagance, of more spending, greater pensions, less taxes and of

course a balanced budget. The hon. member for Selkirk (Mr. Stefanson) who has just taken his seat said, "Of course, everyone understands that these things have to be paid for". I challenge him or anybody to get on the floor and give one instance where anyone in the last two elections told the taxpayers they could have all these additional things but they had to be paid for.

An hon. Member: I accept the challenge.

Mr. Carter: Well, not very many have. There was certainly nothing said about paying the bill, according to the speeches of the Conservative party spokesmen during the last two elections. I have read most of the reports both during the elections and afterwards, but I do not recall very much stress being laid on the fact that you can have more pie but you have to pay for it.

That particular kind of pie is proving very indigestible at this moment. Every new speech made by the Prime Minister (Mr. Diefenbaker) described a brand new millennium that was coming to pass, and a greater and greater vision was going to be revealed according to every speaker. But nothing was ever said about the cost. Certainly as far as the Prime Minister or the Minister of Finance (Mr. Fleming) is concerned, I remember nothing being said about costs. But I can remember many occasions when the Prime Minister pointed his finger at the Liberals and said, "They said it could not be done, but give us a chance and we will show you." In the last election he said, "We did it."

An hon. Member: What did your leader do?

Mr. Carter: We never said it could not be done. What we said was it could not be done and balance the budget. This budget, of course, confirms exactly what we said. There is an old saying, "You can be sure your sins will find you out". and this budget really confirms this saying. At least, the budget admits that the piper has played, the people have danced to his tune, and now the piper has to be paid. Of course, I realize that the Minister of National Revenue (Mr. Nowlan) implied the other day that these promises were not meant to be taken too seriously, but I do not think he advised anybody to that effect during the election. The fact is that people did take them seriously, and while one may think that the reason the people were hoodwinked was because they wanted to be hoodwinked, nevertheless they have now been forced to learn some very painful facts. The Canadian people have been told there is no pie in the sky after all. You cannot get something for nothing. Everything must be paid for soon or later; in this case it is going to be later. No matter how you carve it up there is still only one pie and only one taxpayer.

The man in the street is concerned, I think, first and foremost about that pie. What he wants particularly to know from the budget is how big is this pie? Is it getting bigger or smaller, and what is happening to his particular share? Well, the budget is not too helpful in that respect. The budget gives the size of the pie in figures which do not mean what they say, and can be very deceiving. I noticed that the hon. member for Selkirk was very deceived when he made reference to it, as also was the Minister of Fisheries (Mr. MacLean) this morning. If you really want to find out what is happening to the pie—

An hon. Member: Whose figures are these?

Mr. Carter: These figures can be verified by the dominion bureau of statistics any time you wish. If we want to find out if the gross national product is getting bigger we have to convert it into terms of constant dollars. The dollars which my hon. friend from Selkirk referred to this afternoon, and the Minister of Fisheries this morning, were 1958 dollars. That is a very different kind of animal from the 1949 dollar. Also, the increase is made up of two parts, and only one part is due to the increase in volume, which is the important thing. The other part is the increase in prices, which is a very serious thing. If you convert it to 1949 dollars you get the true picture with regard to the increase in volume. In 1954 our gross national product in ordinary dollars was $24.871 billion; it was down 0.6 per cent. But when it was converted to 1949 dollars, the volume was down 3 per cent. That is, the volume of production went down and the reason the over-all change was only 0.6 per cent was that 2.6 per cent of that was made up by increased prices; in other words, by inflation.

An hon. Member: Are these your figures?

Mr. Carter: These figures were received from the bureau of statistics and can be obtained from the library. In 1955 the gross national product was $27.07 billion, up 9 per cent; but in constant dollars it was only $21.961 billion, up 8 per cent. That was the year when we did have stable prices and very little inflation. The increase in volume was 8 per cent out of a total of 9 per cent, showing only 1 per cent inflation. In 1956 it was $30.098 billion, up 11 per cent; in constant dollars it was $23.547 billion, up only 7 per cent; in other words, 4 per cent inflation. In 1957, and this is important, the figure was $31.406 billion, up 4 per cent apparently; but in

constant dollars the figure was only $23.51 billion; in actual volume it was down 1 per cent. In 1958 it was $32.189 billion, apparently up 2½ per cent; in constant dollars, $23.704 billion, up only 0.8 per cent.

These figures which I have just quoted show in terms of constant dollars that there was very little change in gross national product in the years 1956, 1957 and 1958. In fact, there was hardly any change at all. If the population had remained unchanged the size of the individual share of the pie would have been unchanged too, but during those years our population increased. In 1954 it was 15.28 million; in 1955 it was 15.69 million, up 3 per cent; in 1956 it was 16.081 million, up 2 per cent; in 1957 it was 16.589 million, up 3 per cent; in 1958 it was 17.048 million, up 2 per cent. Thus, in the three years when our gross national product was stationary, the population was steadily increasing as an average rate of 2.5 per cent per year and the size of the individual piece of pie was becoming smaller.

If we think in terms of the labour force, we see that the labour force in 1954 was 5.493 millions; in 1955 it was 5.610 millions; in 1956, 5.782 millions; in 1957, 6.003 millions; and in 1958, 6.127 millions. The increase in the labour force is a little out of line with the change in population due, of course, to immigration, but if we look at the increase which took place in the labour force and take into consideration the fact that total production was practically unchanged, it is clear that each worker during the last three years has been producing considerably less than did an individual worker in 1955.

I have these figures in the form of two tables and it might be more convenient for the house if I were given consent to place them on record in *Hansard* in tabular form.

Mr. Speaker: Were the tables prepared by the hon. member or by the dominion bureau of statistics?

Mr. Carter: They are excerpts from the d.b.s. figures.

Mr. Speaker: Has the hon. member leave to have these two tables inserted in his speech at this point?

Some hon. Members: Agreed.

Mr. Carter: Thank you, Mr. Speaker. They are as follows:

Year	Pop. millions	% increase	average labour force millions	% increase
1954	15.287		5.493	
1955	15.698	3%	5.610	2%
1956	16.081	2%	5.782	3%
1957	16.589	3%	6.003	4%
1958	17.048	2%	6.127	2%

Year	G.N.P. billions $ ordinary	% change	G.N.P. billions $ constant (49)	% vol. change	Inflation
1954	24.871	— .6%	20.186	—3 %	2.6%
1955	27.070	+9 %	21.961	+8 %	1 %
1956	30.098	+11 %	23.547	+7 %	4 %
1957	31.406	+4 %	23.510	—1 %	5 %
1958	32.189	+2.5%	23.704	+ .8%	1.7%

An hon. Member: How have the Liberals been increasing in the last few years?

Mr. Carter: You cannot digest the ones you have at this moment. You had good Liberal pie for 22 years but you did not appreciate it.

An hon. Member: It went rotten.

Mr. Carter: Well, the people now have a chance to taste the difference.

Next to the gross national product, the problems which most interest the man in the street concern the twin subjects of unemployment and inflation. The effect of inflation is illustrated by the figures which I mentioned a few moments ago. The gross national product last year amounted to $32.189 billions, but this had the value of only $23.704 billion when the value of the dollar is kept at a constant figure. In other words, it takes roughly $32 now to buy what could be bought in 1949 for $23.50. The Canadian dollar has lost one-third of its value in the past ten years.

An hon. Member: Did you say "few years"?

Mr. Pickersgill: That is where the inflation was, in the last two years.

Mr. Carter: Those who are in a position to do so can keep abreast of this dollar depreciation by demanding more dollars, but if they do so they make the situation even worse for those who are not in that position. Currency debasement is just as great a threat to national security as missiles are, and it is far more insidious. Obviously something needs to be done about this. Perhaps we should make a thorough inquiry into our whole monetary system, including the question of interest rates.

As far as unemployment is concerned, jobs depend mainly on two things, foreign trade and the provision of capital investment. New jobs depend on capital investment. I do not know what the actual figure is with respect to each job provided, but it is somewhere between $10,000 and $25,000. But capital investment in 1957 amounted to only $8.7 billion; in 1958 it was $8.4 billion; and in 1959, only $8.3 billion. In other words, capital investment this year is $400 million less than it was in 1957, and in 1957 our total production was 1 per cent less in volume than in 1956. How, in the face of this situation,

can the minister expect a 7 per cent increase in the gross national product next year?

An hon. Member: You will find out.

Mr. Carter: Where is it coming from? I can tell the hon. member, whoever he was, that an article by Mr. E. J. DeSeau in the *Financial Times* dated April 11 inferred that if it takes place it must be due to inflation. If there is a better explanation we are ready to hear it, but nobody has explained it yet. The figures just do not add up to 7 per cent, or even to 4 per cent.

An hon. Member: They do not add up to a billion dollar deficit, anyway.

Mr. Carter: Well, they do add up to an $800 million deficit.

Mr. Speaker: Some of the members in this part of the house are feeling excluded.

Mr. O'Hurley: Look at the Speaker.

Mr. Carter: I am sorry, Mr. Speaker. I was getting so much attention from that part of the house—but I certainly did not mean any disrespect to the Chair.

If we are to cure our unemployment problem it must be done by using the industrial capacity we have idle at the moment and by creating new jobs through capital investment. The figures which the minister has tabled do not indicate that nearly enough is being done in this direction, even without taking into account the natural increase in the labour force. In addition, also, we must take into consideration the effects of automation. We must remember that in the United States the pre-recession level of production was reached a short while ago but the number of workers employed was one million less than were employed prior to the recession, the difference being due to automation. We must realise that these forces are at work in Canada, and the only logical conclusion we can reach is that unemployment will continue to be a problem for some years yet.

The other point, of course, is trade. Twenty per cent of our jobs depend upon trade, and the international picture is not nearly as encouraging as the budget would seem to indicate. This is pointed out in an article in the *Gazette* of March 31. Referring to what it calls special items, this article says:

> The maintenance of exports would have been more encouraging were it not for the influence of "special items" in which uranium shipments were foremost.
>
> These were worth $277 million last year, compared to $128 million in 1957 and $46 million in 1956. The export of aircraft and parts, and cattle and meat, at $109 million and $153 million respectively, were double the 1957 figure.
>
> When these "special items" are subtracted from the export total, a more realistic assessment of the impact of recession on the export trade is available. At $3,758 million, exports of mineral products, wood and paper products, other agriculture and fish products, and manufactured goods are $380 million less than in 1957.

This is an extract from an article written by John Meyer, financial editor of the *Gazette* which appeared in the March 31, issue.

The commonwealth trade and commerce conference about which we heard so much also has not turned out to be the success we were lead to believe it was, at least not in the eyes of the Tory counterparts in the United Kingdom parliament. I wish to read now from a statement made by Sir Albert Braithwaite as reported at page 1112 of the British *Hansard* of December 2, 1958:

> First of all, I should like to pay tribute to the chancellor of the Exchequer and the president of the board of trade for the brilliance which they displayed in leading our own delegation to the Montreal Conference. Reading between the lines, it seems to me that what they did there literally saved the conference from being almost a stalemate. They infused some life into it. At the same time I am not satisfied that the conference report is by any means a document upon which to rebuild and revitalize the British commonwealth of nations. Its implications are narrow. It is phlegmatic. It is not precise enough in its conclusions, and it gives no real, positive direction on how even those conclusions will be carried out.
>
> I wanted something much more vital to lead our commonwealth affairs than a lot of pious platitudes. Many people have said a great many things about how we should develop the commonwealth, but there has been a remarkable absence of action since the Montreal conference took place. The Canadian Prime Minister came over here and made great speeches on what should be done, but I have seen no real reflection in deeds implementing the words which he uttered.

Those words were not spoken by a Liberal or Socialist member of the British parliament but by a Conservative.

In the few moments left at my disposal I should like to deal briefly with the bond conversion. Last year the Minister of Finance came before us and told us about the problem of refinancing. He had, he said, $6.4 billion falling due in eight years which meant an average of $8 million worth of bonds falling due each year. That situation, he indicated, was likely to cause instability in the bond market during that period of time. His solution was to convert to long term bonds and spread the repayment over a longer period. That, of course, appeared to be a very sound idea. But what has actually happened? Less than half—45 per cent to be exact—of those original bonds were converted to long term bonds. Suppose we say half. The sum of $3.2 billion of original debt is still coming due within the seven year period. We must then add to that the $3.3 billion of new borrowing which has been made by this government since it came to power. I should like to emphasize that all

of this borrowing is short term borrowing of less than three years. If we add half of the original amount, $3.2 billion, to the new borrowing of $3.3 billion—and I hope my hon. friend is checking on the mathematics at this point—we still have $6.5 billion falling due in the next eight years and so we still have the original problem with which we were faced.

If we have gained anything by that transaction I should like to have the Minister of Finance explain to us just what it is. On the other hand, we have paid a very high price for that experiment. We have to pay $340 million in extra interest on bonds maturing between 1960 and 1966. We have to add to that $31 million in premiums, bonuses, for advertising, etc. While we still have the original problem that existed before the conversion took place we also have increased our indebtedness by $345 million. I have much more to say but I think this perhaps would be a convenient time to stop.

Mr. C. F. Kennedy (Colchester-Hants): Mr. Speaker, since becoming a member of this honourable house it has not been my lot to swell the records with many words and I assure you that on this occasion I intend to continue my brevity. When I was very young I was advised that no man learns wisdom while talking and since I have been a member of this house—and I have been here some time now—I have often wondered if the same thing does not apply to listening.

I take this opportunity to congratulate the Minister of Finance (Mr. Fleming) for the splendid budget he has presented. I do not propose to comment at length upon it, but I suggest it is one which should appeal to Canadians generally as a compromise to our economy and an incentive to all to participate in the great future which this country offers.

And now, since it is my privilege to represent the finest constituency in Canada, I should like to transgress a little on the time of the house to say a few things about my part of the country and the excellent people who live there. Geographically, the counties of Colchester and Hants are located in the centre of Nova Scotia, hinging on the town of Truro which is known as the hub of Nova Scotia. Our lands envelop the headwaters of the famous Cobequid bay and run north to a short frontage on the strait of Northumberland. It is unique that I am nearly surrounded by and border on the constituencies of seven of the other eleven members who represent Nova Scotia in this house. I assure you that it is very comforting to have such wonderful neighbours.

The good judgment of my people is well known provincially because at present we are represented in the legislature by four members on the government side. Of these, one is deputy speaker, another is our excellent minister of highways and a third is none less than the distinguished premier of Nova Scotia.

This constituency is steeped in history and the area bordering the Cobequid bay and the north shore still bear evidence of Acadian settlement as far back as the 17th century. Because we are blessed by fertile lands bordering our shores and in our many river valleys our economy is based chiefly on agriculture which is, in most cases, coupled closely with the harvest of wood products from our forests.

The world-renowned tides of the Cobequid bay at some points and in some cases rise to heights of over 60 feet above low water, and the action of these turbulent waters entering and receding from the rivers have over the years built up large areas of fertile marsh lands. It was part of these lands that the early settlers reclaimed and tilled to support themselves and their livestock. Today, thanks to the assistance rendered by the Maritime Marshland Reclamation Act, thousands of acres of marsh lands are being turned into crop and grazing areas. The people who own those lands are very grateful for this assistance, and I hope that this program will continue to the benefit of all areas.

Owing to the steepness of the watersheds on our rivers, occasional flooding is a menace to those who live in the lower valley areas. Erosion of valuable farmland is also much in evidence. This situation has been aggravated somewhat by the removal of timber from the slopes. Owing to the intensity of this erosion and the increased cost of labour and materials, the farmers are finding it most difficult to provide necessary protection. I fully realize that this is a widespread problem, and I am happy that a study is being made to ascertain whether some assistance is warranted. There are several inland areas inundated by shallow water at the present time which could be brought under cultivation by drainage. Perhaps the provisions of the Maritime Marshland Rehabilitation Act could be extended to include projects of upland erosion and drainage.

I have already mentioned that the cutting of timber has upset water control, and although it is generally recognized that natural rehabilitation of forests is as fast here as anywhere else in Canada, recent surveys show that growth is not keeping pace with cutting. We have learned to assist nature in our field production and I believe it is high time that we applied more common sense to forest management. Even if

we give a tree a good chance we must realize that it takes nearly a generation to produce.

Because our economy is so closely tied to the forest products industry, it is both desirable and necessary to continue limited production. Financial returns are continually diminishing and the recent increase in freight rates has dealt a very serious blow to our home markets. Mr. Speaker, I urge this administration to expedite, and quickly, a complete review of the freight rate structure, with the objective of equalization of advantage to all Canadians in all industries.

Our principal manufacturing is in the textile field located in the towns of Truro and Windsor. Good management and skilled craftsmen have combined here to produce, and even now we are expanding in the production of excellent quality goods which are famous from coast to coast. The quarrying and export of gypsum and barytes adds to the economy of a large area, as does the manufacture and export of pulp products in the western area.

Owing to our short coastline fishing is done only on a limited and seasonal scale. Because we are centrally situated transportation plays an important part in our general activity. Both railways and highway transport converge on Truro from all directions. Many hon. members of this house who were among the thousands of troops who proceeded overseas during the last war will recall Truro as the last train stop before reaching the point of embarkation. To those of you who can find time for a holiday I commend to you the excellent scenery of Cobequid, the valleys, streams and hills, and the beautiful and excellent bathing beaches of the north shore where the water temperature is most inviting. For the outdoor sportsman there are many inland waters and forests which will reward exploration during the mid-seasons.

I am proud to report that the general economy of my constituency has held fairly firm, and many indications point to a steady improvement. This speaks well for the people who are resourceful and believe in steady progress. Those people believe in keeping one foot on the ground and consolidating each step rather than getting up in the air and expecting someone else to come to their rescue.

Problems, Mr. Speaker! Certainly, we have problems. No one should ever expect to get through this world without adversity and each one is provided with a brain to apply, and not to think that we are in a Utopia where all our wants will be supplied on demand.

During 1957 and early 1958, most of the federal services located in my constituency were moved elsewhere. This has brought great hardship upon a certain segment of the population and I would urge the departments concerned to co-operate in filling the gaps.

Most of camp Debert, including excellent air terminal facilities, have been vacated. This vacant camp area is well underlaid with miles of water mains and sewer mains, which could be utilized by other industry. There are also plenty of sources of water supply, railway siding facilities, air landing facilities, hangars and other buildings in the area. It is located very close to Truro on the main Canadian National Railways line, and I would urge this government to locate some type of crown corporation there or, if they have no intention of using this vacant area, to consider turning it over to other interests which might utilize it for industrial uses. I personally believe, and I suggest, that it should be turned over to the crown corporation of Nova Scotia known as Industrial Estates Limited, which is at this time doing such a wonderful job in promoting some industries in the province of Nova Scotia. The establishment of light industry not only in Debert but in other parts of the constituency would serve as well to absorb those displaced because of these changes and current slumps such as the depressed forest products industry.

There is another matter which requires immediate attention. The town of Windsor is located on the shores of the Avon river. At the present time part of this town is endangered by erosion. This river is subject to terrific tides and erosion has been taking place progressively in the town. Actually now the highest tides flow into some sections of the town. There are and there have been over the years some public works established on the river at that point. I suggest that they have made some contribution to the erosion here. I strongly urge that the government take some responsibility in providing some protection of this shore, otherwise, part of this town is going to suffer because it is impossible for the townspeople to assume the whole cost of such an undertaking.

Better transportation is one of the great needs of the maritimes. I am very proud that our local department of highways is making considerable improvements throughout the province of Nova Scotia. At the present time they are paying particular attention to the main highway linking Truro and Halifax. This highway is one of the most widely travelled in the province of Nova Scotia, and I would suggest that the whole highway will require the same treatment which sections of it are getting now. I would strongly urge that the provisions of the Trans-Canada Highway Act

be extended to include this highway in order to help with the cost of construction of a highway which is so badly needed to handle the projected increase in the volume of traffic during the months and years to come.

In closing, Mr. Speaker, I should like to leave with you an observation. The sudden increase in the birth rate after the beginning of world war II has had a considerable impact upon our educational facilities. The burden of providing these facilities has fallen upon the present adult population. The impact of this terrific force will hit the labour force over the next few years. We, the present adult population, have moulded this force; they are our investment. Their opportunity is the greatest on this earth. I say, then, to the pressure groups of this country and the members of this house, let us not mislead them but rather let us encourage them to stand on their own feet. What these young people are inheriting was not built on dependence upon others but upon the initiative and courage of the individual. Training and leadership are essential so that our youth may face their careers with confidence. However, morale is not born of over dependence on others. I respectfully suggest, Mr. Speaker, that without morale no battle can be won.

Mr. Speaker: Is the house ready for the question?

The house divided on the amendment to the amendment (Mr. Regier) which was negatived on the following division:

YEAS

Messrs:

Argue
Herridge
Martin (Timmins)
Peters
Regier—5.

NAYS

Messrs:

Aiken
Aitken, Miss
Allard
Badanai
Balcer
Baldwin
Baskin
Batten
Bell (Carleton)
Bell (Saint John-Albert)
Belzile
Benidickson
Bissonnette
Boivin
Boulanger
Bourbonnais
Bourget
Bourque
Brassard (Lapointe)
Brooks
Broome
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Cadieu
Campbell (Stormont)
Cardiff
Cardin
Caron
Carter
Casselman, Mrs.
Chambers
Charlton
Chevrier
Churchill
Clancy
Coates
Comtois
Cooper
Courtemanche
Crestohl
Crouse
Danforth
Denis
Diefenbaker
Doucett
Drouin
Drysdale
Dumas
Dupuis
English
Eudes
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Fulton
Grafftey
Granger
Grenier
Grills
Gundlock
Habel
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hanbidge
Harkness
Henderson
Hicks
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Johnson
Jorgenson
Jung
Keays
Kennedy
Kindt
Knowles
Korchinski
Kucherepa
Lahaye
Lambert
LaRue
Leduc
Legere
Macdonald (Kings)
Macdonnell
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
McCleave
McFarlane
McGee
McGrath
McGregor
McIlraith
McIntosh
McLennan
McPhillips
McQuillan
McWilliam
Mandziuk
Martineau
Matthews
Michaud
Milligan
Mitchell
Monteith (Perth)
Monteith (Verdun)
Montgomery
More
Morissette
Morris
Morton
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Murphy
Nasserden
Nesbitt
Nielsen
Nixon
Noble
O'Hurley
O'Leary
Ormiston
Pallett
Parizeau
Pascoe
Paul
Payne
Pearkes
Pearson
Phillips
Pickersgill
Pigeon
Pugh
Rapp
Regnier
Rogers
Rompre
Rouleau
Simpson
Slogan
Smallwood
Smith (Calgary South)
Smith (Winnipeg North)
Southam
Speakman
Stanton
Starr
Stearns
Stefanson
Stewart
Tassé
Taylor
Thomas
Thrasher
Tremblay
Tucker
Villeneuve
Winkler
Woolliams—167.

(Translation):

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, since the budget speech was delivered by the Minister of Finance (Mr. Fleming), I have had the opportunity to meet many citizens from a few communities in the province of Quebec, and more particularly in my own riding. The majority of those people with whom I spoke were of Liberal allegiance, probably, because it is hardly possible by

now to find any supporters of the Conservative government. Indeed right thinking people in general are waking up from the great illusion that had been held out to them two years ago and they do not hesitate to express their dissatisfaction and disapproval of the Minister of Finance's budget.

There are ridings which, today, are happy not to have trusted the Conservative party. Those are the ridings where Liberal representatives were elected. It is true that we are not many, but we may boast to have freedom of speech, and sincerity of mind.

Mr. Johnson: Thanks to the Conservatives.

Mr. Boulanger: If the Conservatives in the province of Quebec had the qualities I just quoted, they would not be afraid to say to the Canadian people, and more particularly the people in the province of Quebec, what they really think of the budget, as well as of the grants which have been doubled since the Conservative government is in power. I mean the grants to the provinces.

Some time ago an increase of $100 million was voted for the construction of highways in the province of Quebec. If Conservative members had been sincere, they would not have withdrawn behind the curtains but would have expressed their opinion here in this house. Their gesture was perhaps due to the attitude of the hon. member for Roberval (Mr. Tremblay) who seems to have become the head of the Conservative members from the province of Quebec.

Mr. Tremblay: I am very much honoured!

Mr. Boulanger: Mr. Speaker, there is a matter I want to deal with more particularly on this occasion, namely the building of a bridge over the St. Lawrence at Three Rivers.

The idea is not new. A road crossing the river at that spot was already considered to be necessary in 1950 and there was some discussion whether a tunnel or a bridge would be preferable.

A few years later, in 1953, a group of sympathetic and able businessmen set up an organization with the aim of investigating the possibility of carrying out that project.

After a survey was made in Halifax, where a bridge had just been built crossing the river to the city of Dartmouth, it was revealed that an undertaking of that type in Three Rivers would be possible and would be self-liquidating.

A research fund of $30,000 was subscribed by the people concerned so that the project could be studied thoroughly.

The services of the consulting engineer for the Halifax bridge were retained, and Mr. P. L. Pratley, of Montreal, was instructed to make an extensive study of the project. In September 1954, he stated that the building of a bridge at Three Rivers was decidedly possible, that it would be self-liquidating and, furthermore, that there was great need of it.

The most elementary study of the immediate traffic and subsequent possibilities, he added, points to the urgent need of a better means of communication than ferry-boats, not dependent upon weather conditions, seasons, winter ice, mechanical stallings and hazards of navigation.

After reading the Pratley report, the bridge committee felt reassured and hopeful. It decided to retain the services of a firm of consulting engineers from New York, Coverdale and Colpitts, founded by a Canadian, Mr. W.H. Coverdale, to make a more elaborate study of the possibilities of the traffic anticipated.

That second report, published in November 1955, filled the bridge committee with optimism and enthusiasm.

The report stated that, during its first year of operation—it was believed then it would be in 1960—the traffic between the two shores would increase by 45 per cent; in the second year, by 10 per cent; and then, that it would continue to increase at an average rate of 5 per cent a year. At the toll rate established at the time of the investigation, they said, the bridge would be self-liquidating.

The cost of such a project had been estimated, at the time the plans were being prepared, at $12½ million, which would have been financed through a 4½ per cent interest loan, repayable in 13 or 14 years.

But at the time the first plans were accepted by the federal and provincial authorities, the seaway project necessitated a change in plans, which resulted in an increase of the estimates to $20 million, which would have then to be financed at a 6 and 6½ per cent interest rate, in addition to higher cost of material, steel and labour.

Other studies were made on the self-paying possibilities of the project; it is still considered quite practicable. However, amortization would have to be on a period of 40 years, instead of 14, as was the case at the beginning.

Mr. Speaker, it has been established, beyond any doubt, by engineers and financiers, that the building of a bridge over the St. Lawrence at Three Rivers is a practicable and self-liquidating project in addition to being urgently required.

All the population of the Mauricie area and the eastern townships, all the manufacturers and farmers and everybody have been urging the construction of this bridge for many years.

I need hardly quote figures to prove this desire of almost half the population of the province of Quebec. The bridge would be located in the centre of the province and nobody, even those who would not benefit directly by it, would object to its construction since its cost would be financed not by taxes but by a private corporation.

In the course of certain debates of years past, here in this house and in political meetings, we have heard members who today are ministers make sensational statements in favour of the construction of that bridge.

The Solicitor General of Canada (Mr. Balcer) himself, at the beginning of the 1953-54 session, made a speech from which I quote at page 65 of *Hansard*: Here is what the then member for Three Rivers (Mr. Balcer) who today is the Solicitor General said:

> At present, we are experiencing a lot of trouble with the ferry between Three Rivers and Ste. Angele. The system is so inadequate that one has to wait from three to four hours before being able to make the trip. And for this reason the national harbours board should improve the wharf at Three Rivers so that this city may become a modern port such as its geographical location would call for.
>
> We have to face a large number of problems, but the number one problem undoubtedly is the joining of the north and south shores, by means of a bridge between Three Rivers and Ste. Angele in the county of Nicolet. This would help not only the city of Three Rivers, but all the cities in the district which are hampered by the lack of communications between the two shores. As a matter of fact, the whole central part of the province suffers from this state of affairs. It finds itself, because of that fact, in a state of economic inferiority.

And later he added:

> That is why I ask the federal government to do its share, for it is a large-scale national undertaking.
>
> The federal government collects a large proportion of the taxes. At the present time, it collects 77 per cent of the taxes so that there remains very little for the provinces and municipalities. The latter are in a precarious position, for real estate in the small towns cannot be taxed any more than it is now. Consequently cities and municipalities hesitate before embarking upon large-scale projects.

It was that same minister who, in a speech he made at the Ste. Cecile school in Three Rivers—that was of course, during the 1957 election campaign—made the following statement, as reported in *Le Nouvelliste* of Three Rivers on May 31, 1957. I quote:

> The candidate added: "The matter of the bridge was raised during Mr. St. Laurent's visit. Mr. St. Laurent made the same reply as had been made in 1908 by Mr. Laurier when the matter of building of a canal across the isthmus of Chignecto was being considered". According to Mr. Balcer, Mr. St. Laurent has only to utter the words "national necessity", and this means a first class burial for the bridge across the St. Lawrence.
>
> Moreover, the federal government has insisted on two central spans for this bridge, which raises the cost by $7,000,000. Today, the promoters of the bridge have no way of raising this extra money. The federal government should pay the difference. At the same time, the people of all Canada will contribute to the St. Lawrence seaway, which will divert many ships from the port of Three Rivers. "The bridge will be a monument to the good sense of the people of Three Rivers", said Mr. Balcer. "No one should be allowed to play politics with such a matter".

True enough, Mr. Speaker, no one should play politics with this matter which is of interest to the people of between 15 and 20 constituencies, and it is time to prove it.

If the Solicitor General is true to his word, he will introduce a bill as soon as possible, thus giving effect to his high-sounding promises.

Think of the number of years the Solicitor General has been criticizing the Liberals, claiming they were opposed to the construction of this bridge.

Today, he is in a position of authority, in addition to having been pardoned for his disowning his leader at the 1956 convention.

Just what is it that is standing in the way of building the Three Rivers bridge?

Apparently, it is not Ottawa that is balking, because three federal cabinet ministers reportedly promised Ottawa's financial support to pay for the difference between the initial cost and the present cost, according to an item in *Le Nouvelliste* of March 4 last.

This report went on to say:

> However, such promises are unofficial. It has been recognized that provincial government approval is an essential requirement. That, at least, was the main outcrop of the last general meeting of the chamber of commerce, held last week.

That organization thought it appropriate to pursue the matter by having the chairman of its bridge committee call on the premier of Quebec last February to sound him out. Mr. Duplessis expressed approval of the bridge in principle, but added that present economic conditions did not justify construction of the bridge at the present time.

The chamber of commerce and the people concerned do not agree with that view, however; they have expressed the opinion that it is never time to spend millions, but that faith in the future is often justification for bold undertakings.

The studies and surveys made by the people concerned show that there is still an obstacle which stands in the way of the building of the Three Rivers bridge and only the premier of the province of Quebec can overcome it by

a simple approval, which would be of no serious consequence, and by guaranteeing the first year's operational deficit, as was done in the case of the Halifax bridge. It is the responsibility of federal and provincial members to act jointly and to put pressure on the provincial authorities so that they give their approval. A suggestion was made in the Three Rivers chamber of commerce to the effect that provincial members of the legislative assembly from the 15 counties in the central area of Quebec would be asked to stake their seat on the proposed bridge that would span the river at Three Rivers.

This shows the determination of the promoters, of the chamber of commerce, of the Three Rivers city council and of the citizens who subscribed $30,000 for the use of the research committee.

When workers are desperately looking for jobs, this undertaking could not be more timely.

Unlike the premier of the province of Quebec, we submit the implementation of such a project I just told you about will improve the economic situation.

Mr. Johnson: Are you talking federal or provincial politics?

Mr. Dupuis: Don't answer, it is not worth it.

Mr. Boulanger: Besides supplying jobs to thousands of workers, the construction of such a bridge would promote the industrial development of communities on either shore.

It cannot be said that our industries in that area are not thriving, but our industry in general does not expand at the same rate as in centers better served by highway development.

I repeat with conviction and sincerity, along with the radio stations on both sides of the St. Lawrence: We need that bridge, we shall have it.

Mr. Roger Parizeau (Lake St. John): Mr. Speaker, before tackling my main theme, I would like to tell of the impression I have of this house after listening for a whole year to hon. members of the loyal opposition.

To my mind, the reason for which the people of Canada got rid of the Liberals, was that it realized, after several years, that it was made up only of practical jokers. We may wonder, Mr. Speaker, who is the greater clown, the hon. member for Bonavista-Twillingate (Mr. Pickersgill) or the latest arrival in this house, the hon. member for St. Jean-Iberville-Napierville (Mr. Dupuis).

This reminds me somewhat of some happenings during the last world war. You will surely recall them, Mr. Speaker. When there was intensive training in England, the famous Lord Haw! Haw! used to say: "The MacNaughton circus is on the run again". Well, I am saying: "The Pearson circus in on the run again. Yes, the Pearson circus is on the run again and it will be on the run for quite a while."

Mr. Speaker, I want to congratulate the government through the distinguished Minister of Finance, for well-balanced budget he has just presented to the Canadian people. In times as difficult and complicated as these, legislation brought in by our government will help reduce unemployment and check inflation.

The people of Lake St. John asked me to thank the government for everything that has been done since it took over in this country, and more particularly for all that has been done in the building field. As a matter of fact, the sound action taken under the National Housing Act has helped a great number of workers in my riding, as anywhere else in Canada, to become homeowners.

I am speaking in full knowledge of the case because in 1956, only about 60 homes had been built at Alma, our county town, whereas that figure has gone up to 85 in 1957 and to a record high of 126 last year. The people of Lake St. John owe those magnificent results to the government, Mr. Speaker, as the necessary legislation was passed to facilitate loans to help our workers.

However, Mr. Speaker, economists and experts agree that while there has been considerable improvement in the National Housing Act, following legislation introduced by this government, more should be done radically to solve the housing crisis which, it must be said, is still critical throughout the country, but to a varying degree.

The problem of home ownership, is, as we have all learned, the crux of the social problem, as it constitutes the basis of this nation's prosperity. For the last few years, we have to face all sorts of concepts and theories, aimed at destroying and sapping the principles we have been taught. Those nefarious ideas have greater impact on people who are not attached by owners' rights, and that is why we must tackle the problem boldly and find adequate solutions. Among those which we feel are the most practicable and possible, there is one which should

particularly draw the attention of our government, and that is that each citizen should be provided with a house of his own.

If we take a look at history, Mr. Speaker, we realize at once that revolutions in the old countries were organized and directed by people who did not enjoy the benefits of property rights. It was then a struggle between tenants or slaves against owners or lords. We have not yet reached that point, and I am far from believing that we could ever reach it. However, it is on account of a lack of foresight on the part of government leaders that peoples could rise and follow the lead of revolutionaries.

Mr. Speaker, our government has already shown great vision in adopting adequate social measures to stem the wave of unemployment which was spreading all over the country. Its housing policy has been of great help to our people, thus checking unemployment, but especially in the fight against subversive ideas, by providing easy means of obtaining money to those who wanted to become owners.

Property is the basic element in the development of the individual; it is basic to the existence and welfare of the family, and contributes to social peace. There will not be better defenders of our country than our own people, once they are owners. Our country should be a land of predilection, where the old saying would be truer than anywhere else: "To each his home, to each his little tract of land, and the country will be safe."

Those who thrive on overtly spreading liberal or socialist doctrines seek above all to attack private property. It is up to us therefore to defend it, if we want our ideas and principles to be listened to and followed by the people.

I am sure that we will succeed, if we keep on helping construction by voting still larger sums of money for house building in Canada.

Mr. Speaker, I should like to remind you of an idea I put forward last year at the time of the debate on the speech from the throne, for the further improvement of that housing loan act. In fact, as recorded on page 649 of *Hansard* of May 29, 1958, I said that the interest rates should be lowered, in order to help Canadian workers, since they are unable to pay $75 or $80 a month for capital and interest charges.

I repeat the same suggestion this year, Mr. Speaker, asking again a lowering of the interest rates in favour of the borrower who is building a house through the C.M.H.C. The 6 per cent interest now being paid by the borrower is much too high, because its cost, over a period of 25 years, almost doubles the initial amount of the loan, which is hardly the purpose of the act.

Allow me to digress briefly at this point to say that the citizens of the Saguenay-Lake St. Jean area are seriously affected by the lay-off of employees of the Aluminum Company of Canada, a lay-off which has been brought on by the lack of markets and the cut-throat competition of iron curtain countries. The company intends to rehire these people as soon as possible. Meanwhile, however, they are unable to meet their obligations. I therefore urge the government to take whatever steps are needed to enable these people to renew their contract with Central Mortgage and Housing Corporation and to have the privilege of paying an extra $5 or $10 when they resume their work, instead of having to catch up on their rent payments in a single shot. I was therefore saying that a means must be found to reduce the interest rate, and this without altering the national budget, so as to enable more people with low incomes to become home owners, a privilege to which they are entitled just as anyone else.

If you look at the statistics, you will find that 163,000 houses were built in Canada last year. Had the interest rate been 3 per cent, for instance, rather than 6 per cent, it would have meant a saving of close to $5 million for the taxpayers who became property owners in the last year. At that rate, it adds up to the fabulous figure of $125 million over a period of 25 years, a saving that would enable many Canadians to become home owners.

I have no thought of dictating to the government, but as a suggestion, may I be allowed to outline a plan that might result in considerable improvement of the construction situation? I would suggest, as I indicated last year, reducing the interest rate by 3 per cent, and this without interfering with the national budget.

To this end, I would first suggest amending the Criminal Code to allow for setting up a national lottery such as exists in other countries. However, the entire proceeds from this national lottery, under government control, would be made available to the Central

Housing and Mortgage Corporation Fund as a means of reducing the interest rate. Such a measure would be of considerable benefit, because the government would have no outlay to face as a means of reducing the interest rate. It would only have to keep making regular annual payments as a help to construction.

It would be an innovation, Mr. Speaker, and may be a revolution in our way of life, but we must follow the march of progress. According to surveys made by responsible agencies, 95 per cent of the population would be in favour of a national lottery and those who would oppose all games of chance would only mildly object.

Should we not keep in Canada the millions of dollars that are going out of the country each year on lotteries? Mr. Speaker, I would be interested to know how many hon. members have, at times, bought a lottery ticket; it was the simple psychological effect of the man who takes a chance, without any ulterior motive. But is not life itself a continuous game of chance, Mr. Speaker? The insurance we buy on our life, on the life of our family, on our house, our car, are all chances that we take, are they not? We take chances every day and I do say that there are many people here who take chances with much more consequences than if they would buy a simple lottery ticket.

I would like to go into more details about the effects of a national lottery as an aid to housing. Considering that we could build as many as 400,000 houses a year to meet the immediate needs of the population, this could mean about $120 million in interest, a sum that we could return to the new owners with a reduction of 3 per cent in the rate of interest on average loans of $10,000.

That return of interest of $120 million would be entirely covered, I am sure, by the revenues of a national lottery which, I believe, for the sake of argument, could easily reach $150 million. Thus, the national budget would not be affected by this reduction of interest and it would be of considerable help to the new owners.

Mr. Speaker, it would be the best way to resist these subversive movements which try to infiltrate our country. It is proclaimed everywhere that that property thrives on exaggeration, that it must be overthrown and destroyed. Pope Leo XIII gave us the answer to these ideas in his encyclical letter *Rerum Novarum,* when he said:

> Socialists condemn the poor to jealous hatred of those who possess; they claim that all ownership must be abolished, that each man's possessions should be common property and that their administration must be vested in the municipality or the state.

So, that is what we have to fight, Mr. Speaker, by all possible means, even by a national lottery, if necessary. This reminds me of the story of the good communist who, trying to explain the communist doctrine to one of his friends, told him: "It is simple; I am going to explain it to you. Suppose that you have ten cows, you give me five; that is the communist doctrine. Suppose that you have twenty sheep, you give me ten; that is the communist doctrine. Suppose that you have fifty chickens, and you give me twenty-five." "Oh! No", replies the friend. "I have no cows nor sheep, but I have chickens, so I'm going to keep them."

This is the answer we are looking for, Mr. Speaker. The man who owns something has no intention of sharing; he is master in his home, he is conscious of his strength and proud to be a good citizen, a true Canadian.

In closing my remarks and as an example, I am pleased to mention my own city of Alma, in my constituency of Lake St. John, where the number of home owners increased from 35 per cent in 1953 to 51 per cent in 1958. Here is a city that benefited of the advantages offered by the government in the field of home building, but it is also a city where every citizen has the ambition to own his home in order to be a better Canadian. People of that kind, we would need hundreds of thousands more of them every year, and it is the duty of the government to take necessary action in this regard.

Mr. Speaker, we belong to a party that is still young but has noble and high ambitions. We all want to make Canada a prosperous country. Home building is a way to bring about this result, while reducing employment at the same time.

I am sincere, Mr. Speaker, when I state that we must do even more in order that everyone may own his property, that everyone may be proud to own a small part of our country. I ask therefore that the government take note of my suggestion and consider it on its merits, because it represents the thought of thousands and thousands of Canadians.

Mr. Augustin Brassard (Lapointe): Mr. Speaker, my friend the hon. member for Lake St. John (Mr. Parizeau) has put forward at least one idea I can support, with respect to national lotteries. I fail to see why there is so much hypocrisy on this matter. Many people who are anxious to take on a holier-than-thou attitude object to the idea of a national lottery in this country, but how many, on the other hand, at home or between the four walls of an office, make no bones about buying lottery tickets, thus helping to send overseas millions of dollars from which hospitals and educational institutions of other countries derive a great benefit. I submit a national lottery could help the housing industry, as was said by my friend the hon. member for Lake St. John, and could also have a beneficial effect in the field of education in the province of Quebec.

I have listened to a good number of Conservative members who took part in the budget debate and all of them of course congratulated the Minister of Finance (Mr. Fleming) for introducing a courageous budget on April 9 last.

Not so long ago a Conservative member said in this house that the Canadian people had welcomed the budget introduced by the Minister of Finance. Such a statement sounds queer when you take cognizance of the recent newspaper reports on this matter. For instance the Ottawa *Citizen* on April 16, 1959, carried a story entitled:

(Text):

Survey of the Press Shows Budget Critically Received

The Toronto *Star*, of course, was critical.

(Translation):

I would just like to refer to two or three comments made by newspapers in order to prove perhaps our colleagues have no monopoly on truth.

For instance in the Toronto *Star*, we can read the following:

(Text):

It said that one thing was sure about the budget, namely, "it has dissolved the last vestige of the financial mythology created by Mr. Diefenbaker before the 1957 election. He promised to raise welfare payments, cut taxes and balance the budget. The payments were raised, taxes cut, and the result of these things plus the recession was the biggest deficit in our peacetime history. Now Mr. Fleming finds it necessary to raise taxes by an amount which exceeds his previous tax relief by nearly $150 million a year. So much for financial magic."

In neighbouring Hamilton, the *Spectator* said that "although Mr. Fleming told the commons that his budget was designed 'to foster and promote recovery,' its fiscal details suggest no such positive purpose."

And along in Windsor, the *Star* took a roundhouse swing in Mr. Fleming's direction. "The blunt fact", said the *Star*, "is that the Conservative government has been spending far in excess of any Canadian government, even in wartime, and much further in excess of its revenues than any government in peacetime. Where does it think such a policy will lead? If a private individual were to follow the same practice he would be headed for speedy bankruptcy."

Out on Canada's west coast the Vancouver *Sun* was outspokenly critical. "Canadians now know what value to put on a Tory election promise. They were promised lower taxes and they have got higher taxes... when a patient is recovering the wise physician coddles the body. Mr. Fleming compels his patient, the Canadian economy, to don a hair shirt."

The Victoria *Times* had this ironic comment: "It is a courageous budget, since it admits that the government completely miscalculated the nation's finances and misled the public with impossible promises in two elections... The government is showing a new sense of responsibility. It is late but welcome."

Like the *Star-Phoenix's* line that the "Diefenbaker vision must be taking on the dimensions of a nightmare," the Winnipeg *Free Press* trumpeted, not surprisingly in an editorial called "Cost Of The Vision," that the Canadian people had been handed "the second instalment of the bill for the vision. And a shocker it was."

(Translation):

Among the Conservative members who took part in the debate and praised the budget introduced by the Minister of Finance, I want to refer particularly to the Secretary of State (Mr. Courtemanche) who made a brilliant speech.

I was a bit surprised when I heard him commend the government the way he did, and I wondered if he had not already spoken in this house about the problems that confront us to-day. Therefore, I leafed through *Hansard* from the previous years and I found out that on March 6, 1950, as we can see on page 520, the Secretary of State who was then sitting in the opposition had risen about the question of unemployment; however in 1950, unemployment was far, very far from reaching its present day proportions and still here are the words, quite—I shall not say courageous—but critical, he used concerning the administration then in power. Thus, I quote from *Hansard* of March 6, 1950, on page 520. These are the words of the present Secretary of State:

Mr. Chairman, let us not forget that unemployment is the breeding ground of disorder, poverty, unrest and communism. Unemployment leads to communism. It must therefore be averted. We have tried to fight it with words but that was a wasted, futile, useless effort. People do not yet understand why there was so much employment and money in wartime and why there is so little now, in peacetime. If money is found for destructive ends, it should also be available for constructive purposes. Should the fact that consumers are too few in number justify starvation in the homes of the jobless?

And a little further on, the hon. member said:

I therefore ask the government to attend to these alarming wounds, to heal them. That is within its powers as well as within its duties. There is no reason why any one of our citizens should not be able to live in a country 3,700,000 square miles in area.

In my own name, in that of my constituency, of my province—

The hon. member used high-sounding words at the time.

—(in the name) of my own race, in the name of the whole country which is threatened with the same crisis, the same miseries, I beseech those in power to put an end to this sad state of affairs.

Let us find jobs for our people. That is the only way to earn a salary. Whatever work is found, let it be, not just any work, but useful work, constructive work which will benefit our country. Let us not fight communism with words, but with action, honestly, by ensuring to the people what is rightfully theirs—order, justice, prosperity and national security in this fine, powerful and great country of ours.

Mr. Habel: He made a nice speech on that occasion.

Mr. Brassard (Lapointe): Mr. Speaker, that very statement was made in this house on March 6, 1950 by the hon. Secretary of State, then sitting on this side of the house.

Mr. Speaker, following such feats of oratory, the only thing one can add is this: a man can often turn a new leaf in his lifetime.

The hon. Secretary of State now sits on the government side; he is even a minister of the crown in the Conservative cabinet. If he was sincere—and I don't doubt his sincerity—when he made that declaration in 1950, how could he talk the way he did this week, in this house, on the budget of the minister of Finance?

There is an example, among many others anyway, of the kind of contradiction of which the Conservative party as well as a great number of its members are guilty, not only during electoral campaigns and while they were in the opposition, but also since they have been sitting on government benches.

Mr. Speaker, I would like to call the attention of the government to the unfortunate unemployment situation in the Lake St. John area. My colleague, the hon. member for Lake St. John made reference to it, but I would like to give particulars.

It never occurred to me that one day I would see groups of young unemployed, or similar associations, get together to settle the problem of unemployment and complain of a situation such as that which exists today in my riding and the whole area known as the Kingdom of Saguenay. At Jonquiere, Kenogami, Arvida, and even the three other ridings of this area, we can see those associations of young men of 18 to 30 years of age who are making their complaints heard not only by this house, but by all the public bodies of our area, begging them to try and find a way to put a stop to this unemployment which causes thousands to suffer, not only in my area, but also in the areas of Lake St. John and Saguenay.

Mr. Speaker, may I call it five o'clock?

(Text):

PRIVATE BILLS

Mr. Speaker: There are three private bills standing for consideration in committee of the whole. Is it agreed that in accordance with section 1, Standing Order 54, that they be referred to committee of the whole in one motion?

Some hon. Members: Agreed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. S-15, respecting Co-operative Fire and Casualty Company—Mr. Jones.

Bill No. S-12, to incorporate Paramount Life Insurance Company. (As amended, and recommending that the title be changed to "An act to incorporate British Pacific Life Insurance Company")—Mr. Taylor.

Bill No. S-14, to incorporate the Congregation of the Sisters of the Holy Family of Bordeaux. (As amended, and recommending that the title be changed to "An act to incorporate the Congregation of the Sisters of the Holy Family of Bordeaux in Canada")—Mr. Flynn.

SMALL LOANS ACT

AMENDMENT TO PLACE CEILING ON INTEREST RATES

Mr. Hazen Argue (Assiniboia) moved the second reading of Bill No. C-5, to amend the Small Loans Act.

He said: Mr. Speaker, we all seem to be good-natured this afternoon and there seems to be an unusual amount of co-operation on procedural matters which I think is all to the good. However, when the division bells ring that co-operation ceases to exist.

I have moved second reading of this bill, Mr. Speaker, because I feel that the interest rates now being charged by small loans companies in this country are unnecessarily high. The small loans business is very extensive.

Hundreds of thousands of Canadians avail themselves of such loans, and I submit to the house that a maximum rate of interest of 1 per cent per month should be ample at the present time. Following the amendments adopted in 1956 the maximum rate for loans up to $300 has been 2 per cent per month. The amendment provided by this bill would place a ceiling of 1 per cent per month on all interest rates charged by small loans companies.

I have had similar bills on the order paper every year since 1955, and although experience under this new administration would seem to suggest that private members' bills and resolutions are becoming of less and less value, nevertheless the experience I have had with regard to this particular bill has indicated to me that it has been very worth while and that parliament has listened. In 1956 the government acted. I did not think the legislation at that time went nearly far enough. The original proposal I made prior to action being taken by the government in 1956 was along these same lines. Before 1956 the rates on loans up to $500 were controlled by the Small Loans Act by providing a maximum ceiling of 2 per cent month.

This particular measure has never received, either by way of vote or speech, strong support from any member of either the Liberal or Conservative parties, but in 1956, because public opinion demanded that action be taken and because the minister of finance at that time, the Hon. Walter Harris, was in this instance paying some attention to public opinion, action was taken. As a result of that action many millions of dollars have been saved the consumers of this country.

When the government's bill, going part way along the road I had suggested, was before the banking and commerce committee in 1956 numerous representatives attended from the small loans companies. There were spokesmen for the small loans companies association and spokesmen for individual companies. They represented to the committee at that time that the legislation being proposed by the government would cripple them financially and that they would be put out of the small loans field. Crocodile tears were shed by members of the Conservative and Liberal parties and initially not all members of the Liberal party were in favour of the government's legislation. They were worrying about the widows and poor people who would have to have loans but would no longer be able to get them because conditions were going to be so difficult for this gang of loan sharks incorporated with the blessing of the government.

What has the result been? They have not suffered. They have prospered and grown. They have extended their business. They have made an increasing amount of profit. They have done very well. Perhaps this was the kind of legislation which was necessary to suggest to them that they should increase their volume of business. By increasing their volume of business at somewhat lower rates of interest they have been able to effect an even higher net profit than theretofore. I know that if this bill were placed before the banking and commerce committee at this time the small loans companies would come before the committee once again in droves and would plead that they would be crippled if this legislation were passed. But I suggest that if it is passed, as it should be, those companies would prosper under what I consider to be a very ample rate, yes, a very high rate, of 1 per cent per month.

We had the men in the grey flannel suits before the committee; I think 50 of them came in 1956. There was a tremendous lobby and not without some effect, because it took the greatest possible amount of persuasion by the minister of finance. I think the hon. member for Kenora-Rainy River (Mr. Benidickson) will remember the occasion very well. The minister of finance was determined, and finally some of the members of the Liberal party who were reluctant to go along with the minister voted the right way and the Conservatives took to their heels and quit the opposition which they had initially started in that committee.

With the government we now have, I see no indication that there is so much as a single member on the government side of the house who is prepared to stand up and say that he supports action by the government to lower the interest rates on small loans companies.

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

Mr. Argue: All right.

Mr. Drysdale: Mr. Speaker, the hon. member has introduced this bill I think two or three times, and the difficulty I have is that although I would be extremely glad to support him unfortunately I have somewhat of a selling problem, because the only authority I have is the hon. member. The hon. member says repeatedly, "I feel that interest rates are unnecessarily high". The difficulty is in explaining to some people that the hon. member is an agriculturist, I believe, by avocation, and it is a very difficult problem to sell them this legislation. Perhaps he could give some statistical information as to why the 1 per cent rate should be used.

Mr. Argue: That is a very learned question which took the hon. gentleman a long time to ask.

Mr. Drysdale: I regret the time.

Mr. Argue: Let me remind him of the statement the Minister of Transport (Mr. Hees) made the other day in the discussion on freight rates. He said, "This is a complicated field. I am a novice and know little or nothing about the intricacies of freight rates. But if you allow it to go before a standing committee of this house, we will bring in the experts and then everything will be made clear." I suggest that we allow this bill to go before the banking and commerce committee and then call in the experts, the superintendent of insurance and officials from the credit unions of this country and the men in the grey flannel suits. I think that we can turn them into the very best witnesses possible to bring evidence which will support this kind of measure. I am not an expert on banking matters. I do not profess to be an expert in any given field.

Some hon. Members: Oh, oh.

Mr. Argue: I do not have to get up and blow my horn, as the hon. member for Brome-Missisquoi (Mr. Grafftey) did last night in his campaign speech to get into the cabinet. He went down to the United Nations, as an observer, and it was not good enough to tell us once; he reminded us in every other paragraph that he had been on an important trip to the United Nations which apparently made him an expert in that field. However, I am prepared to put my judgment in this matter before the committee and confront any witness who may be brought before that committee. If the hon. gentleman and his colleagues wish to have evidence on this bill I suggest it be sent to the committee.

Mr. Drysdale: Would the hon. member permit a further question? Would the hon. member not think that before it went to a committee he should establish a prima facie case? All he has established so far is what he personally feels. That may be authoritative in his group, but perhaps other people in the country question such authority.

Mr. Argue: I do not expect to convince a Tory member of anything, Mr. Speaker. It would take something of a sledge hammer to get some very elementary economics through to them.

Mr. Drysdale: Well, I am listening.

Mr. Argue: I can tell the hon. member that there are many people in the country who would like to see this legislation passed. There are organizations who are in favour of control of interest rates and who think it is a shame, a crime and an insult that Canadians should be forced to pay up to 2 per cent per month on small loans; and of course in other fields the sky is the limit.

Mr. Drysdale: Would my hon. friend permit another question?

Mr. Argue: I have been very generous with my hon. friend and I think, if he will permit me, I will give him some information which may be helpful. Then he can speak a little later on and can take his place as part of the group whose main purpose is to talk out these bills.

Mr. Speaker, I have in my hand a table of the loans and profits of small loans companies and moneylenders. They are the latest figures up to the end of December, 1958, which is the first year following the former government's legislation and the number of accounts of small loans companies and moneylenders was just over 1,075,000. The number of accounts of small loans companies and moneylenders lending amounts covered by government legislation, that is up to a maximum of $1,500, numbered 1,107,000. The amount of loans in 1957 totalled over $368 million and that figure had increased in 1958 to $477 million. So that with a reduction in interest rates the small loans companies in 1958 were able to increase their number of accounts and the volume of business by some $109 million; namely, from $368 million to $477 million.

I am convinced that if this legislation were passed the small loans companies would be able to function and still carry out their high pressure advertising, and would increase their volume of business. The main thing which would take place would be a reduction in the maximum rates of interest that they would be allowed to charge. These companies have not gone out of business as was threatened. As a matter of fact, there are more in the business today than there were at that time. There are today 82 small loans companies and moneylenders, which is approximately five above the number in 1956. The number is increasing and their volume of business is increasing.

It was stated before the committee in 1956 that if legislation were passed to limit the rate of interest on loans from $1,000 to $1,500 to one-half of one per cent per month the chances were that companies would not make substantial loans in this area. That has proven to be correct. According to the statistics which have been made public by the superintendent of insurance in the report for the year ended December 31, 1957 the small loans companies had relatively few accounts in the category between $1,000 and

$1,500 and fewer accounts still in the category from $1,100 to $1,500. It has been said that this is one means of placing an effective ceiling on the total amount of money that small loans companies are prepared to lend. I am not certain that I go along with that theory, but it has been suggested that this is a way of making certain that small loans companies remain in the small loans field. I would have no objection, myself, to these companies being given a standard rate for making their loans provided the standard rate was not exorbitant and provided it came within the limit mentioned in the bill I have proposed.

I would ask that the members of this house allow this question to come to a vote. I do not think it is a service to parliament for hon. members to talk out every single private members bill that comes before this house. If this were a new bill, if this were the first time this measure were before parliament and if hon. members were not acquainted with its terms, I could see some reason for talking it out and, by that means, killing it by this back-door method until it were dealt with at some future session. But since this is not a new bill; since it has been before parliament in the same form on previous occasions, I would suggest that the house should proceed to take a vote on this question.

I do not like to see the members of the government party which has such a huge majority becoming so subservient to the party whip. I should like to see some independent thought; I should like to see some indication that the capacity for independent thought still exists. How often, on past occasions, the Hon. George Drew, when he was leader of the opposition, turned on a very large Liberal party across the way—it was still, of course, much smaller than the number of supporters of the Conservative party here—and told them that they were trained seals because they did very little but applaud at the right time when the prime minister or one of the cabinet ministers made what appeared to be an appropriate debating point. Now the applause comes from the Conservatives, and the very same thing the Liberals once did is being done by them. And when we had the trained seals rather than the present large volume of apparently untrained seals —when we had these trained seals, unanimous as they were in giving their applause when the then prime minister or members of the cabinet made good debating points—they did, nevertheless, have within their ranks a number of members who from time to time were prepared to take an independent stand; members who were prepared to stand up and speak on a private members bill and take a view different from that taken by the government or by a member of the cabinet.

There is no evidence in this colossus that is now the government, of any independent thought. Not only is there an absence of independent thought but a stand has been taken by hon. members opposite which prevents all members including members of the opposition from voting on the matters which come before this house. I believe that by their attitude in talking out every single measure such as this and every single resolution they are undermining the prestige of parliament, undermining the position of the Conservative party in this country and, moreover, proving that statements made in years gone by about the rights of parliament were merely empty words without meaning in fact.

I think the country is becoming tired of seeing members of parliament spend a couple of hours a week debating subjects which I and, no doubt, many others, consider to be of great importance while, at the same time, performing something of a farce because the government has said: there will be no vote; we will talk it out; although we have the biggest majority that any government has ever had in the history of this country, we must admit we are the government which is the most timid, so afraid that we will not deal with any matter which is placed before the house by the opposition. I have no doubt that if an hon. member on the government side had presented a bill the government would be just as timid with regard to his bill as they are with regard to opposition proposals.

Mr. Aiken: On a point of order, Mr. Speaker, I believe the hon. member for Assiniboia is not referring to the bill at all at this point, and is himself succeeding in talking it out.

Mr. Howard: On that point of order, may I say that it is strange how delicate the feelings of certain members of the government can become on some occasions.

Mr. Speaker: It does occur to me that the hon. member for Assiniboia has been generalizing on what he alleges has happened on other occasions rather than on what may happen on this occasion and that, strictly, is not in order.

Mr. Argue: I appreciate Your Honour's optimistic point of view, but if I may make a prediction I venture to forecast that when six o'clock comes we will see a repetition of what has happened on those other occasions; Conservative members will occupy the time between now and six o'clock and this

bill will go to the bottom of the list of bills under public orders and will, for all practical purposes, have been killed for this session.

This measure runs counter to the trend of interest rates in the country today. The trend of interest rates in Canada today is upward, and this is so because this government has allowed interest rates to rise to the highest point in Canadian history. Instead of being a government interested in securing lower interest rates, as they said they would be, they have become a government of higher and higher interest rates. Although 12 per cent is still a high figure, if the government allows the central rate to go much higher then even a bill with a ceiling as high as this might make it difficult for the companies concerned to operate. I can foresee great harm coming to the country, because if this trend is not arrested some of the legislation which has been placed before the House of Commons and which is already in our statute books to provide loans for certain segments of the Canadian community at reasonable rates of interest will be jeopardized.

If maximum rates under these statutes are maintained, as I trust they will be, it will mean that many of the institutions that are making loans today necessary to the welfare of farmers, fishermen and people buying houses, will either find it impossible to make loans or great losses will be sustained by them. I know that hon. members opposite are anxious to deal with this measure. I hope they will deal with it in the only way in which parliament should deal with legislation and that is by way of a vote and a decision.

Mr. Pallett: After full discussion.

Mr. Argue: My hon. friend says, "After full discussion". What a hypocritical interjection. Full discussion to his mind means killing every good idea that comes before the house by way of a private member's bill or resolution. It used to be different and ideas were not given this kind of cavalier treatment. When an hon. member presented a bill on any subject in which the public took a great deal of interest the government in the past adopted a position and a cabinet minister or a parliamentary assistant would stand up and present the government's attitude, and then private members would rise and give their opinions and then a vote would be taken.

We now have a cabinet which is not interested in members' bills and resolutions even to the extent of stating the government's position. If we know anything about party discipline we can presume that word has been sent around by the Conservative whips that there shall be no vote and no decision. If parliament itself carries on this kind of mockery this institution will be held up to public scorn. If this attitude is to continue then the time is here for us to consider appropriate amendments to the rules of this house which would not permit closure, a procedure followed by a former administration, but which would provide the opportunity in any given session to thoroughly discuss and reach a decision on each measure that is advanced by a private hon. member. Unless we do that we shall be undermining the parliamentary institution which all of us say we support so fervently.

Mr. Murray Smith (Winnipeg North): Mr. Speaker, we have just witnessed a performance from that eight-ring circus to my right which covered everything from soup to nuts.

Mr. Argue: After the soup I got back to you.

Mr. Smith (Winnipeg North): The soup was thin, the nuts were stale. In effect, the hon. member for Assiniboia (Mr. Argue) is asking us to rubber stamp something that he has placed on the order paper when he himself used up most of his time in talking about something other than what is before us today. In my mind he has failed to advance one good reason as to why we should support this bill. I should like to point out to the hon. gentleman that although, as he stated, he has had a bill of this nature on the order paper every session since 1956, a check in the parliamentary library such as I have made this afternoon indicates that not one reached the stage of debate in this house.

The hon. member is asking us to rubber stamp a measure which he tried to explain to us in about five minutes this afternoon. I for one will rise in my place on any occasion I feel inclined to on private members' days and put my views before this house. The hon. gentleman should also realize that there are a great many new members in this house who have valuable contributions to make on this or any other subject that may come forward and so discussion should not be curtailed.

The purpose of this legislation is to provide that interest or the cost of a loan allowable under the Small Loans Act shall not exceed the aggregate of 1 per cent per month on any part of the unpaid principal balance not exceeding $1,000 and one-half of one per cent per month on any remainder of the unpaid principal balance exceeding $1,000.

I should like briefly to discuss the history of small loans companies in this country. In the early stages of the development of Canada each family was a largely independent unit and produced its own needs. Family units were relatively independent of outside

sources. However, there was a gradual change from a crop economy to a cash economy. This was prompted by the movement of citizens from the farms to the cities and towns. Families became dependent upon a cash income and any interruption or emergency that reduced the family budget caused a serious crisis and hence a need arose for sources of small sum credit. The existing laws at that time were ineffective to deal with moneylenders because the legislation did not take into consideration the changed conditions and did not protect the public from unscrupulous lenders. Consequently rates of 400 and 500 per cent were quite common. People could not repay these short term loans—weekly or monthly loans —and in the final analysis paid many times the amount of the loan in interest over a period of a year or more and still had the principal amount to repay.

The legislation concerning interest was ineffective at that time for two reasons. First, the borrower was in a poor bargaining position and second, as I have mentioned, certain charges for such things as investigations or the preparation of documents were permitted legally because only the interest rate was controlled.

This was the situation that obtained during the mid-thirties. The Moneylenders Act which was in force at that time restricted the rate of interest on loans up to $500 to 12 per cent per annum but no restriction was placed on various other charges that could be made. In 1938 the House of Commons committee on banking and commerce made a report which formed the basis of the Small Loans Act. This plugged the gap and provided a rate to include all charges, including interest. The rate established was 2 per cent per month on loans up to $500. The rate applied each month after the monthly payments of principal and interest had been made.

In 1956 the act was again amended because most operators were now making loans up to $1,500 in value and so the present rates were established at that time. The rates that are in effect today are 2 per cent per month on that part of the unpaid principal balance up to $300, 1 per cent over $300 to $1,000, and one-half of one per cent over $1,000 up to $1,500. It is possible that at this time we should have another look at this legislation. Perhaps in this day and age these rates are somewhat high. However, I am not prepared to accept the words or opinions of the hon. member for Assiniboia because I do not feel that he has done the research into this matter that he might have done.

[Mr. Smith (Winnipeg North).]

What he has given us this afternoon are opinions and not facts. I should like to point out to the house that another bill placed on the order paper by the hon. member for Assiniboia would provide that interest rates under the Interest Act could not exceed 12 per cent. I merely point out that the two bills conflict with one another. The combined effect is that the licensed lenders under the Small Loans Act would be allowed a lower rate of interest than the unlicensed lenders. The unlicensed lenders could charge a rate of 1 per cent per month while the licensed lenders would only be able to charge a combination of 1 per cent and one-half of one per cent per month. This would be a reversal of the principle that the smaller the loan the higher the rate needs to be. Here I should like to quote from the report of the committee on banking and commerce which was presented to the House of Commons in 1938:

> Quite obviously the purchase of a block of 12-year Canadian government bonds requires little expenditure for investigation and none for supervision; investments in 50 farm mortgages for varied periods entail considerable cost both for investigation and supervision; while the investigation of 1,000 applications to effect loans to 500 people for a few months with meticulous supervision becomes expensive business when expressed as a percentage rate of $100 on a monthly basis.

I submit that the hon. member for Assiniboia, by presenting these two bills which conflict with one another, is not quite sure in his own mind as to just what the problem is, let alone what the remedy should be.

I should also like to point out to the hon. member that a great many of the people who do business with small loans companies seem to be quite satisfied with their dealings. I am informed by the president of one of the large finance companies that in 1957 the figures for his company show that over 90 per cent of the loans made were to people who had dealt with them before or who had been referred by others who had dealt with them.

Mr. Benidickson: They never get out of their clutches.

Mr. Smith (Winnipeg North): They never get out of their clutches? Well, the same company informs me that every year one-third of the outstanding loans are paid off, and if one-third are paid off every year I think they are getting out of their clutches somewhat and it certainly is not the 50 per cent figure that is so cast around wholesale by the members of the C.C.F. party when they say that half of the people who deal with finance companies never get out of their clutches.

I should like to read a letter which was placed on *Hansard* in the session of 1952-53. This was placed on the record by a member who I followed very carefully politically, namely Mr. Alistair Stewart, the former member for Winnipeg North. The letter appears at page 5170, volume V, of *Hansard* for the 1952-53 session. At that time the house was dealing with estimates and he read this letter:

> Here's the answer to your debt worries—
>
> The present high cost of living makes it often very difficult to meet the demands of all your creditors.
>
> The result: you get phone calls and letters of demand from your creditors, garnishees on your pay, court judgments and seizures, lawyers' actions . . . problems upon problems.
>
> Now, with one visit to the office of Consolidated Finance you can shed your problems. Simply make a list of all debts you owe for: hospitals, automobile, furniture, jewellery, groceries, doctors, lawyers, loan companies, etc.—then see us.

This is a letter which was circulated by Consolidated Finance Corporation. I should like to draw the attention of the house to the fact that this very same letter was placed on the record of *Hansard*, at page 950, of the current session by the hon. member for Assiniboia, exactly the same letter from exactly the same company. I should also like to draw attention to the fact that the company commenced business in 1952 or 1953. At the insistence of the Ontario department of insurance the name was changed to Consolidated Payment Plan because in effect they were not a loan company or a finance company. Because of their unsatisfactory performance their licence was cancelled by the Ontario department of insurance on December 1, 1954, and they ceased doing business early in 1955. We have the letter on *Hansard* in 1953. The company went out of existence in 1955, and in 1959 the hon. member for Assiniboia is using the letter as evidence in his argument for the case that he is trying to present to us today.

An hon. Member: Shame.

Mr. Smith (Winnipeg North): In conclusion, Mr. Speaker, I should like to reiterate that there may be grounds for reducing interest rates, and it might be a good idea to study those interest rates at this time; but I would submit that unless the research of the hon. member for Assiniboia is better now than it has been in the past we have nothing to go on. In view of the way in which he roamed today through everything from zoology to no-ology I think we should look into this matter and hear opinions from other members of the house because this attitude of "Don't confuse me with the facts; my mind is made up" does not go over as far as I am concerned.

Mr. R. S. MacLellan (Inverness-Richmond): Mr. Speaker, like the hon. member for Winnipeg North (Mr. Smith), I am in general agreement with the tenor of the bill and agree that certainly interest rates charged by small loans companies, as by other concerns, should be no higher than necessary. I support this bill to the extent that certainly an inquiry should be made, and that the interest chargeable by small loans companies should be limited to the extent necessary to provide funds for the availability of people who cannot borrow from other loan sources. However, it is a matter which should be examined very carefully because, as the hon. member for Assiniboia (Mr. Argue) has neglected to consider, there is a very good possibility that by limiting the interest on loans by small companies, as he suggests, it would deprive the wage earner and the man who is unable to borrow at banks or from other institutions, of funds that he needs and requires in his daily routine.

I think that one of the most important aspects of the whole problem of consumer financing and the business done by finance companies has been neglected by this bill. Certainly, it has always been an accepted principle that the interest rate charged should be in relation to the risk of the loan. And that has been the argument the finance companies have used to justify interest rates which are much higher than would be charged by banks or other institutions. But it seems to me, that at least in one instance in the consumer finance field this argument has no jurisdiction whatever. I refer to the large amount of consumer financing that is done through acceptance corporations; that is to say, the very large finance corporations which do not make loans directly to the purchaser, but which lend him the money through the dealer or the retailer from whom he purchases an automobile, appliance or other goods.

We have been striving in this nation, as other free nations, for stability in the money that is available in the country; to try to control booms and prevent busts. We do that through the Bank of Canada which was established by the Bennett government in 1934. It has been done by the Minister of Finance (Mr. Fleming) in the budget which he introduced last week. The amount of money available in the nation at any given time will affect the expansion and the amount of production in the nation.

It seems to me that consumer finance companies in some cases make available an unhealthy type of credit in the nation, a

credit that oftentimes in periods of inflation is greatly expanded when it should not be. Many consumers are thereby invited to purchase goods and through advertising programs are encouraged to seek loans which they cannot afford. In the case of an automobile dealer who recommends a finance company to his customer, the acceptance corporation or the finance company may charge interest rates considerably higher than those that would be charged by a bank. At the same time the finance company may take much less risk than the bank takes.

The acceptance corporation has not only the security of the article which has been sold, the car, television set or any other type of appliance, but also has the security of the endorsement of the consumer and the endorsement of the retailer. These companies take little risk, yet they charge high risk interest rates. Since they assume small risk they are ready to make money available at any time, often at times when the nation cannot absorb it, and some people are encouraged to buy goods which they cannot afford. It seems to me that these acceptance corporations should be required to assume the risk themselves on the money they lend. They should be precluded from requiring the endorsement of the retailer or the dealer. If they are going to charge these interest rates, at least let them accept the risk on the loan.

I have seen many instances in which dealers needed to achieve a volume of sales—

Mr. Speaker: I have allowed the hon. member to stray into a field that is not covered by this bill, hoping he would relate his argument to the principle that is involved here. It seems to me that he is going too far in a direction that is not covered by this bill at all.

Mr. MacLellan: I have been establishing a basis for an argument on the interest rates charged by some small loans companies, which are certainly unjustified, which I felt was within the purview of the bill before the house.

Speaking again of consumer finance companies, which are small loan companies—

Mr. Speaker: If the hon. member is coming to this bill, I do not want to interfere with his line of argument. But this is small loans companies bill and does not relate to other methods of financing.

Mr. MacLellan: Very well, Mr. Speaker, I will relate my remarks to that subject. I feel that the interest rates charged by finance companies should be examined closely by a committee to see to it that those rates are in relation to the risk taken on the loan. Certainly, I am in full accord with the limits suggested by the hon. member for Assiniboia in this bill in so far as acceptance corporations are concerned which do not take full risk on the loan but rather rely on the endorsement of the dealer. The effect, so far as the country is concerned, is that at the slightest downturn easy credit which is encouraged by these loan companies in good times brings on repossessions and we have a drab picture of people being saddled with borrowings they cannot repay.

I would suggest to the house that while this matter is of the utmost importance, we should proceed with some caution. The whole matter should be examined very closely. Certainly, we should never make a decision on the basis of the small argument that was put forth this afternoon by the hon. member for Assiniboia. It is a shame that the hon. member spent so much time in discussing other matters that there was not a proper opportunity to discuss this bill, when I am sure so many members would like to put forth their views. In effect, this bill was talked out this afternoon by the hon. member for Assiniboia.

Mr. Argue: That is a false statement.

Mr. MacLellan: There were very few of his remarks directed to the bill.

Mr. Argue: Question, question.

Mr. MacLellan: I suggest that in presenting this bill the hon. member for Assiniboia is not sincere. He is not anxious to have this bill discussed. It is just a matter of continuing the C.C.F. propaganda.

Mr. Argue: Read on.

Mr. MacLellan: At no time this afternoon have I done anything more than refer to my notes. I did notice, Mr. Speaker, that when the hon. member for Winnipeg North was discussing the bill, the hon. member for Assiniboia showed little interest. He chatted with his seatmate and he read the newspaper. I suggest he has no interest in this bill. It is a mere matter of C.C.F. propaganda.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the acting house leader the business for Monday and as many of the succeeding days of the week as he can indicate.

Mr. Brooks: On Monday we will continue the budget debate and expect to continue with it on Tuesday and Wednesday. After Wednesday we intend to go on with estimates and intend to take up the estimates of the Department of Agriculture.

Mr. Chevrier: Does that mean on Thursday and Friday we will discuss agriculture estimates?

Mr. Brooks: If agriculture estimates are not through on Thursday.

Mr. Chevrier: Can the acting house leader indicate when the budget resolutions will be discussed?

Mr. Brooks: No, I cannot, Mr. Speaker.

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

Question

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

UNEMPLOYMENT INSURANCE PAYMENTS, SHERBROOKE, QUE.

Question No. 320—**Mr. Boivin:**

1. Were instructions issued some time in March, 1958, by the legal branch of the Montreal regional office of the Unemployment Insurance Commission for an investigation to be carried out in Sherbrooke regarding the payment to certain textile workers of unemployment insurance benefits to which they were not entitled?

2. Did any employees receive overpayments?

3. If so, what was the amount overpaid in each case?

4. Was the investigation stopped?

5. How was the matter settled by the commission?

6. Were these employees compelled to refund such overpayments?

Answer by: **Hon. Michael Starr (Minister of Labour):**

1. Yes, when it was reported to the Montreal regional office that several claimants had omitted to disclose as earnings the amounts of production bonuses received from their former employer.

2. Yes; overpayments were established in 442 cases.

3. Full information is not available but the amounts ranged from $1.00 to $168.00 with the bulk under $50 each.

4. No, the investigation was carried to conclusion.

5. Claimants who were overpaid were required to make restitution. In a few cases other infractions were discovered as a result of the investigation and punitive action was taken with regard to them.

6. See answer to No. 5.

HOUSE OF COMMONS

Monday, April 20, 1959

The house met at 2.30 p.m.

RAILWAYS, CANALS AND TELEGRAPH LINES

Fourth report of standing committee on railways, canals and telegraph lines—Mr. Howe.

MOTIONS FOR PAPERS

PAINTING "THE ROAD"

Motion No. 53—**Mr. Murphy:**

For a copy of the minutes of the meeting of the trustees of the national gallery in 1923, relating to the purchase of the painting "The Road", by Karl Henry Ahrens, and also a copy of the record of the national art gallery showing in what places this painting has been shown since its purchase.

He said: Stand.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): I am willing to accept this motion.

Mr. Speaker: Does the hon. member wish to proceed?

Mr. Murphy: Stand.

Hon. Paul Martin (Essex East): There is no need for delay, Mr. Speaker, because the minister has accepted it.

Mr. Murphy: I am sorry; I did not hear the minister.

Motion agreed to.

CENTRAL MORTGAGE AND HOUSING—LEGAL AGENTS

Motion No. 83—**Mr. Argue:**

For a copy of any letters, lists or other memoranda sent to Central Mortgage and Housing Corporation by the Department of Justice since January 1, 1956, stating the names of legal agents that may be engaged by the corporation.

Motion agreed to.

PROTESTS RESPECTING TERM 29, TERMS OF UNION, NEWFOUNDLAND

Motion No. 85—**Mr. Pickersgill:**

For a copy of all communications received by the Minister without Portfolio from Newfoundland since March 25, 1959, protesting the announcement of the government regarding term 29 of the terms of union of Newfoundland with Canada, together with the replies thereto.

Right Hon. J. G. Diefenbaker (Prime Minister): My understanding of the practice is that when a minister does not have departmental responsibilities an order cannot be made; therefore I am opposed to the motion.

Mr. Speaker: Do I understand the right hon. Prime Minister correctly that he indicates opposition to the motion on the ground he has stated, but not on a point of order that the motion should not be heard?

Mr. Diefenbaker: Yes.

The house divided on the motion, which was negatived on the following division:

YEAS

Messrs:

Argue	Howard
Badanai	McIlraith
Batten	McMillan
Benidickson	McWilliam
Bourget	Martin (Essex East)
Brassard (Lapointe)	Martin (Timmins)
Cardin	Michaud
Caron	Mitchell
Carter	Nixon
Chevrier	Pearson
Crestohl	Peters
Dumas	Pickersgill
Granger	Richard (Ottawa East)
Habel	Roberge
Hardie	Tucker
Herridge	Winch—32.

NAYS

Messrs:

Aiken	Fairclough, Mrs.
Allard	Fairfield
Allmark	Fane
Anderson	Fleming (Eglinton)
Baldwin	Fleming (Okanagan-Revelstoke)
Baskin	Flynn
Bell (Carleton)	Fraser
Bell (Saint John-Albert)	Frechette
Bigg	Fulton
Bourbonnais	Grafftey
Bourdages	Green
Brooks	Grenier
Broome	Gundlock
Browne (St. John's West)	Hamilton (Notre Dame de Grace)
Browne (Vancouver-Kingsway)	Hamilton (Qu'Appelle)
Cadieu	Hanbidge
Cardiff	Harkness
Casselman, Mrs.	Hees
Charlton	Henderson
Clancy	Hicks
Coates	Hodgson
Comtois	Horner (Acadia)
Cooper	Horner (The Battlefords)
Creaghan	Howe
Crouse	Jorgenson
Diefenbaker	Jung
Dorion	Keays
Doucett	Kennedy
Dubois	Kindt
English	

Knowles
Korchinski
Kucherepa
LaRue
Legere
Lennard
Macdonald (Kings)
Macdonnell
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
MacRae
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McIntosh
McLennan
McPhillips
Mandziuk
Martel
Martineau
Martini
Matthews
Milligan
Montgomery
More
Morissette
Morris
Muir (Lisgar)
Murphy
Nasserden
Nielsen
Nowlan
O'Hurley
O'Leary
Ormiston
Pallett
Pascoe
Paul
Payne
Pearkes
Phillips
Pigeon
Pugh
Rapp
Rea
Regnier
Ricard
Robinson
Rogers
Simpson
Slogan
Small
Smallwood
Smith (Calgary South)
Smith (Lincoln)
Smith (Simcoe North)
Southam
Speakman
Starr
Stearns
Stefanson
Stewart
Taylor
Tremblay
Van Horne
White
Woolliams
Wratten—133.

CORRESPONDENCE RESPECTING PAINTING BY BREUGHEL

Motion No. 89—**Mr. Batten:**

For a copy of all correspondence, telegrams and other documents exchanged between any minister or acting minister, official of the government, director of the national gallery or any other official of the gallery on the one hand, and Baron Von Polnitz or any person acting on his behalf on the other, dealing with the painting "Landscape with Christ appearing to the Apostles" by Breughel.

Motion agreed to.

MINUTES OF MEETING RESPECTING PAINTING BY BREUGHEL

Motion No. 90—**Mr. Batten:**

For a copy of the minutes of any meetings of the trustees of the national gallery, relating to the painting "Landscape with Christ appearing to the Apostles" by Breughel.

Motion agreed to.

P.C. 24/3539, JULY 15, 1949

Motion No. 91—**Mr. Argue:**

For a copy of P.C. 24/3539, July 15, 1949.

Motion agreed to.

CHAIRMANSHIP, BOARD OF REFEREES, ROUYN DISTRICT

Motion No. 93—**Mr. Dumas:**

For a copy of all communications exchanged since July 1, 1957, to date, between the Minister of Labour or any officer of his department on the one hand, and any other person and organization on the other, regarding the chairmanship of the board of referees for the Quebec regional division (district of Rouyn, Quebec) under the Unemployment Insurance Act.

Hon. Michael Starr (Minister of Labour): I wonder whether the hon. member will agree to let this motion stand.

Mr. Dumas: Yes.

Motion stands.

BUSINESS OF THE HOUSE

REQUEST FOR STATEMENT ON LEGISLATIVE PROGRAM

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, a week ago I asked the Prime Minister a question regarding the legislative program for the rest of the session. He indicated then that he would look into the matter and hoped to be able to reply in a few days. I wonder whether the Prime Minister can say anything about this important matter at this time.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, apparently I do not have my notes on the matter with me, but I will reply tomorrow.

POLYMER CORPORATION

INQUIRY AS TO STRIKE SITUATION

On the orders of the day:

Mr. J. W. Murphy (Lambton West): Mr. Speaker, I wonder whether the Minister of Labour could bring the house up to date on the strike at the Polymer Corporation, Sarnia.

Hon. Michael Starr (Minister of Labour): The only thing I can say is that Mr. Frank J. Ainsborough of the Department of Labour was appointed on Friday as mediator in this dispute. Today he is in the process of arranging a meeting between the company and the union.

FINANCE

INQUIRY AS TO LOANS FOR CONSTRUCTION OF CURLING RINKS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to direct a question to the Minister of Public Works, and I must mention a most interesting coincidence. This afternoon, Mr. Speaker, while I address this question to the minister a former comrade of ours Mr. Percy North is in the galleries and will witness my interrogation and his explanation. I might say

that the last time we were together was during the battle of the Somme in 1916.

Does Central Mortgage and Housing Corporation or any other agency or department of government make loans to clubs or community organizations for the building of curling rinks?

Hon. Howard C. Green (Minister of Public Works): No, Mr. Speaker.

Mr. Herridge: May I ask a supplementary question. My question is based on a report in the Ottawa *Journal* of April 16 which mentions that the crown made a loan for the building of a curling rink at H.M.C.S. *Carleton.* Would that be the Department of National Defence?

Mr. Green: It certainly is not public works.

Mr. Herridge: Would the Minister of National Defence inform the house if this money was lent by the Department of National Defence?

Hon. G. R. Pearkes (Minister of National Defence): I will have to take that question as notice. I really cannot tell you whether or not the money was lent.

DEFENCE PRODUCTION

REPORTED STATEMENT BY U.S. DEFENCE SECRETARY ON PRODUCTION SHARING

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of National Defence. Is the minister aware of the statement reported in the *Financial Post* of April 18, in which it is alleged that the United States secretary of defence, appearing before a congressional committee, made a statement to the effect that Canada would get no defence contracts from the United States except for items to be used in Canada, and also to the effect that Canada would not be getting as much defence business and that the request made by Canada was a very modest one?

In view of the statements made by the Minister of Defence Production in the house and by the Minister of National Defence, himself, I wonder if the minister would be good enough to comment on these statements.

Hon. G. R. Pearkes (Minister of National Defence): I have read the statement in the *Financial Post* of April 18, and it refers to a meeting I had with the secretary of defence, Mr. McElroy, in Washington earlier this month. An identical question was asked by the hon. member for Ottawa West on April 9, and both these questions refer to the same meeting I had with Mr. McElroy. There is complete understanding so far as the United States officials are concerned as to Canada's position. I made it quite clear to Mr. McElroy and the other officials who attended that meeting that Canada would not be satisfied with a production-sharing program which was limited to those projects which were of purely Canadian interest.

Hon. L. B. Pearson (Leader of the Opposition): May I ask a supplementary question. If there is complete understanding between Mr. McElroy and my hon. friend on this matter, would the minister then urge Mr. McElroy not to make statements of the kind he is reported to have made to a congressional committee, which indicate there is a misunderstanding in somebody's mind.

INQUIRY FOR RETURN

ST. LAWRENCE SEAWAY—CLAIMS BY CONTRACTORS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of Transport. On March 9 motion No. 67 standing in my name was agreed to, calling for certain documents to be filed relating to contractors' claims for payments from the St. Lawrence seaway authority. This was some 42 or 43 days ago. I should like to ask the Minister of Transport if he would kindly advise the house and myself when the order for return is going to be filed.

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker, I wish to thank the hon. member for advising me of his intention to ask this question. I have spoken to the St. Lawrence seaway authority about it, and they have told me that considerable work has been entailed in preparing these answers. They expect to be able to provide the answers in the near future.

LABOUR CONDITIONS

BELL ISLAND, NFLD.—ASSISTANCE TO UNEMPLOYED MINERS

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): I should like to direct a question to the Minister of Labour. Has he seen the statement in the St. John's *Evening Telegram* of April 16 attributed to the minister from Newfoundland, to the effect that he saw no reason why Bell island ore mines should not be treated in the same way as Sydney coal mines? Is the government considering any action to avert the impending lay-off and consequent unemployment?

Inquiries of the Ministry

Hon. Michael Starr (Minister of Labour): The hon. member sent me notice of his intention to ask this question when I was sitting in my seat. This same problem has been of great concern to the hon. member for St. John's East, who has been in communication with me on a number of occasions. I am sorry to inform the hon. member that I have not seen this report in the St. John's *Evening Telegram* to which he refers, but I want to assure the hon. member that this problem, as many other problems, is being given very serious consideration. We are looking at the situation to see what can be done.

Hon. W. J. Browne (Minister without Portfolio): On a point of personal privilege, Mr. Speaker, may I say that I made no statement to the St. John's *Evening Telegram* on April 16. I have no recollection of any such statement at all.

COAL

REPORTED LAY-OFFS IN ALBERTA MINES

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I should like to direct a question to the Minister of Labour. I have been advised by the secretary of the united mine workers of America at Calgary that recently in the Drumheller area, namely at East Coulee and Drumheller itself, Murray Collieries Limited and the Midland and Hy-Grade mines have been closed as a result of dwindling markets for domestic coal, coupled with the constantly rising costs. As a result some 500 men have been put out of work in the Drumheller area, 300 men have been put out of work by the closing of Murray Collieries Limited, and approximately 200 by the closing of the Midland and Hy-Grade mines.

Has the minister received notice of the situation, and is any consideration being given at the present time to giving assistance to these men who cannot obtain employment elsewhere in that area?

Hon. Michael Starr (Minister of Labour): This is the first time this matter has been brought to my attention. I would appreciate it very much if the hon. member would give me more details so I could look into the situation and ascertain how it could be alleviated.

Mr. Woolliams: I shall be happy to do that.

IMMIGRATION

NEWSPAPER REPORT THAT RULING DRAFTED BY CIVIL SERVANTS TO EMBARRASS GOVERNMENT

On the orders of the day:

Mr. Hubert Badanai (Fort William): I should like to direct a question to the Minister of Citizenship and Immigration. Is the minister in a position to repudiate a charge appearing in the Toronto *Telegram* of April 16 that the recent ruling on immigration was drafted by civil servants to embarrass the government?

Mr. Speaker: The hon. member's question is simply a request to state whether or not a newspaper account is true, and that is not in accordance with the practice followed at this time.

Hon. L. B. Pearson (Leader of the Opposition): On a point of order, Mr. Speaker; you have ruled that the question which has just been asked is not quite proper. I wonder, with great respect, if it is not proper to ask this question of the minister and thus give her an opportunity of repudiating a charge against the integrity of the civil service?

Right Hon. J. G. Diefenbaker (Prime Minister): That statement on the part of the hon. gentleman answers itself. It is a ridiculous statement.

Mr. Pearson: This is not an answer to the point of order.

Mr. Speaker: The question was framed as an invitation to repudiate or deny the truth of the statement in a newspaper. We have followed the practice of not permitting questions of that kind to take up the time of the house at this stage.

Hon. Paul Martin (Essex East): Would it not be proper then for the hon. member to ask the minister if the story referred to has any foundation in fact?

Mr. Speaker: I think the hon. member for Essex East is in exactly the same dilemma with that question.

TRADE

PETROLEUM PRODUCTS—REQUEST THAT GOVERNMENT SPONSOR MEETING OF INDUSTRY

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce, but in his absence perhaps I could direct it to the Prime Minister. My question is, has the government received a request from the Canadian Petroleum Association to sponsor a meeting of the industry to consider present market problems? If such a request has been received, is it the intention of the government to sponsor such a meeting?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I will bring this to the attention of the minister and have a reply as soon as he returns

URANIUM—REPORTED STATEMENT BY U.S. ATOMIC ENERGY OFFICIAL

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in the absence of the Minister of Trade and Commerce I would like to ask the Prime Minister if the attention of the government has been drawn to a statement made by the director of the raw materials division of the atomic energy commission in Washington five days after the visit of the Minister of Trade and Commerce to Washington, to the effect that United States uranium imports from Canada will be cut down by more than two-thirds after June 30, 1962?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am not in a position to answer that question at the moment. I realize the situation in general with regard to uranium, as I am sure the hon. gentleman does, and also the difficulties which lie ahead. By 1962 we trust that steps will be taken in order to meet the needs of the two countries, and that agreements will be arrived at.

In so far as the dispatch is concerned, I would suggest that the question be directed to the Minister of Trade and Commerce, who has the fullest information.

SHIPPING

INQUIRY AS TO POSITION OF PILOTS ON GREAT LAKES

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I would like to direct a question to the Minister of Transport. I do so because I had the privilege of spending two days in Welland, where I was approached by a number of pilots. In view of the fact that the St. Lawrence seaway will be opened, I understand from the minister's statement, on April 25, and the pilots there do not know whether or not to report to work or what their position is, can the minister make a statement as to the position of these pilots when the seaway opens?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, if the pilots concerned will get in touch with the closest pilotage office under the operations of the Department of Transport they will be advised what the regulations are regarding their particular case.

CANADA SHIPPING ACT—STATEMENT ON CONSULTATIONS WITH U.S. ON PILOTAGE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Transport. Now that he is back from Washington, where he made certain representations in connection with the legislation to amend the Canada Shipping Act, is the minister in a position to make any statement arising out of his visit?

Hon. George H. Hees: Yes, Mr. Speaker. I spent last Thursday and Friday in Washington, where I met the secretary of the treasury and senior representatives of the various departments and agencies concerned with pilotage matters on the great lakes and discussed these matters. After my meeting with Mr. Anderson, the United States secretary of the treasury, we issued the following statement:

> We met today in Washington to discuss the question of pilotage on the great lakes and further consultative meetings will take place at the staff level with a view to working out co-operative arrangements for pilotage.

Further consultations on these matters are continuing this week at the official level between Canadian and United States representatives in Washington. I might say that today these consultations have resumed. I believe that satisfactory progress has been made in this matter, and I will be prepared to make a more detailed statement in connection with the bill to amend the Canada Shipping Act at the appropriate time.

EXTERNAL AFFAIRS

WEST BERLIN—SUGGESTION BY CANADA AS TO UNITED NATIONS ROLE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I would like to direct a question to the Prime Minister; I regret I was unable to send him notice. My question arises out of his statement of April 17, as to Canada's position that the United Nations should be asked to play a useful role with regard to the Berlin problem. In view of the reported rejection of the United Kingdom's position, is the Prime Minister able to say whether the very useful and important proposal which he put forward has met with success?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think the hon. gentleman will agree that it would not be very helpful at this time to comment on the various plans and possibilities which are under study by the various powers. I do not think I could go any further at this time. I feel that possibly later in the week, if the hon. gentleman chooses to bring the question again to my attention, an answer might be forthcoming; but at the moment there is nothing I could add which would be of benefit.

Inquiries of the Ministry

NATIONAL DEFENCE

REPORTED BAN ON PHOTOGRAPHING DESTRUCTION OF PARTLY FINISHED PLANES

On the orders of the day:

Mr. Hubert Badanai (Fort William): Mr. Speaker, I have a question for the Minister of National Defence. Is it a fact that photographers are prevented, on grounds of military security, from taking pictures of welders destroying six partly finished Arrow interceptors?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I have no knowledge of any such order having been issued.

REPORTED PURCHASE OF EQUIPMENT FROM FRANCE

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I would like to direct a question to the Minister of National Defence. Would the minister state whether or not it is correct that Canadian armed forces are acquiring certain equipment from France; and if so, was any endeavour made to have this equipment produced in Canada under licence?

Hon. G. R. Pearkes (Minister of National Defence): I presume the hon. member is referring to the ground to ground missile which is known as the SS-10 and SS-11. This is an anti-tank missile which has been produced for the French army. Canada is acquiring two control units and a very limited number of these missiles for trial purposes. If the trials prove successful and there is a requirement for this particular type of weapon in the Canadian army, I have every confidence that they could be manufactured in Canada.

CANADIAN RADIO PATENTS LIMITED

INQUIRY AS TO PROTEST AGAINST U.S. ANTI-TRUST SUIT

On the orders of the day:

Hon. Paul Martin (Essex East): I would like to ask the Prime Minister if the Canadian government has made any formal protest through diplomatic channels to the United States government against its anti-trust suit involving Canadian radio and television manufacturers, or was the protest made only in the conversations between the Minister of Justice and the attorney general of the United States?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I cannot give that information at the moment. The hon. member will realize, on the basis of his own experience, that a question such as that cannot be answered off the cuff.

[Mr. Diefenbaker.]

SPORTS

WINNING OF SENIOR BASKETBALL CHAMPIONSHIP BY ALBERTA CHINOOKS

On the orders of the day:

Mr. D. R. Gundlock (Lethbridge): Mr. Speaker, I rise on a point of privilege. May I call the attention of this house to another invasion from the west. The southern Alberta Chinooks senior men's basketball team from the premier section of the dominion have just taken home from Ottawa the senior men's A championship, and may we add our congratulations.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Friday, April 17, consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson.

(Translation):

Mr. Augustin Brassard (Lapointe): Mr. Speaker, when the house adjourned last Friday night, I was telling about the altogether deplorable unemployment situation in my constituency and in the whole Saguenay-Lake St. John area in general. Unemployment is so serious in my constituency over the whole neighbouring area that municipal authorities, local organizations, local boards of trade as well as the Saguenay-Lake St. John local of national unions felt alarmed about it and formed a "regional committee against unemployment", of which Dr. Henri Vaillancourt, mayor of the city of Jonquiere, is the distinguished president.

Last Wednesday, April 15, the representatives of that committee met with the premier of the province of Quebec and asked him to consider the number one problem of our region, unemployment. Incidentally, Mr. Speaker, today is the premier's birthday and I want to join with his friends to extend to him my best wishes for a very happy birthday. Now that I have done my duty in the matter of etiquette, I shall go on with politics.

Mr. Speaker, I have never spoken in this house of what goes on in Quebec. However, because of the great significance of the matter for the unemployed in my riding and in the surrounding area, I think I have the duty and responsibility to refer to it today, at least with regard to the requests submitted to the premier and his answer to them.

The brief mentioned that at this moment there are in our area some 16,875 unemployed householders with dependents. It states too that a survey has shown that nearly 66,200 people, out of a total population of 250,000 are adversely affected by the lack of employment. The brief also points out that one of our householders is at present unemployed.

The committee members made several constructive suggestions to the premier. Now I know that those who volunteered to look into that serious matter in order to help the unemployed gave it much of their spare time.

Let me refer here only to those suggestions which might interest the federal government. In the first place the premier was asked—and I quote from the brief:

> To see that Quebec is given an opportunity to avail itself of the federal government's offer in the matter of unemployment assistance and to accept Ottawa's co-operation in building access roads to mining areas.

For my part, I have repeatedly pointed out to this house that Quebec is the only one of Canada's ten provinces which is not participating in the unemployment assistance plan introduced in 1956 by a Liberal government. Of course, the chief weakness of the plan is the fact that it was adopted by a Liberal administration and by the very fact, is in violation of Quebec autonomy. Mr. Speaker, not only are the people of Quebec deprived of unemployment insurance benefits, but, through their income tax and other taxes of all kinds, they contribute to the payment of that special financial assistance which is being distributed in the nine other provinces of Canada, in order to help the unemployed who are not or have ceased to be entitled to unemployment insurance. It is not, as I said here previously, that I am jealous of my fellow citizens in other provinces who do enjoy those benefits, but I wish my fellow citizens from Quebec could recover at least a small part—however slight—of the hard-earned money they pay over to the federal government. That financial assistance would be particularly welcome at this time, in my area, because so many of our unemployed do not now get the benefits. Besides, we are very anxiously hoping the government will soon submit its proposed amendments to the unemployment insurance act, so that we might see whether it will give due consideration to the many unemployed who no longer get unemployment insurance benefits or will stop getting them as of May 15 next. What does the government propose to do for those people who will not qualify for unemployment insurance benefits next fall and next winter, and who are now out of work? Will the government evade the issue and tell us that unemployment is decreasing, or will it dare repeat to our faces, with all the cynicism and irony characteristic of certain government members, the words spoken to the Canadian people by the Prime Minister during an evening television broadcast on February 18, 1958, as reported in the Montreal *Star* of the following day, and I quote:

(Text):

> "As long as I am Prime Minister of Canada," he said in a live telecast, "everything that can be done, everything without regard to limit, will be done to the end that no one shall suffer."

(Translation):

Everybody knows that, at the time during the last election campaign, the Prime Minister was speaking of the unemployment problem in Canada. That solemn declaration, that official commitment on the part of the first citizen of our country, if considered in the light of what is happening in Canada today, can only induce the people of Canada to lose faith in their public men. It is by dint of saying or promising something, and then not doing it at all or half-doing it, that public men end up by destroying the confidence the people had put in them. A great many people today look upon politics as a rather queer galley, and that is the very reason why many good men refuse to have anything to do with it. Should the situation deteriorate, it could, without the least possible doubt, lead to excesses that everyone would bitterly regret.

Mr. Speaker, in addition to asking the premier of Quebec to allow our province to enjoy the benefits of unemployment assistance, the representatives of municipalities and public bodies also urged him to accept co-operation with Ottawa with regard to the establishment of access roads to certain mining areas. This is another case where my fellow citizens from Quebec are paying for something enjoyed by other provinces, and this time something that does not bear the stigma of having been proposed by a Liberal administration. On behalf of a very large number of my constituents—the majority, I would say—I ask the government to confer with Quebec provincial authorities in order that my fellow citizens of Quebec may at least profit from a small fraction of the millions of dollars they are paying in taxes of all kinds to the federal government.

The Quebec premier's reply to the members of the local committee on unemployment assistance gave little cause for hope; I would say it was similar to the reply made by the Prime Minister of Canada last fall to representatives of municipalities, when after a lengthy speech, he finally told them: "Go back to your homes, our commitments are too heavy". He did not seem to have called the conference to find a real solution to the many problems of municipalities, but rather for the purpose of keeping at least one of his many promises.

It was his own peculiar way of respecting the autonomy of municipalities which exist only by provincial government proxy and which, constitutionally, are unknown to the federal government. Those "daughters of the provinces", if I may use the expression of Quebec's premier, were standing there, shy and trusting before the Prime Minister of Canada, in the absence of any representative of their mothers, the provinces.

The premier of Quebec gave some of his reasons for his inability to do anything, then he seemed to seize the opportunity of aiming a shaft at his Quebec friends in Ottawa, as if he wanted to encourage them to speak his language here in this House of Commons. As a matter of fact, Mr. Chairman, I would like to read out to you a paragraph—only the first paragraph—of the interview reported in the Toronto *Globe and Mail* of April 16, and I quote:

(Text):

Premier Duplessis moved one step closer to an open rift with the Diefenbaker government today when he charged that the new federal Conservative government has been no better than previous administrations in stealing Quebec's fiscal rights.

(Translation):

Such a statement, Mr. Speaker, may seem strange if compared to another declaration, that of the Hon. Antoine Rivard, as published in *L'Evénement* of March 21, 1958. The minister happened, entirely by chance, to attend a meeting of the federal Conservative candidate at Notre Dame des Laurentides, near Quebec. This is what he said:

"I am independent of federal parties, but I must be fair. And in all fairness, I must say that, in the past 10 months during which the Conservative party has been in power, we have advanced further in the recovery of our powers, in the protection of our freedoms and the defence of our rights, than during the 22 years of Liberal rule", said the hon. Antoine Rivard—

How can such contradiction be explained? Well, there is only one explanation: everything depends on timing, that is whether a speech is made before, during, or after an election.

Besides, this is also the present policy of the federal government. In fact, the Minister of National Revenue (Mr. Nowlan) implicitly confirmed that approach when he stated, in a somewhat puerile speech, that after all election promises should not be taken too seriously. Another childlike statement which I should like to point out to the house is the one also made by the Minister of National Revenue in the same speech when he said, as recorded on page 2626 of *Hansard*:

If that disastrous event should come about, I am sure both the Minister of Finance and the Prime Minister would be willing to start smoking cigarettes and drinking whisky to save the economy, but I think we need have no fear of such a catastrophe occurring—

I feel that such maturity of mind makes him fully competent to step into the shoes of the Minister of Finance. All that, Mr. Speaker, inclines me to read, with much hesitation I admit, to my colleagues of the house, the text of an intelligence test given to all candidates wishing to officially enter the ranks of the Conservative party. That text, which I took from the Vancouver *Sun* of April 11 last, reads as follows:

(Text):

Spring, 1959, Intelligence Test for Conservatives:

Examiner: So you want to be a Conservative. Let's hear you answer a few basic questions—Describe in your own words, "the Fleming budget."

Candidate: It is a courageous document.

Examiner: Tell me now—what caused the federal deficit?

Candidate: The discredited Liberal administration.

Examiner: If someone said to you that dynamic John Diefenbaker ever promised to reduce taxes what would be your response?

Candidate: I'd say it was a dirty opposition smear.

Examiner: Actually, have the Conservatives raised the taxes?

Candidate: Anybody who does not pay taxes will not pay a cent more than before.

Examiner: What is the cause of this inflation that we hear about?

Candidate: Inflation is caused by the opposition parties.

Examiner: Is there much unemployment in Canada today?

Candidate: Statistics show that more Conservatives are working today than for years.

Examiner: Outline, in a few words, the Conservative government's policy on agriculture.

Candidate: The Conservative government has adopted a hands-off policy on agriculture. They are allowing the farmers to lay off their hands.

Examiner: Is the dynamic Diefenbaker government keeping its pledge to stand up to America?

Candidate: Our government has adopted a new policy. Instead of standing up to the Americans we are standing up for them.

Examiner: What do you think is the best weapon for Canada's air defence?

Candidate: I have not yet seen this afternoon's dispatches from Washington.

Examiner: My boy, you've passed! You're a Conservative.

(Translation):

In other words, Mr. Speaker, the major concern and by far the most characteristic obsession racking the great majority of Conservative minds—there are, fortunately, a few exceptions—is the constant craving for politics, and only politics. Are they so much to blame, after all, to desire to become the worthy followers of their leader who surpasses them all, and who keeps on giving them each day eloquent lessons on the matter, even in this house?

Mr. Speaker, I believe it is the umpteenth time that I have heard the hon. member for Roberval (Mr. Tremblay) give us one of those soliloquies which characterize him so well. I fully understand, as we all do, I believe, how anxious he is to attract the attention of members of the government and of the Prime Minister in particular, and especially in case the latter, in order to act quickly, should decide to appoint the parliamentary secretaries before 1961.

My hon. friend will perhaps allow me, however, to invite his reflection on a thought which could, in any case, be very healthy for him in the seeking of the objective which haunts him and which prevents him from sleeping soundly. I refer to a sentence by Carlyle, a Scottish writer, historian, critic—

Mr. Martin: And Liberal.

Mr. Brassard (Lapointe): —moralist and humorist at times, who lived in the 19th century. Oh! I have no doubt that the precocity and constant erudite concern of my hon. friend will have made him discover, even in his very young kindergarten days, that ravishing pearl, very ravishing indeed, which I shall recall, without unduly prolonging his cruel waiting, to his always respondent intelligence:

But I want to be kind to my hon. friend; so I will not let him wait until tomorrow to satisfy his quite legitimate curiosity by consulting the French *Hansard* in order to find out what my lingo means. I will try then to give him right now—not the best, for I know too well the requirements of my learned colleague—but the less peculiar translation possible, which is approximately, in my own poor language, at least, as follows:

(Text):

God gave you that gifted tongue of yours,
And set it between your teeth,
To make known your true meaning to us,
Not to be rattled like a muffin man's bell.

(Translation):

And now, Mr. Speaker, let us go back to more serious matters, in a language that everybody will understand.

I could give many examples to illustrate what I just said. However, I will be satisfied to quote but two remarks that were made here last week by the Prime Minister. On April 13, according to page 2608 of *Hansard*, the Prime Minister said to the hon. member for Ottawa West, (Mr. McIlraith):

—Whom the former administration put and kept in a position of subservience—

On April 16, answering then a question politely put to him by the hon. member for Toronto-Trinity (Mr. Hellyer), the Prime Minister said, according to page 2738 of *Hansard:*

Mr. Speaker, the hon. gentleman having occupied a portfolio in the last government in the days between April and June—

Mr. Speaker, that is the type of entirely personal remarks that the former prime minister, the Right Hon. Mr. St. Laurent, would never have made; he had a high degree of respect for the human person, and was much too conscious of the dignity of his position, as first citizen of the country, to indulge in any type of pettiness.

Moreover, the Prime Minister knows full well that the hon. member for Ottawa-West is a former parliamentary assistant. If, in using the expression "position of subservience" the Prime Minister is revealing what he truly thinks of the position of parliamentary assistant or secretary, this is hardly a compliment to those who are preparing or yearning for such an inferior job. Furthermore, the Prime Minister's actions in this regard are another proof that he considers the position of parliamentary secretary as an inferior job. As further proof of this, I need only to say that over a year has elapsed since his government was re-elected, and the Prime Minister has not deemed it advisable or important to fill the vacancies. Moreover, the appointments will be for one year only as, though to imply that the people appointed need not—

(Text):

Mr. Speaker: Order. May I remind the hon. member that we had a debate on this subject in this house not so long ago.

(Translation):

Mr. Brassard (Lapointe): Thank you, Mr. Speaker.

In any event, such statements made by the Prime Minister of Canada in this house are somewhat disappointing, coming from a man whose high office should raise him above party considerations. Why does he not leave such

tasks to other Conservative members? There are some who are extremely well qualified in this field. To use an expression that is dear to the heart of the Prime Minister "the old glory of parliament" does not lie only in a bill on human rights, nor in a proposal for the abolition of the closure procedure, a matter which, incidentally, is no longer being mentioned.

The main point I wish to stress is that, during the period in which I served as a federal civil servant before being elected in 1957, I never heard the Right Hon. Mr. St.-Laurent cast personal aspersions on anyone who approached him, or try to humble them. His first and foremost interest was in directing the country's course.

Some hon. Members: Hear, hear.

Mr. Brassard (Lapointe): As far as he was concerned, the people of Canada always came before members or friends of the Liberal party; the interest of the country had precedence, and by a wide margin, over the interest of the party. He was at the same time head of the government and leader of the Liberal party, but he devoted 99 per cent of his time to the business of the country, occasionally accepting representational functions. He was devoted to his heavy administrative duties to such a point that he was criticized for not being enough of a politician. Even during election campaigns, he never indulged in extravagant promises just to get votes. He was a devotee of higher politics, the first citizen of the country, a statesman, maybe one of the most prominent and respected Canada ever knew. He did not make Canadians pay for his "vision" but just the same the whole nation benefited greatly from his greatness. He was not a man who considered only immediate results of the moment whenever he had to take a decision that could have important effects for Canadians; he would consider the whole area.

In 1955, just over six years after assuming the administration of our country, and after repeated invitations, he made his trip around the world. He was then 74 years old and indeed, it is not for the sake of pleasure or to avoid his task, and much less for the sake of publicity, that a man of his age undertakes such a tiring trip. So, his health was greatly affected by this exertion and I wonder if he ever completely recovered from the fatigues of that journey.

Wherever he went, thanks to his simple dignity, his poise, his skill, his modesty and perfectly balanced judgment, he added great lustre to the reputation of this country, of which he was indeed the first citizen. If Canada now enjoys that enviable prestige all over the world, it is mostly due to the Right Hon. Louis St. Laurent. It is also due, and certainly to no lesser extent, to that man who directed, with unmatched competence for nearly nine years, our Department of External Affairs, the hon. member for Algoma-East (Mr. Pearson), the leader of the Liberal party, who more than anyone else, in his functions, helped Canada attain, among the nations of the world, a rank held by very few countries of 17 million inhabitants.

It is precisely men of such mettle who are lacking in the Conservative party to direct our affairs today.

Precisely men like Right Hon. C. D. Howe, who is being criticized by many birdbrained people who do not know that Right Hon. C. D. Howe will occupy a select place in the gallery of the great builders of Canada. He had faults, I agree; he made mistakes, of course—political mistakes, I mean—but where is the serious and objective mind who will dare question his immeasurable contribution to the expansion and good administration of Canada during those twenty-two years in which he held office in successive Liberal administations? Besides, after his defeat, newspapers in the country were unanimous in paying tribute to the gigantic work he had done in those twenty-two years of political life, at the service of his fellow-Canadians. It is such a man, or men like him, I repeat, that the Conservative government urgently needs today.

The former Liberal team has been upbraided for having managed this country the way businessmen do, but, to say the least, in all that period which some fanatics still attempt to decry, Canadians knew where they were going, the country was sound and in good hands; nobody feared those chaotic business conditions that, today, brand as incompetent an administration playing at politics in a "mock parliament".

Some hon. Members: Hear. Hear.

Mr. Brassard (Lapointe): The Leader of the Opposition has the mettle of Right Hon. L. S. St. Laurent, and you will never hear him express any inconsiderate criticism, of the kind I heard when some members of this government were sitting on this side. The Leader of the Opposition will never yield to the temptation of making the type of criticism which

betrays irresponsibility, because he himself knows what it is to administer a country. No, Mr. Speaker, I am not ashamed to belong to the Liberal party—

Some hon. Members: Hear, hear.

Mr. Brassard (Lapointe):—a party which has been defeated and decimated. As the Right Hon. Mr. St. Laurent said on television on the night of June 10, 1957:

What is good for Canada is also good for the Liberal party.

Canadians had the right, after 22 years, to change their minds when faced with all the extravagant promises that were made to them. They must have learned for themselves whether they have changed for the better. The test is beneficial since it gives the Liberal party the opportunity to regenerate and to renew itself. To those who think that our group is not large enough to return soon to the other side, I will mention two facts, and only two: first the June 10, 1957 election has proved that public opinion can change very fast, and second, on the eve of the same 1957 election, the Conservatives had but some 50 members in the House of Commons.

Mr Speaker, the Prime Minister and all his candidates made great promises to the people of Canada in the 1957 general election. We see now what is happening to those promises.

They promised to settle the unemployment problem, and the problem of federal-provincial relations; they promised to find new markets, new outlets. They made all kinds of promises. The Prime Minister, who had heard C.C.F. and Social Credit candidates making promises that were as extravagant as his own, if such a thing is possible, made a statement in this connection.

Mr. Speaker: I regret having to interrupt the hon. member, but I must tell him his speaking time is over.

(Text):

Mr. Heath Macquarrie (Queens): Mr. Speaker, I am glad to have the opportunity to participate in this interesting debate. There are some who observe that the budget debate is not a very interesting performance. Sometimes the members of the press gallery indicate that, and occasionally even members of the house so intimate. Frequently, however, one notices the latter point of view emanating from those who do not participate in the debate!

The opportunity to congratulate the Minister of Finance is one which I welcome most heartily. He deserves great congratulations for the brilliancy and incisiveness of his splendid budget address and I believe, too, for the realistic appraisal of the economic state of the nation which he made some few nights ago. I believe that already his performance in this most onerous office in these most difficult times rates him with the great finance ministers of our nation's history, men like Fielding, Sir Thomas White and E. N. Rhodes.

The budget as the Minister of National Revenue pointed out, is perhaps a not overwhelmingly popular document, yet it is one that is being accepted realistically by the Canadian people. It is encouraging to note that it has won widespread approval from many economists in universities and various business bureaux, men who are specialists in the field of fiscal operations on the governmental level. There is a pretty general consensus that this type of budget was just the sort which was required for this particular phase in our nation's economic health.

I would be making no startling pronouncement if I said I am not one of those who rejoices over the contemplation of increased taxes, even the moderate increases that have been provided. But these are things which at this stage we must accept. It was Oliver Wendell Holmes who said some years ago that taxes are what we pay for civilized society. It seems we now live in a phase in our history, as my colleague the Minister of Fisheries pointed out the other day, when as the years go by the role of government in our daily life increases and, of course, as government grows the cost increases proportionately.

I am not one who is terribly alarmed about this development. I am not sold on the idea that the word "Conservative" and the word "reactionary" mean one and the same thing. I think if we look back on the history of Canada we will find that the extension of governmental operations dedicated to the welfare of the people has been carried on by parties of both labels which have held power in this country.

Looking over the program, projected and completed, of the government which I am proud to support, I see no place where I would suggest that a certain project or expenditure be blotted out or withdrawn. The programs that have been advanced in the interests of national development have served and will serve a very useful and valuable purpose not only in long range national development but, in the short run, in that important objective of cutting down the unemployment which the government faced early in its career for reasons that have been discussed many times in this house. The estimates, for instance, for the little province of Prince

Edward Island, from which I come, are the largest on record. They represent assistance which will benefit directly or indirectly all the people of our province.

In considering questions of national development it is perhaps not surprising that I should focus my attention on one particular area, the maritime provinces. In the maritimes since our entry into confederation we have had many problems to deal with, many difficulties to surmount or at least to attempt to overcome. Some of these were imposed by geography, some by topography and some were aggravated and I am afraid augmented by confederation.

One of the most urgent of these, of course, is the problem of transportation. I suppose a railway timetable is not a usual reference paper in this house, but I should like to direct hon. members' attention to one little item which may graphically demonstrate some of the aspects of our transportation problems. If one looks at the railway timetable covering service between Ottawa and Montreal he finds therein that the railway lists a distance of 117.6 miles, and the Canadian National can make the trip in two hours. If he looks at the railway timetable for the run from the great railway centre of Moncton to the city of Charlottetown, the cradle of confederation, he will find that the railway lists a distance of 126.8 miles, and that the time for the trip from Moncton to Charlottetown is six hours and 20 minutes. Going the other way it is much faster; the trip is made in 6 hours and 5 minutes! I think that demonstrates graphically that we have a legitimate complaint when we make comparisons with respect to the transportation situation.

But one part of the trip from Moncton to Charlottetown is the water link between the province of New Brunswick and the province of Prince Edward Island, and I should like to devote some few minutes to that. Last week I made a short, quick trip to Prince Edward Island. On the way back on Thursday morning I encountered a situation which most certainly underlined for me the transportation problem that we in Prince Edward Island face. On arriving at the terminal at Borden, P.E.I. I found that no automobiles could be transported across the strait because that gallant old ferry, the *Prince Edward Island,* had suffered propeller trouble and was not able to leave the dock all day. Thanks to Maritime Central Airways, the one bright spot in the transportation system of the maritimes, I was able to get over to Moncton and back to Ottawa.

I must say that the officials of Canadian National Railways put forth their very best effort and the next day the *Prince Edward Island* was in operation again. On Thursday, the day the accident occurred, the ancient ship *Scotia* was again brought into service and made some trips. But for some considerable time the province of Prince Edward Island was isolated as far as automobile traffic from the rest of Canada was concerned. This occurred because our No. 1 ferry, the *Abegweit,* was in drydock in Montreal for spring refit.

Three times in the last year the *Prince Edward Island* has suffered a complete breakdown and has not been able to operate on her usual run. Everyone knows that the No. 1 boat, the *Abegweit,* may at any time suffer some mechanical disability, as happens to any automobile, train or boat, and when that occurs the people of Prince Edward Island are dependent upon a very old boat which is displaying its inability to cope with the demands now being made upon it.

Down through the years this chamber has heard my predecessors from Queens and the predecessors of my colleagues from Prince Edward Island deal with the subject of communication between Prince Edward Island and the mainland. Indeed, as is known by all, Prince Edward Island was one of the colonies which were reluctant to enter confederation. For six years we demurred at becoming a part of confederated Canada. It was believed that the position of the province as an island isolated from the rest of the country and as a smaller province made for a different set of circumstances, and that our interests would not be altogether identical with those of the larger provinces to the west.

To mitigate against our separation and insularity great emphasis was placed upon the matter of communication. A situation was to be created whereby we would get all the benefits of a direct link with the Intercolonial and other railways which were being projected at the time. The disadvantages of our isolation were to be overcome, and on that basis the colony of Prince Edward Island entered confederation in 1873. The terms of our agreement are precise on this question, and I quote from the 1873 agreement:

> The dominion government shall assume and defray the charges of efficient steam service for the conveyance of mails and passengers, to be established and maintained between the island and the mainland of Canada, winter and summer, thus placing the island in continuous communication with the Intercolonial Railway and the railway system of the Dominion.

I might say that last Thursday I found the communication neither efficient nor continuous! Down through the years there has been much dissatisfaction about the implementation of these terms, much hardship and, indeed, at times in the older days

actual suffering on the part of the people of my province in trying to make this connection with the rest of Canada. For years there was talk of a tunnel, and a survey was actually made during the administration of Sir John A. Macdonald. Boats were provided, but never did they seem to be adequate. In 1911 Mr. Robert Borden, leader of the Conservative party, came to the town of Summerside and said, "If you elect me prime minister of Canada you will get a car ferry." That promise was faithfully kept. The car ferry was built, and in his honour the terminal on Prince Edward Island was called Borden. This boat, built well over 40 years ago, is the one to which I made reference a moment ago. It has been crashing back and forth through the heavy ice of Northumberland strait for well over a generation. This splendid boat has been a credit to the fine Scottish shipyards which produced it, but it should have long since been put into an auxiliary role instead of being retained as one of the main links in this most important communication area.

There is still a feeling in the province of Prince Edward Island that we have not yet obtained the proper type of communication contact with the mainland. We do not talk about tunnels in this modern age but as this house has heard before we are very concerned, and very hopeful, that the final fulfilment of the confederation terms will be granted through the construction of a causeway which will provide continuous communication with the mainland. We rejoice that the government has taken such an interest in this project and has carried out such an extensive and, I believe, thorough survey of the whole problem connected with building the causeway.

Mr. Crestohl: What will it be named?

Mr. Macquarrie: I think there are many prospects in that connection, Mr. Speaker. We could, perhaps, make use of the names of a great many people who would be involved. Prince Edward Island would be very generous in the naming of it, if it emerged as an actuality. We look forward, in any event, to the tabling of the report on the causeway. It is our fervent hope that as a result of the report the government will have reason to believe that the project is feasible and will move forward to accomplish this final step in bringing this old island province into the kind of communication pattern for which it has sought so long.

I think I would not be guilty of excessive partisanship or of revealing a lack of realism if I were to say that this government has already demonstrated to Prince Edward Island an awareness of the needs of the island and a regard and consideration for its difficulties. This would lead one to believe that a government of this type, with a truly national view, would proceed to build a causeway for the province if it were technically feasible, to the advantage of the maritime region and Canada.

However, Mr. Speaker, I would not be covering this whole question if I stopped there. It would take some years, with the best engineering skill, to build that causeway. There is at this time an immediate problem, and important problem. We are hoping to see the causeway built, but I think this transportation situation at the present time has two important aspects. The first one is that the boat, the *Prince Edward Island,* is old and should have been replaced or augmented a good many years ago. The second aspect is that both the *Prince Edward Island* and the *Abegweit* cannot cope with the summer traffic which every year brings thousands and thousands of tourists to the beautiful province of Prince Edward Island. This indicates that there is much wisdom in every part of the world, very good judgment and taste. The demand for tourist accommodation is rising year by year. There is no place in which these tourists are more welcome than in Prince Edward Island.

We are very much concerned about the fact that we cannot get these people over fast enough, and that from time to time there are long lines of automobiles anxious to get across to the province. These boats now have to work under forced draft to accommodate these people. Until a causeway is built, if it is built and we hope it will be, immediate and interim action must be taken to provide another boat. Suggestions have been made to the Minister of Transport (Mr. Hees) that this boat might be purchased outside of this country. I am not alone on this matter. All Prince Edward Island members are deeply concerned, thoroughly aware of the problem, and most anxious that the province's transportation be upgraded to meet modern conditions. I do not bring this problem forward as a humble suppliant for favours and certainly not in any posture of threat or club-wielding admonition. We in Prince Edward Island have scarcely the strength to take the latter position and certainly are not of the temperament to take the former.

On a basis of simple justice, as an appeal to the most helpful and understanding dominion government that Prince Edward Island has ever had, I put forward this case, just as my colleagues and I have in recent months to the minister concerned. We expect that our just cause will be fully and

properly dealt with and that, as with the Borden government of old, the Diefenbaker government will move quickly and effectively to meet the vital needs of this great province of Prince Edward Island.

Mr. Speaker, there is a temptation for one to devote himself to matters concerning only his constituency. I was impressed with the remarks by the hon. member for Colchester-Hants (Mr. Kennedy) the other day when he spoke about his own reluctance to speak often, and then when I heard him describe the glories of Colchester-Hants I felt I was like him in that connection. Although the temptation is there, I should like to just direct a few thoughts to a subject which was discussed the other day by the hon. member for Vancouver Centre (Mr. Jung). He spoke about some of the economic aspects of Canada's position in the outside world. Certainly, I am not going to discuss such things as the Berlin crisis, which would not be appropriate at this time, and which I know are receiving attention of the ministry and absorbing the interest of all hon. members. There are two areas of what we might describe as external outreaching which I think that Canada, in its present position, might well explore a little farther.

I have been interested for some years in the Latin American area. In recent years Canada has strengthened its trade links with this part of the world. Recently new ties have developed in the West Indies federation. I know all members hope that these ties will be strengthened and relations will grow more friendly as the years progress. In this western hemisphere there is an old regional agency, the Organization of American states, which was founded in 1890. In the early days Canada could not become a member of this great body because we did not have jurisdiction over our foreign policies. Indeed, we would not have been too warmly welcomed by one of the great member nations immediately to the south.

But modern times have brought changed conditions and Canada is most heartily welcome at the present time. There is every evidence of that. I believe it would be a most valuable step, considering the present world conditions, if Canada moved to make complete the hemispheric solidarity in the western hemisphere and become a member of this very successful international organization, the organization of American states. We have much in common in the diplomatic field with its members, and I think our role could be not only a useful one but an important one, indeed perhaps great.

Then there is an area which today finds many changes coming in rapid succession. On the great continent of Africa we find that the tide of nationalism rises faster today than it did in Asia, which event itself seemed to be just yesterday. In the United Nations we find that there are many new members about to enter that body. These come from the great and long-silent continent of Africa. I am sure we all remember that in our school days when we looked at the map of Africa we found if we wanted to trace the political status of certain areas we had to look at the map of Europe, where we could find the same colouring. Practically every part of Africa was a colonial state of some European country. In my school days there were only two independent countries, Ethiopia and Liberia, two small areas in a total continent of subjection and dependency. Yet now we find things changing, and changing very rapidly; indeed, so rapidly that there are political, social and economic ramifications of considerable disturbance. But these changes are bound to come. They are inevitable; they are irrepressible. The importance of these changes cannot be underestimated by a country like Canada which has been so successful in carrying its burden in world affairs and which has built up over the years such a fine reputation in the international field. I can but hope that Canada will move toward the realization of greater interest in this area and that our Department of External Affairs will expand in this part of the world and we will have more listening posts and greater awareness of this great continent, of its needs, of its interests, and of the burning desires of its people at the present time when they find themselves emerging into the field of national sovereignty and autonomy, with all its changes, responsibilities, difficulties and problems. I believe that Canada, with its great reservoir of goodwill and very fine staff of diplomats, in its splendid external affairs department, can do much to reach out to the peoples of Africa in these days when their disposition on questions of international diplomacy are of such great significance, and may tomorrow be even vital.

Perhaps with the great crises of international affairs which come upon us from day to day it is difficult to take a long range view. Certainly in these crises it is not so easy for Canada to play a commanding part, although we always, I hope, play an important one, but in some of these long range considerations I believe our role could be potentially greater perhaps than that we have yet played, thus enabling us to further the fine performance which we have to our credit.

Hon. Paul Martin (Essex East): Mr. Speaker, I am sure that the hon. member for Queens (Mr. Marquarrie) will agree with me that it is desirable at the earliest moment possible for the government, through the Prime Minister

(Mr. Diefenbaker), to make an appointment in succession to the late and much respected secretary of state for external affairs. The hon. gentleman's interest in foreign affairs I know would justify my assuming that he would readily concur in this suggestion. The other day I addressed a question to the Prime Minister and asked him if he thought it was in the national interest to delay the appointment of a new secretary of state for external affairs until such time as all matters having to do with the budget had been completed in this house. The Prime Minister's irrelevant reply was interesting and is a matter of record, but it did not answer the question which I put to him. I therefore suggest to the Minister of Finance (Mr. Fleming) that he might pass on to the Prime Minister the suggestion which I make on behalf of this group, that if the appointment of the new minister would be facilitated by this house dealing with all matters having to do with the budget at the earliest possible moment, he may be assured of that co-operation.

This is an all important matter, as the Minister of Finance, who sombrely looks at me now, will be the first to realize. This is a matter involving the appointment of the secretary of state for external affairs who will formulate, in co-operation with his colleagues, the foreign policy of this country at one of the most critical periods in recent history. We all admired, I am sure, the capacity and the competence of the Minister of National Defence (Mr. Pearkes) when he spoke for Canada at the recent anniversary meeting of the NATO council; but in following the precedents of other council meetings it would possibly have been helpful if other ministers had been present, particularly a minister charged with the responsibility of projecting foreign policy in this country.

The foreign ministers of the great powers are to meet soon. It may be that these meetings will be followed by a meeting at the summit. There certainly will be further NATO council meetings. This is one of the most important periods when Canada should not be without a secretary of state for external affairs. The President of the United States did not delay in the appointment of a secretary of state for foreign affairs in that country, and while the responsibilities of the government and the people of the United States are greater than the government and the people of Canada, this does not mean that our responsibility and our opportunity for constructive suggestion and participation does not exist. We hope, as I know the people of Canada hope, that there will be a decision in this matter by the Prime Minister at the earliest moment.

Mr. Speaker, this may or may not be the last budget of my hon. friend and classmate, the Minister of Finance. I can only say to him that because of my admiration for him, and my affection too, I sincerely hope that whatever he desires he will receive provided we are generally satisfied as to the competence which must attend the particular realization that he may or may not have in mind. I am sure that the Minister of Finance could discharge other obligations with great credit to himself and the country. I share with him the anxiety of these difficult moments until such time as this important decision will have been made one way or another.

I can only say to the Minister of Finance that, notwithstanding my goodwill toward him, like other hon. members I have an obligation to give some consideration to the budget which he presented to this nation a week ago last Thursday. It seems to me that the amendment offered so ably by the hon. member for Kenora-Rainy River (Mr. Benidickson) expresses in general terms our dissatifaction and criticism of this budget, as I believe it now expresses the judgment and reaction of the people at large.

It proposed:

> That all the words after the word "that" be deleted and the following be substituted therefor: "this house regrets the bad faith of the government which sought and secured support from the Canadian people on a program of lower taxes, reduced expenditures and a balanced budget, and which has now produced, in flagrant disregard of pre-election promises, a budget calling for higher taxes, record expenditures and a large deficit."

This amendment is a criticism of the government for its reversal of the main elements of the Conservative party's financial policy as stated by the Minister of Finance and other spokesmen for that party in this house prior to the elections of 1957 and 1958. Now what were the basic elements in the former policy of the Conservative party as represented by the Minister of Finance and others? The elements of this policy were, first of all, balanced budgets, reduced taxes and a persistent effort toward the elimination of waste and extravagance. These elements were deeply imbedded in the policy of the Conservative party as stated by its spokesmen in this house. The spokesman for a long time was the hon. member for Greenwood (Mr. Macdonnell), the Minister without Portfolio in the present administration, and I have looked at some of the things that he had to say about financial policy. In *Hansard*, at pages 2764 and 2765 of April 5, 1955, here is what the financial critic of the Conservative

party had to say about the matter of a deficit in a budget. He said on that occasion:

> Now, deficits are things we should fully understand. We should realize what happens when we have a deficit; we should realize what it means. It means that the minister, after wringing out of us every dollar that he feels he can, after scraping the barrel, or rather the pocket, then goes out and borrows $194 million in order to keep level, and that means you and I and all the other taxpayers will have to pay that money back.

And then he went on, a little later—and this is the financial critic of the Conservative party speaking only a few years ago—to say:

> We come now to the deficit, which is not a good thing. There is not a word to indicate any sense of uneasiness.

It seems to me that these words apply so aptly to the mood and to the demeanour of the Minister of Finance when he spoke the other night. The Minister without Portfolio, as he now is, continued:

> There is not a suggestion that there is any chagrin. Certainly there is not a suggestion of any apology to the people of Canada. But after several years of booming times, of good times, they have not been able to organize the economy so people can get work. After all, in two general elections we were told that everything was going to be taken care of.

I have stated that the financial policy of the Conservative party was one of a balanced budget, and it is important, therefore, that we should have some idea what was the position of the Conservative party with regard to the question of surpluses. That statement by the financial critic of the Conservative party had to do with deficits, but the hon. gentleman also stated his views and those of his party on surpluses by quoting, as the minister will no doubt remember, from Mr. Snowden. Speaking on March 19, 1957, as reported at pages 2458 and 2459, the hon. member for Greenwood, then the financial critic of the Conservative party, had this to say:

> This means that the government has taken an extra $382 million from the Canadian people. Philip Snowden used to say that if any government took half a crown more than it needed it was guilty of getting money under false pretences. But today the government has no hesitation in taking hundreds of millions extra from the taxpayer.

Now, the Minister of National Revenue (Mr. Nowlan), though not dealing directly with this question of a balanced budget, said that if there had been a violation of Conservative party promises this was because of circumstances which existed unknown to the opposition. He suggested that the hon. members who presently sit on the ministerial benches did not know of a situation which the previous government had hidden from them. The conclusion reached in his observations was that if they had known this they would not have made certain declarations or given certain assurances to the people of Canada, forgetting, of course, what the position of the Conservative party while in opposition had been, as stated by its financial critic and others including the present Prime Minister and, of course, the Minister of Finance whose observations are well known. But lest there be any misunderstanding about the position of the Prime Minister, the present leader of the Conservative party, long before this famous secret economic report of 1957, let us look at what the Prime Minister said in Saskatoon on June 13, 1953 as reported by the *Star-Phoenix*:

> The Progressive Conservative policy was one of lower income taxes. There was no need to tax married men earning less than $3,000, particularly with the cost of living at its highest point in history.

And then at Clinton, on July 9, 1953, as reported in the London *Free Press*, the right hon. gentleman pledged an October session of parliament to cut taxes by $500 million, or $170 per family.

Then again, the Prime Minister is reported from Foxford on July 13, 1953 as having said, according to the *Star-Phoenix* that the Progressive Conservatives would remove the 10 per cent tax on such needs of the home as furniture, clothing, shoes, tea and coffee and other necessities now heavily taxed, and would provide for full taxation of all federal government properties on the same basis as was applied to all other municipal taxpayers.

And so it went on. And if there could be any doubt about the position taken by the leader of the Conservative party during the election, we now have the opportunity to examine a document which is well known to many hon. gentlemen but which I saw for the first time only within the course of the last few days.

An hon. Member: The hidden report.

Mr. Martin (Essex East): This document is called "A new National Policy" and underneath the title appear the words: "Unity requires it... Freedom demands it... Vision will ensure it...". Then it continues: "A date with Diefenbaker", and on the other side of the cover Mr. Grosart, or someone, goes on to say:

> In a remarkable way these statements reflect the man and his mission . . . his concern for great matters of state and his abiding faith and interest in the average man and woman.

I have no doubt that the Prime Minister has an interest in the average man and woman but I want to relate that interest to some of the things that he as leader of the Conservative party and the Minister of Finance and others told the Canadian people as a result of which they now sit to Mr.

Speaker's right. Among other things I find these words on page 2 of the document to which I made reference:

Call a dominion-provincial conference for the purpose of making the Senate an effective arm of democracy.

We will discuss that at some other later date. I did not know that was in the party plank. But here is one that interested me very much because it has to do with what I have just been saying. This is the Prime Minister speaking:

Last year Canadians were over-taxed by $120 for every family of four.

He then went on to say:

Major elements increasing inflation are heavy government spending and high taxes in both of which fields the St. Laurent government seems to pride itself on its record of failing to reduce either or both.

Those words may be found on page 7. On the last page the Prime Minister went on to talk about the old age pension system in the United States concluding with a statement in these words:

A Progressive Conservative government will consider expanding the present old age pension system by the addition of an insurance system similar to that in the United States. The United States plan of old age and survivor insurance provides average monthly benefits on retirement of $76.00 for single workers, $128.00 for aged married couples without dependents and $65.00 for aged widows.

The average contribution per person is $27.08 not much more than the average contribution by Canadians of $22.70 for the old age pension. A Conservative government will consider implementing such a plan "in addition to" the present pensions system. The United States plan is "worthy of the highest commendation."

Well, there will be ample opportunity to discuss that plan at some future date. There we have the Prime Minister promising to reduce taxes and increase benefits, not explaining how those contradictory things could be done. Supporting statements of a similar nature were made by every hon. member who now sits to Mr. Speaker's right and the overflow to Mr. Speaker's left as a result of which these hon. gentlemen sit in the seats of government today.

If there is any doubt about this promise to reduce taxes, one could refer hon. gentlemen opposite to the speech made by the Prime Minister before the Montreal chamber of commerce on February 19, 1957:

—tax changes to put Canadian companies on a basis of equality with foreign corporations or their subsidiaries operating in Canada.

Or one could refer to the Prime Minister's opening campaign speech in Massey Hall on April 25, 1957, when he said that any government he represented would introduce:

—less discriminatory methods of taxing Canadian oil companies.

One could also refer to the speech made by the Prime Minister at Edmonton on March 8, 1958, as reported in the Vancouver *Sun* of March 10 of that year, at which time the minister referred to:

—drastic changes in taxation treatment of oil companies.

Or one could again refer to the opening speech of the Prime Minister in Toronto when he promised:

—further incentives in the Income Tax Act for Canadians to invest in Canadian equity stocks.

One could also make reference to the speech of the Prime Minister at Campbellton, New Brunswick, on May 4, 1957, at which time he promised:

—tax inducements to persuade business firms to process raw materials in Canada.

Or one could refer to a speech made by the Prime Minister at Brantford on February 17, 1958, at which time he promised:

—tax reduction for the tobacco industry.

And I have by no means exhausted references of this nature which I could cite to hon. gentlemen opposite.

When Mr. Harris presented his budget for 1957 his estimated tax was $4,780 million, and if you add the revenue from old age security it came to $5,150 million. The present Minister of Finance anticipates tax revenues of $4,757 million and revenues for the old age security fund of $536 million making a total of $5,293 million. In other words, in spite of all these promises the total tax burden for a year in which we are just emerging from a recession is to be greater than it has ever been before at any time in Canadian history.

Of course, these promises do not mean anything, we were told by the Minister of National Revenue (Mr. Nowlan) who made a most unusual exposition, I thought, of a new theory of public morality when he said that commitments made to the Canadian people were not to be taken as seriously as commitments made by the Prime Minister or the leader of a party in this house.

Mr. Fleming (Eglinton): He did not say that.

Mr. Martin (Essex East): The Minister of Finance is wagging his head in the negative but not too strongly. I suspect he thinks I am not quoting the Minister of National Revenue correctly. Let us see what that hon. gentleman did say as reported at page 2624 of *Hansard* of April 13, 1959:

Mr. Speaker, there is no doubt that promises of any kind, whether pre-election promises or otherwise should be honoured and respected so

far as circumstances will possibly permit, but I would suggest to you, sir—and I think all hon. members on both sides of the house would accept this general principle—that promises made to this House of Commons and promises made to parliament stand in an even more favoured position in so far as sanctity and respect are concerned than promises made during an election campaign.

I cannot say that this represents the view of the Prime Minister and I am sure it is not the view of the Minister of Finance, but I express the greatest surprise that the Minister of National Revenue, for whom I have always had the highest regard, should make that kind of distinction. Surely if public life means anything as we practise it in this country, an assurance given to the people of Canada is sacred whether it is made in this house or on the hustings during an election and made for the purpose, particularly during an election, of giving hon. gentlemen the right and the opportunity of governing the affairs of this nation. Assurances made to the people of Canada to cure unemployment, to cut taxes, to have balanced budgets and similar pledges cannot be dismissed unless we want to weaken the structure of our political system.

If the Minister of National Revenue does not fully concur in what I am saying I would ask him to look at the words of a great leader of the Conservative party and a former prime minister of this country, Sir Robert Borden who, speaking in the House of Commons on January 20, 1909, said:

I say that the system of offering bribes to the constituencies in this country is a vicious one, and that, so far as I am concerned, I lifted up my voice during the last parliament in favour of the prohibition by statute of such acts; and I hope some day to see this wrong righted in Canada by statute.

I looked up the *Hansard* of 1909 quite some time ago. I asked for it this morning in the library and it was not available. I would, however, refer hon. members to what Sir Robert Borden said which represents basically in principle what I have just said he did observe in this house on September 9, 1930, as reported at page 35 of *Hansard* of that date. At that page there appears a reference to the statement made by Sir Robert Borden on January 20, 1909.

Sir Robert Borden, leader of the Conservative party of that day, a prime minister of great note, felt that assurances given to the people of Canada were no different from assurances given in parliament by a leader of a political party and I say this by way of deduction from what he said. For the Minister of National Revenue to take a different position is, I suggest, to run counter to the kind of public morality that in this country most of our public men for a long period have sought to practise. As a matter of fact, that this is the tradition is clear from what Professor Robert MacGregor Dawson the eminent Canadian political scientist says in his book, "The Government of Canada":

Election manifestoes are largely the work of respective party leaders and essentially personal pledges given by them to the electorate.

It cannot be otherwise construed or else the people of Canada would have the right to conclude that anything said by a leader in an election was not to be taken seriously. There would be nothing that would undermine our political system more than to find that what was said by the Minister of National Revenue in this house represented the true situation. I believe it does not. For that reason we have the responsibility and the duty of reminding this administration of the promises which it made in so many fields and with respect to a vast number of matters and particularly concerning matters relating to reduced taxation and balanced budgets.

As I have said, the Minister of Finance has broken all peacetime records by the deficit he announced in this house on budget night. His deficit for 1958-59, however, I suggest to him, is not as some other hon. members have indicated, not $617 million but $835 million. Every effort to conceal the true budget by accounting manipulation in the defence equipment account I suggest to my hon. friend was both improper and unconvincing. His use of the defence equipment account to finance expenditures for which he had asked approval was, I think, very misleading.

In that connection, I know what the Minister of National Revenue said about my estimate of a $1 billion deficit last year, an estimate which was based on suggestions that had been made by the Canadian tax foundation. The fact is—and I say this in reply to the Minister of National Revenue—that on the basis of the estimates submitted to this house last year the budgetary deficit would have been $950 million. Two things happened to reduce this deficit. First, as I just indicated, the use of the special defence account; and, second, increases in revenue. On the basis of the estimates submitted to parliament by the Minister of Finance the budgetary deficit, I say, would have been $950 million, since the expenditures authorized were $5,605 million, while the minister estimated revenues at $4,650 million. The budgetary expenditures, as finally estimated, amount to $5,387 million. The difference between this figure and the amount of $5,605 million is explained and accounted for by the fact, as I have noted, that the minister had used $218 million from the special defence account so as to make his budgetary expenditures appear less than they actually were.

This accounting device does not, however, change the fact, so that the actual deficit I say is $835 million and not $617 million as claimed by the minister.

But the minister took some pride in the fact that by this accounting device he was able to say that there was a deficit of only $617 million. Well do I remember the day when he rose in the house before he delivered the budget, without having previously gone through the usual courtesy of advising the Leader of the Opposition (Mr. Pearson) of the figure which he proposed to give, and said that the deficit was not a billion dollars. He said, "Oh, no, my deficit is not a billion dollars; my deficit is not $800 million; my deficit is only $617 million," as though that in itself did not seriously reflect upon the financial policies of this government.

When my hon. friend took office in June of 1957 Mr. Harris had presented him and this nation with a budget which contained a surplus of $500 million at least, and now within 18 months—

Mr. Fleming (Eglinton): It was all gone.

Mr. Martin (Essex East): —my friend, the Minister of Finance, rises in his place the day before the budget and says, "I am not going to have a deficit of $800 million or $1 billion, I am going to have a deficit of only $617 million". He did not tell us at the same time that that was a violation of an election promise; he did not tell us that it was the highest peacetime deficit in the history of our country.

Now, the other factor—and I want to come back to the Minister of National Revenue and I then will return to my dear friend, the Minister of Finance—accounting for the reduction in the anticipated deficit is the increase of $120 million in revenue, $4,770 million as compared with the minister's original estimate of $4,650 million. This increase in revenue is attributable to four factors, namely customs duties, $36 million; profits of the Bank of Canada, $20 million; income from Central Mortgage and Housing Corporation, $12 million; and interest on the United Kingdom loan, $22 million. Only $30 million of this increase, Mr. Speaker, is attributable to higher tax yields. This is the situation and this is my reply and my answer to the Minister of National Revenue.

I now come back to the Minister of Finance. Not only has he produced the biggest deficit in the peacetime history of Canada, but he has achieved a record that no other minister of finance achieved because he has presented three successive budgetary deficits totalling $1.3 billion: in 1957-58, $38 million; in 1958-59, $835 million, I say; he says, $617 million; and in 1959-60 I say $435 million if my hon. friend will take into account the $42 million deficit in the old age security account.

Mr. McGee: According to the Martin bureau of statistics.

Mr. Martin (Essex East): I say to my young friend it does not matter whether they are Martin or Fleming figures, the fact is that my young and honourable friend belongs to a party which has produced the biggest peacetime deficit in our history. But I want to give the hon. gentleman some more statistics; he loves them. This is not the only record of the Conservative party. The Conservative party has a great penchant for this sort of thing because since the Conservative party has been in office it has produced only four budgetary surplusses since confederation and, for my hon. friend's information, not one since 1913. And so we are confronted with a deficit. The government that was going to reduce taxes presents us with a tax burden of $350 million in extra taxes this year, wiping out entirely the minister's pre-election tax cuts and adding an extra $100 million in taxes. The heaviest burden, notwithstanding what my hon. friend sought to give, will be borne by the lower income groups—

Mr. Fleming (Eglinton): No.

Mr. Martin (Essex East): —who will pay a greater relative share of their income through increased sales taxes, sales taxes which my hon. friend said were iniquitous when he spoke in criticism of the last budget brought in by Mr. Harris.

Mr. Fleming (Eglinton): It was Mackenzie King who said that the sales tax was iniquitous.

Mr. Martin (Essex East): When the Minister of Finance presented his budget he said little about the most serious problem that confronts Canada at this time. According to the bureau of statistics of my hon. friend, and not those of my own creation, when the minister delivered his budget there were 537,000 people out of work in Canada. In Britain there are 550,000 out of work. Canada, with a population of 17 million and a working force of 5½ to 6 million has 537,000 out of work. Britain with a population of from 45 to 48 million with a working force of 22 million has 550,000 people out of work. Notwithstanding, these facts, the Minister of Finance, in a government which was going to see that no one suffered because of being out of work, had little to say in his budget about unemployment except that he looked for a recovery and an improvement.

He forecast an increase of 7 per cent in the gross national product. He did not

indicate in his forecast how much of that would be as a result of a rise in prices. He certainly did not tell us that the 2 per cent increase last year or 95 per cent of it, was largely because of a rise in prices, nor did he tell us that if there is going to be a recovery, which we all certainly hope will take place, every indication, in so far as plant equipment is concerned, points to a continuation of a serious level of unemployment.

I ask the government, in the face of the situation that has confronted us this year, a situation that was allowed to arise in spite of our warnings last June and July, particularly those given by the Leader of the Opposition, to take preparatory steps now to meet a situation which we all trust will not be as serious as last fall and winter but which, in terms of unemployment, from most indications would seem to present this nation with a problem comparably as serious as that in the period we have just gone through. Now is the time for the government to anticipate that kind of a situation. I must say regretfully that from the statement of the Minister of Finance one would think that the situation was not one to be compared unfavourably with other western countries, that our situation was better than that in the United States, Sweden and other western countries. Of course this is not the case. There was very little reference to unemployment in the budget statement.

Mr. Fleming (Eglinton): Page 2409.

Mr. Martin (Essex East): My hon. friend says "2409". One paragraph! He devoted more time to the commonwealth conference than he did to unemployment. The chancellor of the exchequer, speaking of the commonwealth conference in the budget he delivered a couple of weeks ago, only had one sentence about it.

Mr. Pearson: One word.

Mr. Martin (Essex East): One sentence or one word.

An hon. Member: He has spoken on it many times though.

Mr. Martin (Essex East): In this session my hon. friend has rightly spoken a great deal about these matters of great consequence like the commonwealth conference but he has not spoken very much nor has he given the house much detail about the problems that really do agitate us at this time, namely that there are still men and women out of work in their thousands and that the government is not addressing itself to the problems involved.

So I indict the government not only because of its failure to reduce taxes and to carry out its promises, not only because it has not carried out its promise to present a balanced budget but because it has not addressed itself as it said it would to the problem of unemployment. The minister referred to the unemployment insurance fund. He did not tell us that he anticipates imposing further taxation on certain groups of people in Canada as a result of the maladministration by the government of the unemployment insurance fund, the deterioration of the fund's securities as a result of the bond conversion policy of my hon. friend. He did not tell the people of Canada these things which will present a picture of increased burden and increased taxation.

I wish my hon. friend everything that he wants but I do say to him, with all the sincerity I can command, that I regret that in the presentation of what may be his last budget he has not lived up to the high standards which I know he himself would have liked to set perhaps because of the reluctant attitude of those who sit with him in the ministerial benches and do not altogether share his financial policies. It may be for that reason that he will be moving upwards or downwards. In any event, all I can say about this budget is that I wish the Minister of Finance had moved.

Mr. J. N. Ormiston (Melville): Mr. Speaker, it is with real pleasure that I rise to take part in this debate and, of course, to congratulate the Minister of Finance (Mr. Fleming) on the realistic manner in which he has presented the budget. Truly it is difficult to analyse all the forces which contribute to our economic structure and if there has been some concern felt in the past we can gather encouragement from the inherent stability in our minister's purpose and from the cautious optimism of his forecasts.

Naturally we expect to find those who disagree but I believe sincerely that the government has made a tremendous effort to meet every challenge in solving our problems. Recently, in reading trade journals, financial forecasts and articles by responsible leaders of industry and finance, I have noticed that practically without exception they contain highly optimistic forecasts. These are the people who really know. They are planning their production and development to meet the needs they anticipate. Surely with the great expansion in industry and the development taking place all over the country today the value of our gross national product is bound to increase, and the Minister of Finance has indicated a figure which may prove to be very conservative.

Having dealt with expansion in generalities, may I say that I am fortunate enough to

witness in my own riding some of this industrial development which has been sadly lacking in the past in western Canada in general and Saskatchewan in particular. However, in keeping with the great development of natural resources in this country my constituency of Melville, which up to the present has been largely agricultural, will soon be playing a major role. In the south-eastern part of the constituency, ten miles from the town of Esterhazy and 3,100 feet below the surface of the earth lie vast, untapped deposits of potash, probably richer in content and greater in abundance than any place else on earth.

In preparation for the removal of the potassium bearing ore, construction of the world's finest potash mine, to be operated by International Minerals and Chemical Corporation, commenced last year. The Utah Company of the Americas has the contract for this immense project, the cost of which will exceed $20 million. Development of the project has already brought an additional million dollar payroll to the area and there are further expectations for the future since 16 other companies are actively engaged in planning and exploration in the province. Surely this is an optimistic sign for further investment and development.

Areas such as I have mentioned are particularly fortunate, and while enterprises of the nature mentioned do stimulate the local economy the basic problems of agriculture still remain. While the farmer feels that the commodities that he sells do not bring him a return commensurate with what he has to pay for the goods he buys, he also has the added burden of increased costs for services, utilities and education. The only means local governments have of procuring revenue is from the taxation of real property and in the areas with which I am most vitally concerned taxes have more than doubled since the war while there has been a steady decrease in the prices of the farmers' primary products. The greatest costs have been those for education, which brings me to the point that there is a necessity for more consideration of the needs of education at the federal level.

Under the terms of the British North America Act education is solely a matter for provincial legislation. However, close to 100 years have passed since the B.N.A. Act came into being. With the passing of these years, times and conditions have changed to such an extent that some of our best educators are suggesting that the federal government should be giving consideration to the establishment of a federal department of education with a minister of the government at its head.

The purpose of such a department would not be, of course, to take away any control of educational matters from the provinces but rather to assist in every way possible the existing provincial departments of education. I believe all political parties have acknowledged that the federal government has some responsibility for education but none has done too much about it. Quite possibly the reason for this lack of action is that no particular department or no particular individual has any definite responsibility for education.

Following the first world war the government of the day felt it should be doing more for education and, as a result, money was found for the establishment of technical schools in the larger cities across Canada. Then, education was promptly forgotten by the federal government until after the second world war when a federal-provincial agreement was drawn up to provide further technical education and the establishment of a number of composite schools across the country. This agreement has run its course and education has become dormant except in the minds of a few who are promoting its interests. Recently the great scientific advances made by the Russians have again stirred us to the point where we are giving more thought to advanced education.

It is suggested, that it would take something less than a world war or events of great significance to move us as a nation to thinking about education. The establishment of a federal department of education by the government would give official recognition to education. It would give us an official body with whom we could deal when making proposals about education. Up to the moment, no one has had any official status so far as education is concerned, and ideas about education have only been aired in this House of Commons.

A department of education such as I have mentioned could, among other things, do research in connection with education, even if that research were just to determine what the government's responsibility for education is. While the federal government's responsibility should extend to all levels of education, from elementary to university, a projected study by research personnel might come to other definite conclusions; in any event, such considerations should not be left to mere chance. Education merits intensive consideration by government and deserves something more than a passing opinion.

It is obvious that, especially in the rural areas of our country with sparse populations, any advances in education will be slow in coming if the financial burden is to be borne at the local level. It is true we have projects which will expand our industry and increase our population, thereby assisting in a great

measure in distributing the burden of taxation. However, in the immediate future we must concentrate more on cutting costs than in promoting the ideas of "salvation by subsidy".

Whenever I think of cutting costs my thoughts invariably turn, in so far as agriculture is concerned, to our prairie port of Churchill which, with extended facilities, could do much more to produce a stable economy in the west. Even today prairie farmers save 12 cents per bushel on grain transported through Churchill and British buyers receive their purchases for 6¼ cents per bushel less via the Churchill route. However, it is unfortunate that of the 55 ships which visited Churchill last year practically all of them arrived in ballast. This, of course, offers some advantage in a quick turn around, but before any port can operate on a normal basis there must be at least some balance between import and export cargo. In so far as Churchill is concerned, the real difficulty is in finding a manner in which imports can be increased. The fact that so many ships arrived in ballast simply means that the Churchill hinterland is not importing from overseas. The area is not highly populated and naturally its buying power is limited. This condition may be attributed also to the fact that the purchasing habits are directed to other sources of supply.

In the west, as in other parts of Canada, our buying habits are influenced largely by the intense barrage of advertising propaganda directed at us through practically every medium of communication. This results in the demand by the consumer for goods from across the border being much greater than the demand for goods manufactured in Britain or continental Europe. However, it might be well to remember that only recently a contract was awarded in the United States to a British company bidding on a multimillion dollar project because the tender submitted underbid other competitors, largely from the United States, by $5 million. This is only used as an illustration, of course, to demonstrate that if price and quality are right, the supply which is nearest is not necessarily the best. Since it is not my intention to cast any unkind reflections on our neighbours to the south, or in any other direction, I think I might make progress in a somewhat different vein.

(Translation):

Another type of progress is very evident in this house. I am referring to a simultaneous interpretation system, but I would point out that it is also a serious drawback. Several members who could be bilingual are limiting the extent and value of their contributions in this house by speaking only in English. Let us hope that, in these times of great national unity, where there is greater cohesion among our members than any party has ever known, the results of this scientific age will not prevent these feelings of confidence and mutual understanding from being expressed verbally in both languages.

(Text):

May I conclude, Mr. Speaker, on another note of progress which arises from events which have been taking place in my own constituency. I am able to draw the attention of the house to the "forward look" which is apparent in the Indian affairs branch of the Department of Citizenship and Immigration. I refer to an important milestone which has been reached in the integration of the Indian into our modern society. Recently two treaty Indians were appointed to serve as assistant agents on the reserves in the File Hills-Qu'Appelle Indian agency. These appointments, I am sure, reflect the confidence of the department and its officials in the inherent capabilities of the Indians, and will act as an inspiration to other original Canadian citizens, as well as serving to prove that there are no strictions on ability and opportunity. May I suggest that these and other actions are further indications of the progressive nature of this government, and of the enterprise and initiatives of those devoted and able individuals who carry out its policies.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the budget introduced the other night by the Minister of Finance (Mr. Fleming) was something of an in-between budget. It was not a balanced budget, yet the forecast deficit was less than the forecast deficit of a year ago. It was a fence-sitting budget. It was a budget that was neither fish nor fowl and was directed mainly towards reducing the criticism in the press of this country without, at the same time, subjecting the Canadian people to the full tax burden necessary to bring about a balanced budget.

During this debate one is able to discuss a great many matters, and therefore I have the opportunity to refer to the same matter which was initially referred to this afternoon by the hon. member for Essex East (Mr. Martin), namely the desirability of an immediate appointment to the post of minister of external affairs. There is disturbing news in today's press that United Kingdom Prime Minister, Right Hon. Harold Macmillan, in putting forward what I consider to be very important proposals which might have resulted in an easing of world tension, has been opposed by the United States, France and Germany. In this context I think it is more important than ever that Canada has at the earliest possible time a full time minister of external affairs, and that Canada should put

forward continuing proposals directed toward easing international tension. I am hopeful that the Prime Minister (Mr. Diefenbaker), in the reply which he promised in the course of a few days in answer to a question of mine this afternoon, will support and strengthen the position taken by the prime minister of the United Kingdom.

This is no time in the history of the world to cling to inflexible positions which have been taken for many years. I believe, and the C.C.F. believe, that this is a time for negotiation, that this is a time for the putting forward of proposals directed at easing international tensions. I of course do not know who the Prime Minister may appoint to this very important portfolio, but I do hope that in considering the many able candidates, any one of whom might fulfil this post extremely well, the Prime Minister should not discount either youth or ability, that he should appoint the person who is likely to bring to this portfolio the best of judgment, tact and flexibility, keeping always in mind the necessity of achieving security and peace throughout the world.

I listened to the speech delivered by the hon. member for Melville (Mr. Ormiston) this afternoon, and I would like to say that I agree with his statement that the port of Churchill should be used to the greatest possible extent. This is a port which has assisted the economy of the prairie provinces. It is a port which is now just coming into its own. On the prairies we have been most happy to support the building of the St. Lawrence seaway, but in doing that and believing that it is in the best interests of this country, we submit that here also is a good case for an extension of and improvement in the storage facilities for grain at Churchill, and for greater use of this developing and important seaport.

We are now debating, Mr. Speaker, the amendment to this budget which was put forward by the official opposition. Basically we see in this debate at this time that there is little difference between the stand taken by the government and the stand taken by the official opposition. It has been said in the press that the budget debate lacks interest, that there has been little by way of keen debate. I think that is true, and the reason there has been so little interest taken in this debate is that the position of the Conservative party and the position of the Liberal party is almost identical.

Some hon. Members: Oh, oh.

Mr. Argue: All that the Liberal party has been able to do is to say to the Conservative party, "You haven't kept your promises." While they have been talking for a balanced budget, I have not heard them criticizing the government for a deficit. I have yet to hear them say what steps they would take at this time to balance the budget. Mr. Speaker, I am not so much interested in whether the budget is balanced at this time as I am in having that kind of budget which will bring about the greatest amount of production in Canada and the very best possible distribution of that production.

This is not a forward looking budget. This is not a budget with a plan. This is not a budget that is designed to give leadership to the country to bring about full employment and maximum prosperity. This is a budget of tax increases. This is a budget with a sales tax increase. This is a budget which says to people who have had certain tax exemptions in the past when they were hospitalized, "Your taxes because of reduced exemption will be greater, and this increased revenue will help us bring the budget more nearly in balance."

This, Mr. Speaker, is the budget of a tired old party. The government has not been in office long but it is exhibiting the same characteristics as the former Liberal administration which had been in office for 22 years. This government is prepared to mark time, to leave it to the great corporations, to leave it to so-called private enterprise to see whether or not there will be greater production and a greater measure of prosperity in the years to come. There is a place in our nation for a political party that is a real alternative to either of the two tired old capitalist parties. We submit that although the word "socialism" has been greatly criticized in days gone by, the philosophy which we represent provides the only answer to the great challenges which confront Canada both internally and externally.

There should have been presented to this house a budget which provided for greater development and increased social services. This is not the time for a fence-sitting budget. This is the time for a budget of expansion. I would suggest that the government should have a special department devoted to economic planning and development. I would not ask that there be an additional minister. After all, with a large number of cabinet ministers, soon to be strengthened by an almost equally large number of parliamentary secretaries, there should be no need for another minister. There are two ministers who are marking time without any portfolio, also the Secretary of State and the Solicitor General, both of whom I am certain are doing a very good job, are under-employed. There could be an amalgamation of these portfolios and thus the opportunity to provide

a new department of government which would look to the expansion of this country.

Is there something that should be done now to provide for full employment? I would think so. The statistics with regard to unemployment are still disturbing. The Minister of Finance, in the best forecast he could make, did not predict anything approaching full employment. I suggest that one of the first things that should be done is to bring forward a greatly expanded winter works program which would provide opportunities for employment next winter when seasonal unemployment is likely to be on the increase. The C.C.F. believe in full employment at all times, but we realize that it is more difficult to provide employment in the winter time. Now is the time for planning; now is the time for consultation; now is the time for discussions with the provinces so that this useful program can be greatly extended so as to remove as far as may be possible seasonal unemployment.

The Minister of Finance has himself indicated that the budget does not provide for special accounting for capital funds, and I would suggest that there should be a separation of the main fields of expenditure into two general accounts, and that there should be a large capital fund established for the purpose of capital expansion. This fund, amounting, I suggest, to $2 billion, could be used by the government whenever it seemed necessary and desirable to supplement and complement private investment so as to assure full employment and greater prosperity in this country. There is plenty of scope for increases in capital works.

Another thing which such a department as I have proposed—a department of planning and development—should be doing is to survey the road and highway needs of this country. The government has clung to the single road policy of the former administration, namely the trans-Canada highway. This government should not be satisfied with maintaining that program; it should provide a program of co-operation with the provinces in order to construct a second trans-Canada highway, to build other main highways running north and south and, in short, to supply a modern highway system for this country. Such a program could not be considered as a hand-out or as frivolous expenditure. This would be a project which would return great dividends to the Canadian people in years to come.

There is another area of social investment which is crying out for action, and that is the field of education to which reference has already been made this afternoon. We are faced with a need for more schools, the need for increased facilities at our universities and the need for capital assistance toward the building of educational institutions all across the country. I wish to commend expenditures such as this to hon. members and I submit that they constitute important uses to which a capital expansion fund could be put.

There is another important field of capital expansion which needs attention, and that is the provision of increased hospital facilities across our nation. It is true that the government and previous governments have been providing some money for hospital construction and expansion, but the amounts have been far too small. In addition to general hospitals, there is an urgent need for the expansion of hospitals designed to take care of the mentally sick people in our nation. Here is another important field of social investment which requires action at this time.

However it appears that the government intends to mark time for the next 12 months. This is a "stand pat" budget—a *status quo* budget. In the submission of the C.C.F. group we should have a budget which would increase the productive facilities of our nation. I have never been one who has advocated government ownership merely for the sake of government ownership, but I do believe that public ownership has an increasingly important role to play in a modern society. The possibilities of public ownership have never been developed in this country as they should have been. Here is an area for expansion which if developed would greatly improve the standards of life in our nation.

No matter what has been stated to the contrary, the C.C.F. believes very much in private ownership of private property, the private ownership of small business, the private ownership of certain industries which are in fact, competitive and where the exploitation of employees does not exist. We also believe in supporting co-operative ownership, and in this respect I hope that the government will consider bringing to parliament a national co-operative act such as is being requested by the co-operative union and other co-operative organizations across this country. We think that co-operative ownership is one of the very best methods of ownership at any time. It is democratic ownership; it enables people to bring together large amounts of capital in order to do the jobs that only large amounts of capital are capable of doing, and at the same time it enables them to do this on a democratic basis and to return the profits, or

savings as they are usually termed, to the consumer or to the producer as the case may be.

The next form of ownership is corporate ownership which is very rapidly developing in our nation into monopoly ownership. We see the means of production in this country accumulating steadily in the hands of fewer and fewer people. We see one large industry after another concentrated either in a single company or in the hands of very few companies, and it is to offset this type of monopoly ownership that we suggest it is the duty of government to develop public ownership and co-operative ownership.

I think there are important fields where public ownership should be extended. For example, we should like to see future trans-Canada pipe lines, either for gas or oil, publicly owned. Indeed, we believe that the pipe lines now belonging to the Trans-Canada Pipe Lines Company should be brought under public ownership. We say that national trans-Canada pipe lines which are, in fact, a natural monopoly should be publicly owned. We feel, also, that the steel industry which, we submit, stands in need of great expansion in this country, is a field in which public ownership might be very appropriately developed. This is not to say that some segment of the present steel industry would not lend itself to public ownership, but certainly here is a place for some measure of public ownership in the future development of this industry.

The fertilizer, drug and chemical industries are more and more under monopoly control. Here is a place where the development of public ownership would, we believe, bring about a reduction in the price of the commodity to the consumers and make a good return on investment to our nation.

There are other areas in which public ownership could be usefully developed. We submit that although the Conservative and Liberal parties have turned their backs on public ownership and have in general opposed any expansion in this field, if our nation is to meet the challenges of unemployment, greater competition in export trade and the general challenges of the twentieth century, then the field of public ownership should be greatly expanded.

There is another area in which we feel there is room for the development of public ownership and that is in the field of credit. Interest rates in this country are becoming alarmingly high. The exorbitant interest rates that are being allowed and promoted by this government will endanger expansion and constitute such a serious threat that the trend toward expansion may be being reversed. I have spoken on other occasions in this house advocating a great reduction in certain interest rates and in certain controls. I believe the chartered banks in this country are doing an abominable job as far as developing loans in the small loans field is concerned and with respect to providing loans to people with low incomes. This has resulted in a great explosion of activity by small loans companies, moneylenders and loan sharks, as I call them. Although this government may wish the chartered banks in Canada to develop the field of small loans there is no indication that it does and even if there were there is no guarantee that the chartered banks would do that. Many of them apparently are quite happy to take the easy business that comes to them without having to bother with a large number of small loans. They merely pick off a few easy and lucrative loans in this field.

I suggest that we have here a field where public ownership could be developed. I do not intend to suggest that the federal government should immediately socialize the chartered banks but in all sincerity I say to the Minister of Finance that here is a wonderful opportunity for those who say they believe in competition and free enterprise to go to the chartered banks and give them a chance to compete by establishing in this field a publicly owned system under which small loans could be made by chartered banks.

I concede that the previous administration and other governments in the past have come close to this by one means and another. There has been established an industrial development bank for intermediate credit. A system of publicly owned chartered banks would provide credit at low cost to prospective borrowers and would provide real competition in this field for the chartered banks.

The policy of high interest and tight money followed by this government is just as badly conceived and is just as great a detriment to Canada and its national welfare as it was when it was inaugurated by the former administration. I do not always agree with the remarks of the Minister of Finance but I did concur in the strong statements he used to make condemning the former government for allowing the Bank of Canada interest rate to go higher and higher and in condemning the previous administration for its so-called tight money policy.

We now have a Conservative, high interest rate, government. This is a government that is saddling the ordinary people of this country through their private borrowings—and the municipalities and provincial governments along with them—with unnecessarily high interest rates. It is time this ill-conceived policy was reversed and I suggest

that public ownership is one means of bringing about the desired reversal.

There is another field in which public ownership might be developed. As a matter of fact, I notice that some of the great corporations of this country are now beginning to say there is a need for some central credit organization to which they could go to obtain long term credit in order to compete in international trade with the Soviet union and eastern bloc countries. Here is an opportunity not just for an export-import credit insurance act which we now have and which guarantees loans made from the banks, but for a public organization with public funds which could ensure that Canada has an opportunity to expand her exports and to increase her overall trade.

Our trade is reaching a real crisis. Although we develop or expand new markets from time to time we soon find them in serious jeopardy because trade is so greatly unbalanced. In 1957 Poland purchased from us over $16 million worth of goods. In that year, we purchased from Poland just over $1 million worth of goods. In 1958 trade with Poland almost ceased. In 1958 we exported to the Soviet union almost $9 million worth of products and in the same year we imported from that country less than $6 million worth of products. We should not be surprised that the present trade negotiations with Poland and Russia are encountering great difficulties, not because these countries do not wish to purchase from us but because our trade is so greatly unbalanced. I believe these countries stand ready to purchase from us at least in volumes equal to their purchases in the past if we would buy from them.

I suggest that an international trade bank or trade organization be established with funds available to carry on a government program established by a department concerned with national development to bring about expanded trade and a much better balance of trade. These are some of the ways through which we could expand the productive capacity of our nation.

In expanding our productive capacity we should not overlook the need for a great advance in social security and welfare measures. At no time should we complacently say that we have gone far enough, that our old age pension is as high as it should be or that our health program is satisfactory. Instead we should develop and improve these programs year by year. I suggest that action should be taken this session to bring about a contributory system of old age pensions on a much higher level than at present and related to recent annual income. The C.C.F. program in this field is well developed. We feel that such a program should carry with it a basic old age pension of not less than $75 a month and a contributory program providing pensions above that amount.

Some hon. members may throw up their hands in horror and say that this is a program the nation cannot afford. I can remember former ministers of finance telling us that old age pension programs, family allowance programs and health insurance schemes are not a real burden on the nation in the sense of expenditures for war or defence but rather are basically transferred payments for certain well defined social services.

I submit we can afford these services and I submit that this kind of improved services would be a beneficial investment for our nation. As a parliament we owe it to our elderly citizens to act to improve their income. This government promised action. What did we get? We got two voluminous volumes of the Clark report. You can go through that report with a fine tooth comb or a magnifying glass and you will not find on which side of the fence Dr. Clark stands, whether he is for an improvement in our system now, related to the system in the United States, or whether he thinks we have gone far enough.

I imagine it is just the kind of report that this government wanted; it is a report of confusion; it is a report without any exactness; and it is a report that will enable this government, if it wishes, to delay, to procrastinate and to forget its very important promise to the Canadian people.

We of the C.C.F. for many years have advocated a system of national health insurance. We are pleased that in recent years there has been some progress toward this end. As a member of the C.C.F. party I am very proud that the province of Saskatchewan, as far back as 1947, pioneered the field of public hospitalization in our country, not without difficulties, not without many problems. But with all of those problems we in Saskatchewan have developed a pattern for hospitalization that has been copied and is being copied both in Canada and in the United States.

Mr. Martin (Essex East): Hear, hear.

Mr. Argue: I would suggest that now is the time for a further great advancement in the field of health. Now is the time to bring into our health program, medical and dental coverage. Instead of a forward movement in the budget what has the government said? It has said that if somebody is unfortunate enough to be hospitalized, he will pay more taxes in the future than he has paid in the past. That might be an acceptable point of view, in the light of the contribution the

government is making for the present insurance program covering expenses. But by going to hospital one incurs only a part of the expenses which are brought on because of ill health. Surely, nothing is more important than the health of our nation and this is a field where, if the government acted, I am certain it would receive not only unanimous support in this house but the acclaim of the Canadian people.

This is no time for a fence-sitting budget, Mr. Speaker; this is no time for this in-between, stand-pat budget, and this is no time to listen to nor to follow the suggestions and the criticisms of the official opposition because theirs has been a negative approach. Both in the amendment and in the statements that have been made all the Liberal party has done in essence is to say, "you promised a lot and you are not fulfilling your promises".

Mr. Martin (Essex East): Oh, no.

Mr. Argue: Whether it takes a minute or whether it takes 40 minutes to say it, it scarcely adds up to a policy worthy of the official opposition in this house. I would suggest, Mr. Speaker, that now is the time for action, now is the time for a great development program, now is the time to embark on a program of development in the field of social capital, in the field of production capital and in the field of necessary and improved social security measures. We ask the government to go forward in those fields and we shall support every measure introduced in this house to bring about that worthy objective.

Mr. E. L. Morris (Halifax): Mr. Speaker, in the old days before the building of the lighthouses, the poor noddies of many a Newfoundland outport prayed for wrecks—aye, and with easy consciences. Only the few hundreds of them who took to deep sea voyaging in those days had any awareness of the outside world, or of its people. All the world, excepting their own outports, was either down north or up along. It was a grand, rich place where all men wore shirts and collars each day of the week and ate pure figgy-duffs. The folk up along, therefore, had the easy end of life and why should they not contribute something of their goods and gear to the honest Atlantic province's noddies?

In those days they used to say the wrecker's prayer, which hon. members will find, if they care to consult it again, in the Penguin volume of Canadian verse at page 109. I shall quote only a few verses from it before resuming my debate. The wrecker's prayer went like this:

Give us a wrack or two, good Lard,
For winter in Tops'il Tickle bes hard,
Wid grey frost creepin's like mortal sin
And perishin' lack of bread in the bin.

A grand rich wrack, us do humbly pray,
Busted abroad at the break o' day
An' hove clear in 'crost Tops'il Reef,
Wid victuals an' gear to beguile our grief.

God of reefs an' tides an' sky,
Heed Ye our need an' hark to our cry!
Bread by the bag an' beef by the cask,
Ease for sore bellies bes all we ask.

One grand wrack—or maybe two?—
Wid gear an' victuals to see us through
Til spring starts up like the leap of day
An' the fish strike back into Tops'il Bay.

One rich wrack—for Thy hand bes strong!
A barque or a brig from up along
Bemused by Thy twisty tides, O Lard!
For winter in Tops'il Tickle bes bard.

Loud an' long will us sing Yer praise,
Marciful Fadder, O Ancient of Days,
Master of fog an' tide an' reef!
Heave us a wrack to beguile our grief.

Many previous members of parliament have spoken in this chamber, Mr. Speaker, of the disabilities which the Atlantic provinces have incurred since confederation. Many speakers have asked in effect that the government of the day "Heave us a wrack to beguile our grief". Recently the Halifax *Chronicle-Herald,* in a series of ten editorial comments, pointed out some of the disabilities of the Atlantic region and suggested some possible cures. I have not the time in this debate to discuss this series of editorials in detail and I therefore took the liberty a few moments ago of placing a collection of these editorials in the boxes of hon. members at the House of Commons post office. In summary the recommendations, which were the result of considered editorial concern, can be broken down into six. The first was special tax concessions, either in the form of tax holidays or in the form of accelerated depreciation allowances, the latter not as attractive to us in the east because accelerated depreciation is only of benefit to those firms already operating at a profit.

The second major step would be a revision of the national freight rate structure to end the pattern of present horizontal per ton mile rate increases. In this regard there is a growing sentiment in the Atlantic provinces that we do not really want a national freight rate policy if that national policy means one policy right across the country. What we want in the Atlantic provinces is a national freight rate policy composed of separate regional policies, for what will do the job for other regions will not do the job for us.

The third recommendation of the editors of the Halifax *Chronicle-Herald* was special low rate capital loans. In this regard it is noteworthy that the United Kingdom government now has in operation a Distribution

of Industries Act which provides for low rate, long term capital loans to establish industries of benefit to the entire nation in those areas of the nation which have not in the past prospered from industrial expansion.

Fourth, the newspaper believed that special federal consideration should be given to the building of new highways and water transportation facilities. In this regard I believe that the Atlantic provinces members generally accept the proposition that the first phase of the trans-Canada highway project should be pursued with continuing vigour to completion on schedule but that it should then, and only then, be succeeded by a subsequent phase of highway development which we feel should take into account the incapacity of the Atlantic provinces to share fully on the present sharing basis. I have in mind that the province of Newfoundland finds it difficult to finance its share, and consideration should continue to be given to the possibility of equating its contribution to highway construction with that of other Canadians. In my province we shall continue to hope and to press that in the subsequent phase of the trans-Canada highway some of our larger centres now omitted in phase one, notably my own city of Halifax, will be linked to the trans-Canada highway to provide that freight may be moved by highway and thus contribute salutary effects on competitive transport charges and so that other Canadians may come to us and we may go to other Canadians.

The newspaper also advocated greater regional allocation of defence and other contracts for publicly financed undertakings. I shall have more to say about that in a few moments.

Finally, it advocated increased attention to certain sections of the United States tariff program having to do with the importation into that country of such unrefined Canadian resources as gypsum which is now shipped in bulk from my province for subsequent processing in the United States, therefore producing less prosperity for us than it might otherwise do.

In considering any budget speech, Mr. Speaker, we in this house are sometimes bound to be animated not only by partisan considerations but by regional considerations. In this regard it will be of interest to hon. members to recall the final report of the royal commission on Canada's economic prospects, better known as the Gordon economic report. I want to say quite frankly that I am one of those who in the heat of election campaigns misused this report. The report has suffered a bad fate because it has been said sometimes that all it recommended for the maritime provinces was the deportation of our skilled workers. Now that I am able to contemplate the report with more consideration, there is much more in it than simply sloughing it off for that one unfortunate wording. At page 404 of the final report the authors of the report state as follows:

> An objective of economic policy should be to integrate and improve the basic economic framework of the Atlantic region, including in particular the transportation facilities of the area with a view to facilitating and encouraging economic growth within the region. This is not likely to be accomplished by a multiplicity of uncoordinated measures providing aid on an ad hoc basis.

It is this point, Mr. Speaker, which I shall try to expand in greater detail following the supper recess. It is in essence that we in the Atlantic provinces would like to see an early end to hand-out government. We want to be regarded as being Canadians on our own feet. We do not want to have to pray, sir, "good Lard, heave us a wrack."

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

AIR TRANSPORT

AUSTRALIA—ANNOUNCEMENT OF CONTINUED DISCUSSIONS ON AGREEMENT

Hon. George H. Hees (Minister of Transport): I wonder if I could have the permission of the house to revert to motions to make an announcement regarding the Canada-Australia bilateral air agreement which has been under discussion in Canada and Australia at this time?

Mr. Speaker: Has the minister leave to interrupt proceedings at this stage to revert to motions to make an announcement?

Some hon. Members: Agreed.

Mr. Hees: The civil aviation delegation from Canada and Australia, meeting in Melbourne to review the air agreement between the two countries, decided that the present agreement which was negotiated in 1946 was now inadequate to meet the needs of the coming jet era in world aviation. In particular, it did not fully recognize the very close political and commercial affinity of the two countries which was traditional in its origin and has been substantially developed in the postwar years. Since the matters involved were of a highly technical nature, the discussions could not be concluded in the time available at Melbourne, and the discussions have now been adjourned but are

expected to resume shortly, possibly in Canada. Meanwhile the existing air services between Canada and Australia will continue on a weekly basis. It is hoped that a new bilateral air transport agreement between Canada and Australia may be concluded before the end of the year.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means and the amendment thereto of Mr. Benidickson.

Mr. Morris: Mr. Speaker, there is a new spirit of buoyancy in the Atlantic provinces, a spirit of optimism that at long last we are, in the east, moving away from being backbenchers in a family of Canadian equals. We do not want to continue indefinitely in the Atlantic provinces living in an economy in which our livelihoods depend upon handouts from government. In the words of the premier of Nova Scotia, the Hon. Robert Stanfield—if I may borrow a phrase from that distinguished parliamentarian the hon. member for Bonavista-Twillingate (Mr. Pickersgill); one of the really great Canadians of our time—we have been busy in Nova Scotia, too busy bailing to fix the boat. We want to stop bailing and get at the job of basic reform.

What do we hear from the opposition spokesmen, both in this house and in the local legislatures? Their hope for the Atlantic provinces continues to exist in the dream of the wreckers, "Give us a wrack or two, good Lard, For winter in Tops'il Tickle bes hard."

Everything is black, everything is wrong in the maritime provinces. It is not part of my business to advise hon. members of the opposition why it is they lost the election and will stay where they now are, but as long as they are out of tune with the youthful, vigorous, viable and vital optimism of the people of the maritimes and preach only wreckage, they will consistently stay out of touch with the thinking of the people. We know what it is to be backbenchers in the Canadian family. We want an end of it. There is a great deal of lip service paid to Canadianism and national unity. We believe in national unity. We maritimers were here when Canada was born. We want to be equals and we want to do a basic job of reforming our economy and not live by continued handouts.

I quote from the Ottawa correspondent of the *Times* of London, who wrote in that distinguished world newspaper after a visit to the Atlantic area:

> There is an unmistakable atmosphere of hope, much of it engendered by the Atlantic Provinces Economic Council, coupled with a determination to fight against the tide of depression. This is particularly evident among the younger generation. They do not want their provinces to be perpetually responsible to federal aid as a bolster to their economy.

Mr. Speaker, I have the opportunity in this budget debate to address myself to only three specific subjects having to do with the economic well-being of the peoples of the Atlantic area. The first of these has to do with the impact of the opening of the St. Lawrence seaway upon us and upon the use of Atlantic ports. I am bound by the rules of this house not to address myself to a debate which takes place in the other place. I am not free to debate what has or is about to be said in the other chamber. I know, however, that on this Wednesday the other place is to debate a resolution having to do with the impact of the St. Lawrence seaway upon the ports of Halifax and Saint John.

Statements which have been made outside that assembly by the principal architects of this resolution indicate that they have only recently discovered that the St. Lawrence seaway will have an impact upon the Atlantic coast area. One of these two gentlemen is a former member for Halifax and the other is a former premier of Nova Scotia. On Wednesday they will debate this resolution, within two and one-half days of the first cargo moving through the St. Lawrence seaway. They now discover the seaway will have an effect on Halifax and Saint John.

After 90 years of waiting, and only 60 hours from the opening of the seaway, what are we told by them? We are told that the St. Lawrence seaway will cause a loss of business to the ports of Halifax and Saint John. We are told this by people who had the responsibility of putting forward that view when, in fact, they supported the federal administration of the day, indeed one of them as premier of Nova Scotia. However, not a word was uttered, not a word passed their lips, not a word from the lips of the surviving Liberal members in this house. I have been here since October, 1957 and I have not heard one Liberal member from the Atlantic area—there are precious few of them left—say a word about the St. Lawrence seaway. Why is this so? It is because they were committed to it by the last government. It was commenced by the hon. member for Laurier (Mr. Chevrier), who I regret to note is not in his seat tonight. He started it; it was his

idea as minister of transport to put it through, and after having conceived it as a member of the cabinet he quit that job and moved into the seaway authority to make sure it got built. Then he moved back into politics, expecting a different result from that which accrued in June, 1957.

I will pass over this. The vicissitudes of political life come to young and old alike. He not only moved back and forth between a position of governmental responsibility and that of functionary in charge of construction, Mr. Speaker, but when he left he left the further construction of the seaway in the hands of a gentleman who is now the executive vice-president of the national Liberal federation. So we have a definite Liberal policy of building the seaway. All right, Mr. Speaker; the young sentiment in the east is not opposed to the St. Lawrence seaway because we do not feel we can seek to acquire greater justice for our people by denying it to others. Lest anybody think in other places that this is a discovery, two and one-half days before the opening of the seaway, which is now going to have a deleterious effect upon us, let me say these very people are the people who had the capacity to be meaningful in their representations to the government.

Mr. Speaker, what is the Liberal policy as regards transport through the St. Lawrence seaway? That policy was conceived by the hon. member for Laurier as minister of transport and then as head of the St. Lawrence seaway authority. But he is not satisfied. Nobody in the back benches of the Liberal party speaks about this in the house, only in the other place. But here we have to be beatified by public awareness every four or five years. On January 21, 1959 the hon. member for Laurier expanded the Liberal transportation policy in the St. Lawrence basin. He was not satisfied to put the seaway through and to build it. He now has another plan, and you will not hear about this in the other place. At page 155 of *Hansard* of January 21, 1959, asked by the government to give some idea of things which he might undertake to improve the economy he said:

> The first is for the immediate appointment of a board of engineers for the purpose of studying and reporting upon the economic advantages of linking the St. Lawrence river with the port of New York via the Richelieu river, lake Champlain and the Hudson river.

Then the hon. member went on to say that he wished he had time to go into the matter more fully, and we all wish he had had more time. Then he went on:

> All I can say at this time is this: If it were given consideration and put into effect by a recommendation, of course following a report of a board of engineers, it would put to work thousands of people in an area where work is required.

Certainly it would put into employment thousands of people. Here we have a seaway which has been paid for by the taxes of all Canadians. The hon. member for Laurier initiated the seaway and put it through. Its first cargo will go through on Saturday, as the Toronto *Telegram* says, meaningfully enough "a cargo of politicians." We have already had enunciated for us a new Liberal transport policy. Now we are going to dig a ditch between Montreal and New York. This would mean the complete eradication of Atlantic coast ports.

I draw the attention of the hon. Leader of the Opposition (Mr. Pearson) to the fact that when I spoke in the house last year I mentioned some quotations he had used in connection with regional projects. He asked me at that time where I had got these quotations. I said that I was paraphrasing, and he said, "If you must paraphrase, paraphrase accurately." Well, it turned out I was paraphasing accurately, and I have come tonight with the quotations. The Fredericton *Gleaner* of March 19, 1958, just twelve days before the election, quoted the hon. Leader of the Opposition as saying that "a policy of scattered, unco-ordinated projects would create jealousy harmful to national unity." The Montreal *Star* of March 18, 1958, quoted him as saying that regional projects create "regional jealousies which could affect Canadian unity." Mr. Speaker, at a time when the St.Lawrence seaway is about to come into operation for the benefit, as we in the east hope, of all Canadians, although we have our fears, for the Liberal party to now come along and advocate that we divert everything travelling east from Montreal south to New York, most of it through United States territory, is that not a regional project likely to create strains on national unity? I suggest that the hon. Leader of the Opposition get into the habit of sending copies of his speeches to his seatmate so that both of them know what each other is saying.

Mr. Pearson: Mr. Speaker—

Some hon. Members: Oh, oh.

Mr. Pearson: Mr. Speaker, I do not doubt that the hon. member quoted me quite correctly, of course, but I would ask if he objects to this kind of canal junction between the St. Lawrence and New York through Quebec province? Would he object to that?

Mr. Morris: Yes, absolutely, until the St. Lawrence seaway is reasonably well paid for. I have, as do many of my constituents, the highest respect for the hon. Leader of the Opposition. In fact, we think he is too good

to lead the bunch he does lead, but he is at perfect liberty to preside over a group of prayerful wreckers. He may smile at my answer, but it is more meaningful than some answers I have heard from the Liberal side of the house. I oppose the suggestion absolutely until the seaway is reasonably well paid for.

I would now like to give the hon. members of the house some idea of the antecedents to that opposition. Mr. Speaker, on September 12, 1864 a large dinner was held in the former Halifax Hotel in Halifax. The decision to advance to confederation was not taken in Charlottetown but in Halifax; but thereby hangs another tale. I doubt whether hon. members opposite consult the Creighton study of Sir John A. Macdonald, but if they do they will find the story there. At that meeting Sir Georges Etienne Cartier said this:

> I have heard since I have been in Halifax the objection thrown out that there is much danger that you would be absorbed. It will be very easy for me to dispel such fears. I answer them by a question: Have you any objection to be absorbed by commerce? Halifax, through the Intercolonial railroad will be the recipient of trade which now benefits Portland, Boston and New York . . . It is as evident as the sun shines at noon that when the Intercolonial railway is built—and it must necessarily be built if confederation takes place—the consequence will be that between Halifax and Liverpool there will be steamers almost daily leaving and arriving at the former—in fact it will be a ferry between Halifax and Liverpool.

The Hon. George Brown said:

> But far in advance of all other advantages would be this, that union of all the provinces would break down all trade barriers between us, and throw open at once to all a combined market of four millions of people. You in the east would send us your fish and your coals and your West India produce, while we would send you in return the flour and the grain and the meats you now buy in Boston and New York.

Sir John A. Macdonald said:

> What will be the consequence to this city, prosperous as it is, from that communication? . . . Build this road and Halifax will soon become one of the great emporiums of the world. All the great resources of the west will come over the immense railways of Canada to the bosom of your harbour.

Let us be bipartisan in this series of promises to the Atlantic ports. Let us quote a Liberal prime minister, the Right Hon. Sir Wilfrid Laurier, who moved in the House of Commons on July 30, 1903 for leave to introduce a bill for the construction of a national transcontinental railway. On page 7671 of *Hansard* of that date he is reported as having said:

> Let me observe that if we have used American ports, it is not because for five months in the year our own ports are ice-bound. Everybody knows that our ports in winter are just as open as the American harbours. Everybody knows that if we have used American ports and the bonding privilege, it was not because our harbours were ice-bound in winter, but simply because we had no railways to reach them.

I should like to cite chapter 71 of the acts of 1903 authorizing aid in the construction of a railroad, and sections 42, 43 and 45. I should also like to cite section 13 of the acts of 1911, chapter 6; chapter 20 of the acts of 1914, section 6, and section 21 of chapter 29 of the statutes of 1955, the last of which says:

> The board of directors of the Canadian National Railways shall so direct, provide and procure that all freight destined for export by sea that is consigned within Canada for carriage to National Railways either at point of origin or between that and the sea shall, unless it has been by its shippers specifically routed otherwise, be exported through Canadian seaports.

I draw the attention of the house to the ordering "shall" rather than the permissive "may", and I should like the government to give consideration to the manner in which the C.N.R. is complying with the statutory conditions and the earlier statutory citations all of which, I am advised, are still in force.

We in the Atlantic area have changed from an attitude of defeatism to one of buoyancy and optimism. We still have hard problems ahead, but we have had much experience in the handling of hard problems. I have here Thursday's edition of the Halifax *Chronicle-Herald* with the headline: "Record Investment for Atlantic Area this Year". This points out that the value of this year's investment spending in the Atlantic provinces will be increased by 10 per cent over spending last year despite the fact that the national investment intentions appear to be slightly lower than last year. In this regard it is interesting to note that in the investment intentions the manufacturing sector is particularly hopeful and that there are indications of a three-fold increase over 1958. Indeed, an accompanying statement from the Atlantic Provinces Economic Council says this indicates that "investors are aware of the manufacturing opportunities in the Atlantic provinces and are determined to take advantage of those opportunities by spending large sums to enlarge present enterprises and to establish new ones."

Despite all this, from both groups of the opposition we hear nothing but despondency and gloom. Nothing but gloom. The hon. member for Assiniboia (Mr. Argue), another hon. member who is not in his seat tonight, has a solution for our seaway problems which may suggest itself to the hon. member for Laurier. The hon. member for Assiniboia possesses, not only knowledge about how to solve all problems but he has a solution before the problems even arise. Prior to

the announcement of St. Lawrence seaway tolls he said: I want to say this—not for myself, and not on behalf of the members of my group in the house, but for the C.C.F. party—that we are opposed to all tolls on the seaway. He wanted no tolls at all. Taxes would be taken from British Columbia and taxes would be taken from Newfoundland, but there would be no tolls on the seaway. And this is from a group in the house which is now composed almost entirely of agrarian protesters and former employees of the international woodworkers association. These are all that exist, but they have a solution for everything. I have said here on a previous occasion that if the hon. member for Assiniboia were asked to express his opinion in connection with the international regulation of space I believe he would say: I cannot tell you exactly what form it will take, but it will not work unless you have deficiency payments.

We have now in this house two opposition groups, one of them dedicated to constructing yet another channel for diverting trade through United States ports, the other to no tolls. Hon. members will recall that on August 29, 1958, as reported in *Hansard* on pages 4311, 4312 and 4313, I showed that the total amount of exports of Canadian products leaving this country via United States ports for overseas destinations amounted to $154 million a year and that imports entering Canada from overseas points for Canadian destinations amounted to $239 million a year. And yet some hon. members wonder why the Atlantic provinces area has sometimes had to pray the good Lord to give us a wreck. It cannot be denied that our ports and our facilities have not been used to anything like the extent of which they are capable.

Finally, Mr. Speaker, may I speak briefly about one of the things which we in the Atlantic area think we can do, if it is to be done, as well and perhaps better than anybody else in the country? The Minister of National Defence (Mr. Pearkes) paid our area a visit during the latter part of last week, and he announced in Halifax that if there was any contemplation of an atomic submarine program we would build the submarines in Canada, not for appearance's sake or for the sake of prestige but in terms of useability. This is a reasonable argument. Maritimers are well aware of what is to be said in favour of things being done on the basis of serviceability rather than prestige. I note there has been a subsequent announcement by a Montreal firm in this connection saying that they were prepared to go ahead with this work. But this is one job which Atlantic companies believe, with all respect, they can do better than anybody else. We build ships, and we have built them for longer than other people. The Halifax Shipyards Limited, a division of A. V. Roe which is lineally directly related to Hawker Siddeley, the only United Kingdom firm now building nuclear submarines, is closer to more of the Royal Canadian Navy than any other shipyard; two-thirds of the ships and the officers and men are based on the Atlantic command at Halifax. This shipyard knows more than any other Canadian shipyard about the construction of atomic submarines or other vessels.

I say this because I am one of those who believe that Atlantic provinces rehabilitation depends in part at least upon the people themselves. We must not come here as whiners. We must come here prepared to exercise our own initiative and not only to point out our disabilities but to suggest ways in which they can be corrected. It has been estimated by competent economists that the lower level of economic activity in the Atlantic provinces area costs this country $300 million a year. No Canadian saves anything by subsidizing the maritimes. It will be better to help us up to our feet and let us make our own way.

One final word more, and I have finished. It has to do with Newfoundland. I am not the one and this is not the place to comment upon the recent controversies that have raged in the headlines between members of the federal government and the premier of Newfoundland but because I am a member from the Atlantic provinces—

The Acting Speaker (Mr. Rea): Order. I am sorry to interrupt the hon. member, but I am obliged to inform him that his time has expired.

Mr. Pickersgill: Let the hon. gentleman continue.

The Acting Speaker (Mr. Rea): Does the house give unanimous consent to permitting the hon. member to continue?

Some hon. Members: Agreed.

Mr. Morris: I thank hon. members of the house and particularly hon. members of the opposition for that courtesy. I will not trespass long upon it. I simply wanted to say that hon. members from the Atlantic provinces are perhaps, because of geographic propinquity, more acutely aware of Newfoundland than are other hon. members of this house. While I do not feel that I am the one or that this is the time for comment upon recent controversies involving the federal government and the premier of Newfoundland I do say this. I believe and my people believe that the government of this country should rotate only between the Conservative and Liberal parties and not between

those parties and the socialists. There is this bond of affection between us. We believe that government exists for people, not people for government, and underlying all the controversies are the people of Newfoundland themselves and their disabilities. If they have disabilities I am the lesser as a fellow Canadian and I therefore suggest for the earnest consideration of the premier of Newfoundland that in this tenth anniversary year of confederation of his province with Canada he consider the efficacy of inviting a tripartisan group of parliamentarians to his province so we could effectively discharge our duties to the people of Newfoundland, which are as great but no greater than our duties to all other Canadians.

Mr. L. D. Crestohl (Cartier): Mr. Speaker, as is customary during the budget debate we have heard speeches on a variety of subjects. I, however, would like to address myself to a subject that either by design or by accident has been scrupulously avoided by the members of the government in particular. The press of our country has made it no secret that it cannot understand why parliament and its members have not in any way at all debated the resignation of Commissioner Nicholson of the Royal Canadian Mounted Police.

As recently as two days ago on the national television program "Viewpoint", Mr. Blair Fraser, the alert and knowledgeable political observer—

Mr. Nesbitt: A good Grit.

Mr. Crestohl: I will quote Conservatives as well because this is an impartial subject unless it be that hon. gentlemen opposite have already prejudged that it is not an impartial subject. I shall quote sources of all kinds because I believe it is a matter affecting every hon. member of this house regardless of where he sits.

As I was about to state, Mr. Fraser remarked that he considers Commissioner Nicholson's resignation one of the most important items before parliament. He expressed astonishment at the fact that not a word has yet been said about it during the present budget debate. A similar opinion was expressed as far back as March 19 by the Ottawa *Citizen* which published an article under a three-column headline entitled, "Members Strangely Silent on Nicholson Resignation." Permit me to read the two brief opening paragraphs of this article:

> The strangest thing about the resignation of Royal Canadian Mounted Police Commissioner Leonard Nicholson is the virtual silence that has reigned in Ottawa since it was announced on Monday.
>
> Members of all political parties seem unhappy that he quit but nobody seems anxious to talk about it or to try and blow it up into an issue.

An hon. Member: So you are going to do it.

Mr. Crestohl: No, I shall not do it. Your party probably will be the one to make an issue of it. I am trying to suppress an issue.

At this stage, Mr. Speaker, I do not want to discuss directly the cause of the resignation itself but I consider it an act of the greatest importance to parliament and indeed to the country when a top civil servant of the standing of the commissioner of the Royal Canadian Mounted Police suddenly resigns because, as he himself has put it, he had no option and, as Mr. Maurice Jefferies of the Windsor *Daily Star* described it in the March 17 issue, he resigned in protest.

I believe that parliament has been and is delinquent in remaining so strangely silent during all this time. Not only should we have debated the matter long before today but I consider it was our duty to probe much further into the cause of this resignation and the reasons that lay behind it. We should know just what the commissioner meant when he said he resigned because he had no option. What did the commissioner mean when he said he resigned in protest? What was it he resigned in protest against? Why should parliament remain silent in the face of these two statements made by the commissioner? I believe they are vital to the very existence of our security. The simple announcement of the resignation by the Minister of Justice (Mr. Fulton) is not sufficient. The resignation came as a distressing surprise to the house and indeed to the entire country. Because of the unusual suddenness of this event I had expected that the government would have at once and of its own volition set up a probe to inquire into the background of this vital matter.

The government is the only authority that has the power to establish an inquiry and ferret out the reasons for this resignation. Much to my surprise and certainly to the surprise of the entire country as evidenced by the press the government allowed the significance of this event to lapse into the background. Obviously the government is quite anxious for this issue to remain in the background. I fear that unfortunately many painful implications can flow from the unexpected resignation of any of our top civil servants and particularly that of the chief of the organization which is responsible for the internal security of the country.

When a resignation results from normal retirement or perhaps from illness or incapacity, it could be a sad event but when a

man resigns in the prime of his life with many more useful years of valuable and important service to give to his country and when in fact his resignation involves even a personal sacrifice we are definitely remiss in our duty if we do not explore to the utmost the reasons for such a resignation. In this particular case especially parliament should be concerned. The commissioner had a very high record and he said in his resignation he had but one more year to complete in order to be entitled to his full pension but nevertheless he sacrificed the advantages of that and resigned.

He would not normally resign under those circumstances or under circumstances which touched the interest and security of everyone in Canada. Nevertheless, he says he is constrained to resign, and he explains why he was unable to follow the course indicated by the Minister of Justice, with which he could not agree and which he apparently found to be inconsistent with his sense of duty. For an attitude such as this a civil servant deserves to be applauded by all Canadians. This is an exemplary form of behaviour, and it maintains the high standard of all our civil servants.

As I see it, it is the duty of parliament to protect and to safeguard the integrity of all our civil servants, especially those at the top who carry the burdens of responsibility. Moreover, it is the duty of parliament to sustain their independence. We must not expose them to any form of partisan pressure or influence at any time. We must hold inviolate their courage to discharge their duties regardless of the change of government or regardless of the change of a minister. Parliament has frequently applauded the fearlessness with which the Auditor General of Canada, for example, submits his reports and his recommendations. He has always been courageous and at times, Mr. Speaker, even daring in the frankness of the observations which he makes in his annual report to parliament and in his testimony when he appears before parliamentary committees, be it the committee on estimates or the committee on public accounts. I am sure that everyone in this house, and indeed the entire country, recognize and appreciate this independence of our Auditor General.

In the same category of top civil servants and their staffs for whom parliament must or should preserve the same freedom and independence, and who must be liberated from any anxiety which often follows a change of government, I would include all our deputy ministers, the chairman of the civil service commission, the chairman of the national research council, the chairmen of all similar commissions and councils, the governor of the Bank of Canada, the presidents of all crown corporations and most certainly, Mr. Speaker, the commissioner of the Royal Canadian Mounted Police. We must spare them apprehension of how they might be affected by any change of government or by any change of a minister.

Mr. Grafftey: Like 1935.

Mr. Crestohl: I am not speaking of 1935; I am speaking of 1959, and you will soon hear why.

Mr. Montgomery: The hon. member is the last one who should be talking about 1935 to 1945.

Mr. Crestohl: As a matter of fact, that lesson was learned in 1930 when the Conservative government came into power and we saw what happened. We realized the independence which we must preserve for our civil servants. I say, Mr. Speaker, we must relieve them of what might sometimes be terrorizing fears which can come from the fact, to use a biblical phrase, that there arose a new king in Egypt who knew not Joseph. I suppose if the Prime Minister (Mr. Diefenbaker) were here he would say to himself he wished he were that king who did not know Joseph. The civil servant has a continuing responsibility and this responsibility must not be shaken by any change of government or political pressure, since the duties of civil servants must be discharged with the courage and impartiality which are characteristic of honest civil servants in contrast with those who for selfish reasons seek to curry favour with a new government or with a new minister.

Let me illustrate what I mean, Mr. Speaker. We heard a typical clarification of this entire problem in the house on April 15 last week. I refer to a speech delivered by the hon. member for Rosthern (Mr. Nasserden), and I quote from page 2729 of *Hansard*. This is what the hon. member said:

> I think this government—

He was referring to the present government.

> —has been entirely too generous with many of the people in the public service of Canada who do not appreciate that there has been a change of government. Some of these people still think that orders come from Liberal headquarters.

Some hon. Members: Hear, hear.

Mr. Crestohl: I am very pleased to hear that he is not the only one in the government party who still thinks that way and who still supports that statement.

Mr. Small: The facts are there.

Mr. Crestohl: The facts are there? Let us look at the facts. What does the hon. gentleman mean when he says that the government is too generous with the civil servants? Does that generosity consist in the fact that they are not dismissed from their employment? In what does the generosity of the government consist toward the civil servants of Canada? Is that meant to be a subtle threat to all the civil servants who worked for this country before this government came into power or what else does the reference mean? What does the hon. member mean, for example, when he says that the civil servants do not appreciate that there has been a change of government? How does he want the civil servants to manifest their appreciation?

Mr. Anderson: By being loyal.

Mr. Crestohl: Does he expect them to fall on their knees twice a day and sing hallelujahs for the new Prime Minister and the new government? Is that how these gentlemen would like to have the civil servants show their appreciation?

Mr. Ricard: If you do not know why are you drawing conclusions?

Mr. Crestohl: Just be patient. I do not know, nobody has said or indicated.

Mr. Ricard: You are trying to insinuate things.

Mr. Crestohl: Nobody has indicated how the civil servants can show their humility, their appreciation, their thanks and their gratitude for being permitted to serve the country as they have done in the past. I should like to know also what the hon. gentleman means when he says:

> Some of these people still think that orders come from Liberal headquarters.

Where does the hon. member or the government think orders should come from? Should they come from the Conservative headquarters. I say, that this is an issue that is not without some difficulty for civil servants. Their integrity must be maintained; their independence must be protected, and we should liberate them from such thoughts as were expressed by the hon. member for Rosthern and as indicated also by other hon. members in the government. I am sure, that the members of the government want that independence for all civil servants and it is to this matter that I am addressing myself.

I consider, Mr. Speaker, that the remarks of the hon. member for Rosthern are an undeserved and unwarranted reflection on the honesty and integrity of our civil servants. As I have indicated, it is precisely this and similar thinking against which we must protect our civil servants. Just look at what happened in the house today. To me it was a very shocking thing. When the hon. member for Fort William (Mr. Badanai) asked a question of the Minister of Citizenship and Immigration (Mrs. Fairclough) the Speaker ruled that the question was not framed—

Mr. McDonald (Hamilton South): It was out of order.

Mr. Crestohl: I will tell you what it was. Just wait and listen. The Speaker ruled—I agree with the Speaker's ruling if that will satisfy my friend—that the question was not framed in accordance with our standing orders. That is perfectly true, and the question was ruled out of order by the Speaker quite properly. But here is what I say happened. An accusation was read by the hon. member for Fort William and I should like to read it again. As found in the Toronto *Telegram* of April 16, it reads:

> They charged that the order was drafted by the pro-Liberal civil servants merely to embarrass the government while Prime Minister Diefenbaker was absent.

The minister sat in her place, having read the accusation levelled against her employees —whether or not it is true is immaterial for the moment—saying that pro-Liberal civil servants drafted the regulation in order to embarrass the government. I respectfully submit that the minister should not have waited for a question to be asked. It is my submission that the moment she learned there was such an item in the press she should have risen in her place on a question of privilege and vigorously denied the accusation against civil servants in her department. Her failure to rise in her place and deny an accusation against old and tried civil servants is to me quite disturbing.

Mr. Nesbitt: Are you trying to create a sacred cow?

Mr. Crestohl: I cannot hear the hon. member.

Mr. Nesbitt: Are you trying to create a body above criticism or reproach?

Mr. Crestohl: I am making no accusation against the minister. I am making no accusation against civil servants. If the hon. member will follow me he will realize I am trying to point out that here was an occasion when the integrity of civil servants should have been upheld. The minister should have stood up in her place and said, "No, I will not permit this; I deny vigorously that my employees wrote this order in order to embarrass the government. That is not true." That is what I expected her to say. However, she

remained silent. This is something which supports the thesis I am trying to present this evening to hon. members.

When I referred a few moments ago to the importance of preserving the courage, integrity and honesty of our civil servants I must say that, without reflecting on any of them at all, I place the commissioner of the Royal Canadian Mounted Police in a category by himself.

Mr. Bigg: Why?

Mr. Crestohl: I will tell you why. He above everyone else must be free from and unfettered by any political fears and influences.

An hon. Member: Should he decide policy too?

Mr. Crestohl: The hon. member who interrupted me may not feel that he should be free from and unfettered by political influence but certainly there is no one else in the entire country who will agree with him. On the contrary, the people will agree with my statement. When there is interference, when attempts are made to encroach upon the independence of the commissioner of the Royal Canadian Mounted Police, every Canadian, every member of the house and every person elsewhere in the country is placed in jeopardy and our democratic institutions become weakened and exposed to danger. I therefore urge that because of the possibility, or even the slightest suspicion that someone in authority has, because of political expediency, attempted to disturb the great confidence which the commissioner of the Royal Canadian Mounted Police has always enjoyed—

Mr. Grafftey: What political expediency?

Mr. Crestohl: I said if there is the slightest suspicion it is a responsible duty of parliament to call on the government to dispel this suspicion and to set up as speedily as possible an objective and impartial inquiry into the matter. If there is nothing to be afraid of, why object to it, why oppose it? Why not go along with it?

Mr. Bigg: Why defend it?

Mr. Crestohl: I am not defending it.

Mr. McDonald (Hamilton South): What are you doing?

Mr. Crestohl: I am saying "if there is suspicion." The hon. member has not paid attention. The commissioner of the Royal Canadian Mounted Police resigns suddenly at personal sacrifice and hon. members opposite are willing to sit by and say that they are not interested as to why.

Mr. Bigg: How do you resign gradually?

[Mr. Crestohl.]

Mr. Crestohl: The country is far more disturbed by the possibility of such interference than can be readily imagined. The impartiality and independence of the force which gives Canada its internal security must not be left in doubt. Let me indicate from only a few press editorials the degree to which this agitates and disturbs the entire country. I should like to read a brief opening paragraph from the Fundy *Fisherman* of March 25, 1959:

> Canada has lost one of its most distinguished public servants in the resignation from the Royal Canadian Mounted Police of Commissioner L. H. Nicholson. This outstanding son of New Brunswick refused to allow the R.C.M.P. to be made use of to further the ends of political expediency. He chose the sterner path of duty, and resigned when it became clear that he would not be allowed to maintain law and order in the manner and form required by the oath of his office. He will be honoured by people across the country and his example will be applauded by citizens of his native province.

I should also like to read an excerpt from an editorial in the Edmonton *Journal*, the other end of the country.

Some hon. Members: Oh, oh.

An hon. Member: What about British Columbia?

Mr. Crestohl: I am glad hon. members have caught the mistake. It was not intended at all. This editorial appeared in the issue of March 20, 1959, and reads in part as follows:

> However, a larger question has been opened by justice minister Fulton's grave decision to interfere directly with the movements of the R.C.M.P. This question concerns the degree of political control over the police possible today. It deserves the serious consideration of parliament.

Further, Mr. Speaker, in an editorial in the Ottawa *Citizen* of March 17, 1959, headed "Commissioner Nicholson Resigns" I find the following:

> The resignation of Commissioner L. H. Nicholson from the Royal Canadian Mounted Police raises questions of policy in the administration of the R.C.M.P. which deserve the most searching inquiry. In recent days, the cabinet has evidently gone over Commissioner Nicholson's head, on one occasion countermanding an order he had given, and on the other giving an order of which he knew nothing. In his own words, this made his position untenable.
>
> The result can only be confusion and some loss of morale in the R.C.M.P., which has had to meet enough difficulties in the past few days without this added trouble.

Another editorial, Mr. Speaker, appeared in the *Financial Post* of March 21, 1959, entitled, "The Man of Principle."

> Decent people everywhere instinctively respect the man of principle, and particularly the man who is willing to suffer because of his principles.
>
> Such a man is Commissioner L. H. Nicholson of the Royal Canadian Mounted Police, just resigned—

Nicholson was a conspicuous success in one of our country's toughest and loneliest jobs.

His decision to do what he believed to be right —without regard for the present government's popularity with the labour vote—ends a career in a way that brings lustre to him and to the finest traditions of the public service.

From these expressions of public opinion across Canada, it is clear that the country wants to know whether or not there has been political interference or political overtones which provoked Commissioner Nicholson's resignation. What the country wants to know is just that, and it is the duty of parliament to set up an inquiry to ferret out the truth so that the country may retain its confidence in our civil servants.

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

Mr. Crestohl: Yes.

Mr. Grafftey: Does the hon. member feel that ministers of the crown are duty bound, under all circumstances, to accept without question the recommendations of senior civil servants?

Mr. Crestohl: I cannot answer that question, but I certainly believe that the refusal to accept a civil servant's direction—

Mr. Bell (Carleton): Direction?

Mr. Crestohl: —or suggestions, has its consequences with the top civil servants.

Mr. Bigg: You do not know what you are talking about.

Mr. Crestohl: This is something that you do not want to hear, but the country wants to hear about it. You will hear from the country when the country is told the facts. I feel that the inquiry which I suggest should be promptly set up. I cannot understand why there should be the slightest hesitancy to set up this inquiry. I cannot understand fears that anyone should have about setting it up, because the confidence of the top civil servants has been badly shaken and it should be restored.

Mr. Bell (Carleton): That is the most unmitigated nonsense I have ever heard in the House of Commons.

Mr. Crestohl: I am very much interested in hearing all these objections. I suggest an inquiry be set up in order to explain all the facts relating to this occurrence which shook the confidence of the entire civil service.

Commissioner Nicholson refused to be budged from what he saw his duty to be, notwithstanding any ingenious methods and specious arguments that were presented. I say, therefore, that one cannot help but admire Commissioner Nicholson all the more for stating in his letter to the Minister of Justice, so frankly and so fearlessly, the following and I now quote:

I realize that other issues are before you which arose from this strike, but I feel most strongly that the matter of law enforcement should be isolated and dealt with on its own merits.

I underscore the words "on its own merits", Mr. Speaker. Then, he continues, and I quote:

This is the attitude the force has taken throughout. It has not concerned itself with the issues back of the strike, but has merely tried to maintain law and order in the area.

It appears that this is what the commissioner was desirous of doing; nothing more and nothing less. However, when he felt that his duty was being interfered with he took, as he himself describes it, the only course open to him. He resigned. I am sure the entire country will say to him, "Bravo". By his action he has sustained, if not even elevated, the high standards and traditions of this distinguished force for its courage and integrity, for which it is world renowned.

I respectfully urge the government to recognize this exemplary civil servant and not permit him to suffer, amongst other things, any financial loss because he did his duty with courage and with honour to himself and to the reputation of the men under his command. A most appropriate editorial on this subject appeared in the Montreal *Star* of March 18, 1959, which, in my opinion, effectively makes an appropriate recommendation to the government. I desire to read it into *Hansard*. It is entitled, "Colonel Nicholson Deserves well of his Country" and reads:

In his graceful tribute to Commissioner Nicholson, expressed in the correspondence surrounding the sending of R.C.M.P. reinforcements to Newfoundland, the Minister of Justice wrote: "You can rest assured that whatever may be the views as to the present situation, you have earned the respect and esteem of all those with whom you have served."

This respect and esteem is in no sense diminished by the fact that Commissioner Nicholson has disagreed with his minister and resigned on an issue of principle. It took courage to do this at a moment of public controversy. It took courage to do this more particularly because Commissioner Nicholson is within a year of his normal retirement from the R.C.M.P. after completing a full term of service. That service has been distinguished by a devotion to duty and a concern for the dignity and effectiveness of the force against a background of tradition that has made it a symbol of law enforcement tempered with mercy the world over.

It would be anomalous in the circumstances if Commissioner Nicholson should suffer a disability of any kind by reason of his resignation on grounds of principle. If his resignation is accepted now he will in fact suffer a financial disability. His pension will be lower than it would be if he completed his full term of service a year hence.

A grateful Canadian people would support a move to grant him leave of absence for a year, when he could retire in the normal course on full pension. Such a course is commended to the government.

If this were the appropriate time or if it were possible for me now or at any other time to move a resolution to that effect or to introduce a bill to that effect, I would not hesitate to do so. However, procedure and standing orders being what they are, it is obvious that only the government can take the appropriate means for making this possible. I, therefore, call on the government to take the necessary steps and follow the suggestion contained in the editorial in the Montreal *Star* to see that the commissioner, who has rendered such loyal and faithful service and who resigned on a matter of principle—as I indicated it took courage to resign on a matter of principle—does not suffer as a result of his action. I would urge the government to take the necessary steps to avoid punishing a civil servant and to see that he does not suffer any financial loss because he has performed his duty. I feel, Mr. Speaker, that the entire country would welcome such a suggestion.

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

Mr. Crestohl: Yes.

Mr. Bigg: Would he explain exactly what the monetary loss would be if Commissioner Nichlson retires at this time as he wishes?

Mr. Crestohl: I have not checked the figures, but I am prepared to accept—

Mr. Bigg: Have you any idea what his pension will be?

Mr. Crestohl: I have not checked the figures, but even if it were only $10 the amount is not important. I do not see why the hon. member quibbles about this. I think it is a sensible suggestion by the Montreal *Star*. I think the entire country would accede to it, and I certainly feel that a bill or a resolution introduced by the government to restore the commissioner's pension would be well deserved.

Mr. Bigg: Would the hon. member permit another question? Would he like this resolution put forward before he has this full inquiry he asks for?

Mr. Crestohl: If the hon. member suggests that such a resolution be considered after a full inquiry, I would go along with that. I would have no objection if the government waited before introducing such a resolution until after the inquiry. Mr. Speaker, I again submit that the proposition made by this newspaper should not be considered adversely by any of the parties in this house, unless the inquiry discloses things which the country does not yet know. But if we are to accept what we now know, we have the splendid reputation of the commissioner himself and the courage which he showed in resigning one year before he became entitled to a full pension. All these facts in themselves are commendable and should certainly be accepted and considered by every hon. member in this house.

Mr. Speakman: Does the hon. member from Cartier (Mr. Crestohl) think that the head of the Royal Canadian Mounted Police, which is in fact a semi-military force, is right in his decision to disagree publicly with his superiors?

Mr. Crestohl: I would love to answer that question, Mr. Speaker. The hon. member has himself pointed out that there is some suspicion that the situation is not clear. Therefore I suggest this inquiry. Certainly if the commissioner resigned because he said, "I could not accept the decision of the minister"—

Mr. Speakman: The decision of his superiors.

Mr. Crestohl: It was not a decision.

Mr. Speakman: It was.

Mr. Crestohl: What he said was that he found that the minister's request was inconsistent with his duty.

Mr. Speakman: But that was his decision.

Mr. Speaker: Order. I regret to inform the hon. member and those who would ask further questions that the hon. member's time has expired.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, before proceeding with my remarks I wish to refer to a statement made this afternoon by the hon. member for Essex East (Mr. Martin) concerning the Minister of National Revenue (Mr. Nowlan). I was here in the chamber when the minister made his remarks which were referred to, as reported at page 2624 of *Hansard* of April 13, 1959. These remarks did not seem to me to carry the meaning attributed to them by the hon. member for Essex East and were in fact delivered in a jocular manner. I want to make it clear that I cannot subscribe to any double standard of public morality or different degrees of sanctity concerning promises. I am quite sure the hon. minister did not intend to give this impression, but since that has been inferred in statements made this afternoon I do not want to let it pass without stating that I do not subscribe to any such theory.

For the past several days we have heard discussions on all topics in connection with the budget. We have listened to discussions about taxation, inflation and other matters. I would like to take this opportunity to discuss a few matters which I believe deserve more serious attention by the government than has heretofore been given. The first subject I want to refer to concerns the Department of Mines and Technical Surveys. I feel this department should be among the very first which requires attention. The work of the department, particularly the technical surveys, forms the very basis and beginning of our development program. It is and has been for many years a neglected department. We have been talking big for a long time about our resources in Canada, and I feel we must do something big. Mr. Speaker, scientific research must precede development. We must have geological surveys, magnetic surveys and gravity surveys to determine what is underneath the surface of this country. We must probe the depths of the ocean and find the continental shelf boundaries. We must translate our findings into maps. We must know what we have to develop before we can start to develop it.

What is the situation which we now find? First, the department in understaffed in all its scientific branches. Scientists are so underpaid that they are leaving the government service for industry, for other countries, and even for the universities which have long been classed as providing poorly paid jobs. Even our universities are stealing scientists from the government service. We need grants for scientific research. We need special assistance for those students who have shown some indication of being able to perform those services which are most essential to us if we are going to develop this country to its maximum degree. Mr. Speaker, accommodation is short in all the branches of this department, and although a large building project is under way the buildings not yet completed are now inadequate to serve as a preliminary foundation for the development of our resources in Canada. Even at the dominion observatory here in Ottawa there is such a shortage of space that the scientists are working in the basement of the residence occupied by the dominion astronomer. Too little attention has been given to this problem. More and more the eyes of the public have been directed to our great natural resources.

Our Minister of Northern Affairs and National Resources (Mr. Hamilton), a great enthusiast for this national development, must have before him the surveys and the maps which will assist in such a development. We have to recognize that this department must be properly equipped in order to be able to carry out its researches. This has not been done, and it should be done to a much greater extent. It is realized that the Minister of Finance (Mr. Fleming) has problems, and they are grave ones. He has brought forward a budget which has very well satisfied the problems that do exist. However, with regard to geological surveys, for example—surveys of the surface and what lies under the surface of our country—only $3,500,000 of the whole national budget is used for this purpose. That is only $1 in every $1,600.

I should now like to turn to a second subject which is always a favourite of mine and one which is related very much to the same type of thing. It concerns the tourist industry in Canada. This is another area where we could be making a great advance. As I have mentioned previously, there can be no argument about the fact that the tourist industry is one of the largest sources of foreign currency available to us. The Canadian government travel bureau is doing an excellent job on the funds which have been allotted to it, and these funds have, in fact, been increased, but I think this house should consider setting up immediately a joint committee on travel in co-operation with the other place, because this has become a neglected field in Canada. It is true that the provincial governments are doing their best, but I think that a greater push is needed from this government. Last session I brought forward a resolution with reference to loans to tourist operators. That subject was very well discussed and I do not intend to raise it again at this time except to say that any project or any idea which can be brought forward to further the encouragement of visitors to this country is one which might well engage the attention of the government.

Tourism should go hand in hand with the development of the country. This is well recognized by the fact that the Canadian government travel bureau is set up within the department of northern affairs. By and large, a lot of our neighbours to the south seem to have the feeling that Canada is the poor man's vacation land. We are somewhat modest in our publicity and careful in our expenditure. That is easy to understand. Mr. Leo Dolan, who was formerly head of the travel bureau, said recently that Canada lacks "snob appeal" for its visitors and suggested that we should rectify this. Just what he meant is hard to pin down, but the general idea is that we must get over the belief that we cannot compete with Europe in connection with our tourist industry.

Here in Canada we have some most interesting tours, and they are improving and increasing with the development of the northland.

I feel that we must make an effort along these lines of a magnitude that has not heretofore been undertaken. In 1958 there was more travel in Canada than there was in the previous year but this travel was not undertaken by visitors; it was done by more Canadian people travelling between their own province and another province. The influx of tourists from the United States fell off last year, and a number of reasons are given for this—the recession in the United States, the weather, strikes and European competition.

I think the government is doing an excellent job in advertising Canada, but I think we should do more than put advertisements in newspapers and publications. I think we must have publicity agents, people who will bring to visitors from other countries details of the tours and other items that we can provide for them which are of interest and which will provide real competition to European centres.

I should like to speak on a third subject which is related to the other two. This has to do with the fantastic development in North America, and particularly in Canada, over the last few years of pleasure boating. In 1958 over three million Canadians took to the water in pleasure boats. Over 750,000 pleasure boats are now owned by Canadians. The reason for this is that there is a desire to get off the travelled highways and escape the overcrowded conditions that obtain on the highways. Many want to get off the highways and get to more quiet places where they can enjoy a vacation. I think this feeling has been best expressed in an article in *Western Business and Industry* in which a boating enthusiast has stated:

> After being cooped up in an office or driving over jammed highways you discover a completely new world. There is sunshine, space, waves, wind and freedom from worry. I am a different man when I am out there. I am relaxed. I cannot even remember my phone number. A lot of pleasure boat owners agree with me. They have spent time on the open road. They have also spent an irritating portion of that time going ten yards every three minutes, breathing gas fumes and placating the children in the back seat.

Hon. members may wonder what this has to do with the budget, Mr. Speaker. It is just this: I think the government must recognize that facilities for this pleasure boating must be provided. It is a source of income. It is a commercial undertaking just as much as any other. The Department of Public Works, in providing navigation facilities, docks and so forth, and the Department of Transport are both responsible for navigation but I fear that in the past this work has been viewed from the standpoint of commercial navigation. I think we must not lose track of the fact that there is this great swing toward pleasure boating and that the departments must now take into consideration the provision of facilities for small boats as well as for large ones. I hope that the Minister of Transport (Mr. Hees) and the Minister of Public Works (Mr. Green) will take note of this important new water traffic. At this point I should like to mention the pamphlet "Safety Afloat" put out by the Department of Transport. This has provided an excellent service for those who engage in pleasure boating. It has been well received and well distributed throughout Canada.

In a riding such as mine which is mostly engaged in the tourist business the maintenance of water facilities is particularly important. Many of the standards now set up by the Department of Public Works and the Department of Transport are those based on so-called commercial navigation. In fact, nothing is so commercially valuable to the country, I believe, as the pleasure boating traffic which is now developing.

I should like to ask the Department of Public Works to re-examine its policy in relation to the building of docks and navigation facilities. I have to admit that the Minister of Public Works has been extremely cooperative in this regard but always, of course, with a considerable amount of urging on the part of everyone concerned. The district engineer for my area who operates out of Toronto has been extremely understanding in the situation. In the area I represent it is now necessary to have a government official to look after the navigation facilities on behalf of the two departments of government.

Related closely to this is the next and final subject with which I shall deal. It is also connected with boating. I have reference to the Trent canal system. I should like for a few moments to read from a booklet published by the Department of Transport and entitled, "The Trent Canal System," because it is something not sufficiently publicized:

> The term "Trent canal" is applied to that series of rivers and lakes which, by a system of dams, locks, short artificial channels and two marine railways, provides 8-foot navigation for 89 miles from lake Ontario to Peterborough and 6-foot navigation for an additional 135 miles to Swift Rapids as well as for 8 miles from Georgian Bay to Big Chute.
>
> The canal began in a small way in 1833 with the construction of a few locks on the Trent and Otonabee rivers and on the Kawartha lakes in order to connect up the small pioneer settlements along their banks and shores. In addition to performing this vital service, these early locks and dams, assisted by an extensive system of log slides, contributed for many years to the flourishing lumber trade of the district. With the depletion of the forests, however, traffic began to settle down to a more prosaic freight-carrying trade. Good roads and motor transport made some inroads on this traffic during the nineteen twenties and thirties, but they have also brought about a

very extensive development of the route as a holiday and tourist playground in which the canal facilities play no inconsiderable part.

I understand that the Department of Transport is now after many years actually considering improving the facilities on the Trent canal. A great number of small craft from both the United States and Canada use the canal extensively for pleasure boating. This brings tourists right into the heart of Ontario with the attendant benefits of purchasing power, the purchases of supplies of fuel and food and other things. I am glad to see that the Department of Transport is now taking an interest in the canal and recognizes that there is an upsurge of interest in pleasure boating that will be with us for many years if highway traffic continues to expand as it has done over the past few years.

Related to the Trent canal system is a dream that has been in existence for fifty years. That is the dream of some day connecting the Trent canal system with the Muskoka lakes. These lakes provide a large inland waterway extending over many miles of lakes and rivers. If the Trent canal system were connected, which would be a comparatively easy and certainly a feasible operation, it would bring to the centre of this country large and small pleasure boats from all parts of the North American continent. There is an easily accessible route through the Morrison lakes and various other lakes leading into lake Muskoka itself. It is hoped that the planners in the Department of Transport will see the value of this dream and make it a reality, thereby providing in the very heart of this country boating facilities that will be equalled by none elsewhere in the world.

I had a number of other matters to mention in connection with the budget but not related to the subjects I have mentioned and for that reason I shall leave them for discussion on a later occasion.

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, if I may I should like to refer very briefly to something that was said a little earlier this evening by the shorter member for Halifax (Mr. Morris). I am sorry to observe that the hon. member was called from the chamber. I was rather surprised to hear the congenial and usually Canadian-minded hon. member object quite strenuously to a project which I have had very close to my heart for some considerable time. I refer to the construction of the Richelieu seaway which would join the St. Lawrence river at Sorel to permit travel up the Richelieu river to Lake Champlain and down the Hudson river to New York. I have had the opportunity of studying the effects of this project and am convinced that this seaway would be of invaluable economic use not only to the Richelieu valley or to the province of Quebec but to the country as a whole.

I feel sure the hon. member does not wish to impede or provide obstacles to economic improvement anywhere in the country just as other hon. members of this house are always pleased to learn of projects that are of assistance to the maritime provinces. Indeed, in this respect although hon. gentlemen opposite do not always agree with me I feel that at least some members of the Conservative party would agree that this seaway from the St. Lawrence to New York through the Richelieu river would be of invaluable economic assistance.

I should now like to come to a detailed consideration of the budget. I believe it is quite clear that the budget brought down some weeks ago is symptomatic of a very marked and serious lack of administrative responsibility. To my mind the record deficit with which the country is now burdened for the most part is due to the fact that political expediency and opportunism have replaced the objectivity and the realism which are essential in a government which intends to administer in the interest of the country's welfare. Because of the necessity of having in Canada responsible governmental administration if we are to achieve the highest summit of prosperity which our labour force, our industrial power and our natural resources warrant, and because we are now faced with this budget, with the staggering results of a most disquieting political philosophy, I think it would be extremely useful for us to reflect seriously on the often-quoted words of Thomas Jefferson on public spending. May I quote Thomas Jefferson as follows:

> I place economy among the most important virtues and public debt as the greatest of dangers to be feared. To preserve our independence, we must not allow our leaders to load us with perpetual debt. We must make our choice between economy with liberty, or profusion with servitude.

These words are as fundamentally true today as they were generations ago, and in spite of the Utopian promises and commitments of the Conservative party in 1957, the huge record deficit that we have in front of us today brings us back to the cold, hard realization that no one really gets anything for nothing. As a matter of fact there seems to be a natural law which inflicts the loss of independence, of pride and of liberty on all those who try to obtain something for nothing. In this case, along with those losses, Canada has been inflicted with a huge deficit, an increased national debt and increased taxation.

It might also be well to reflect on a paragraph which appears in the final edition of the Gordon commission report, found at page 14, and I quote:

> There will be plenty of ways to spend our increasing national wealth. We will first have to meet the claims of defence and decide what we are prepared to pay as our contribution to the collective military force of the western world designed to deter an atomic attack. We may also want to round out our social security program and to increase the payments made under it. There will also be proposals for expenditures on projects to add ease and grace to our common life and on other projects that would contribute either directly or indirectly to our economic growth. But we must recognize that these claims are all competing. At any one time we may have to decide that some of them are beyond our present means and have to be deferred. For if they were accepted indiscriminately and all superimposed on the normal operations of the economy, the result might well be an inflation that would bear cruelly on some groups in the community and that would price us out of some of the world markets in which we must compete. If that were to happen, we might wake up to find that our prodigality had cost us dear.

Mr. Speaker, our prodigality has indeed cost us dearly, with the huge deficit of $617 million, and the people of Canada are now asked to pay for the lack of foresight and the lack of wisdom in this government's administration. No one, not even my socialist friends to my right, not having the responsibility of administration, claimed, as indeed did the Conservatives in 1957, that they had a magic formula that would make of Canada a Utopian paradise. There is no one, there is no government, who can return to the people more in the way of social or national security than is warranted by the moneys which the people themselves have contributed to the common fund and for a common good. I submit it is an irresponsible government which commits itself, as this government has done, to the expenditure of moneys which it knows surpasses the capacity of the people to pay and which in this case has resulted in a huge deficit and increased taxation for the people of Canada. And what for, Mr. Speaker? In order to create, and for the sole purpose of creating, the impression that this government was indeed fulfilling the irrational, exaggerated and contradictory promises it made in 1957.

While we study the deficit and note the deficit for this year as well as an estimated deficit of some $400 million for next year, in spite of the increased taxes across the board, I could not help and I still cannot help but hear ringing in my ears the echoes of the Prime Minister's (Mr. Diefenbaker) most theatrical voice when he shouted from one coast to the other of this country that the Liberals had a surplus of some $500 million; that the Liberals were overtaxing the Canadian people by $150 per family per year; when he shouted from coast to coast that the government at Ottawa was rich and the provinces and the municipalities were poor. If those accusations were true, then I accuse the government of having within 20 months squandered all that wealth without having one trace of it in any of the government records. If the accusations were not true, then I accuse the government of having used electoral tactics which in fact undermined the very concept we have of our democratic form of government.

If we have come to the point in the evolution of our political life where the winning of elections is the sole consideration of a political party and where half-truths and untruths are asserted as facts, and where impossible and unrealizable projects are presented to the Canadian public not only as being desirable but as being economically and constitutionally sound when they are not, then I submit, that such tactics will destroy the country's faith in our parliamentary system. They will destroy the country's faith in our public men and in fact they will make out of our parliamentary system a veritable farce. They will keep away sincere, honest and independent young men from political life and leave the future generations of Canada a prey to the most unscrupulous and obnoxious form of dictatorship and government banditism.

Lest anyone should believe that the cause of my fears are unfounded I would ask hon. members to compare the speeches that were made by the Conservative party in the election of 1957 with this budget, the results of the administration of 20 months of Conservative rule. I would ask hon. members to take a look also at the statement which was made by the Minister of National Revenue (Mr. Nowlan) the other evening, which is to be found at page 2624 of *Hansard*. In order to be fair to the minister I am going to quote the whole paragraph:

> Mr. Speaker, there is no doubt that promises of any kind, whether pre-election promises or otherwise, should be honoured and respected so far as circumstances will possibly permit, but I would suggest to you, sir—and I think all hon. members on both sides of the house would accept this general principle—that promises made to this House of Commons and promises made to parliament stand in an even more favoured position in so far as sanctity and respect are concerned than promises made during an election campaign.

As the hon. member for Essex East (Mr. Martin) said this afternoon, we do not accept the general principle of the Minister of National Revenue. We feel very strongly that statements and promises made concerning

the administration of this country to the people of Canada by our public men must be as respected and as sacred as statements and promises made in this house. The statement of the Minister of National Revenue is not only an indescribable insult to the intelligence and dignity of the Canadian people but is a formal denial of the basic concept of democracy. How can the people of Canada have faith in our public men? How can they choose wisely the administrators of the country when in fact the Minister of National Revenue, a minister of this government, states that what is said in the house is more sacred than what is said elsewhere to the people who in fact chose those who sit in this house and who act on behalf of the people of Canada?

We have heard a great deal about the dignity, respect and rights of parliament, and they must be maintained. I submit they can be maintained only if first of all we respect and acknowledge the rights, privileges and prerogatives of the Canadian electorate. The Minister of National Revenue has indeed confirmed the dangers we have seen in the political attitude of the government and he has corroborated better than anyone else possibly could have the accusations we have been levelling against the government that it has indeed ignored the elementary rights of the Canadian electorate and that as a matter of fact it has trampled on the dignity of the Canadian people in its haste to achieve power.

Today the government's defence of this abominable budget is that under the circumstances the government had no other alternative but to increase taxes. Mr. Speaker, that is begging the question. The point of argument is that the government is responsible for the circumstances in which the country now finds itself. It is the attitude, policies and actions of the government which, in the space of 20 months, have brought about a deterioration in economic conditions and the financial position of the country whereby we have passed from a surplus of $257 million in 1957 to a deficit of $617 million in 1959 and an estimated deficit of $400 million in 1960.

If Canadians today are being burdened with increased taxation without seeing the possibility of relief in the immediate future, it is not only because the government has demonstrated the attitude of immaturity to be found in that type of person who continually over-tips without being able to afford it but also because the government is caught in the web of words and promises it wove in order to win the election. In order to save face as much as possible and in order not to be laughed right out of parliament the government has implemented a fraction of the irresponsible promises it made and as a result it has jeopardized our economic position and has imposed additional tax burdens on the Canadian people. As we look at the deficit and prepare to take additional money out of our pockets to pay increased taxes we may well ask ourselves, what has the government done, what has the government returned to the people to justify or even explain the huge deficit with which we are now confronted? What has the government to show for record peacetime expenditures?

I am entering on a new subject, Mr. Speaker, and I wonder whether I might call it ten o'clock?

Mr. Speaker: Has the hon. member leave to call it ten o'clock?

Some hon. Members: Agreed.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

OTTAWA AND NEPEAN TOWNSHIP—LAND ACQUISITION

Question No. 114—**Mr. Bell (Carleton):**

1. What acreage has been acquired by the government of Canada for future government buildings in the city of Ottawa and the township of Nepean, south of the Baseline road and west of the concession road between the first and second concessions of the said township (Woodroffe avenue extension)?

2. From what persons were these lands acquired?

3. How many acres were acquired from each such person?

4. Was this acreage acquired by (a) expropriation; or (b) purchase?

5. In each case, what was the date of the expropriation or purchase?

6. What was the (a) total amount; (b) amount for land; (c) amount for buildings; (d) amount for interest; (e) amount for other reasons, paid to each such person?

7. For what purpose did the government intend these lands to be used?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. 435.725 acres.
2. See attached statement.
3. See attached statement.
4. By expropriation.
5. June 25, 1954.
6. See attached statement.
7. Site for future government buildings.

2., 3 and 6.—

2. Owner	3. Acreage	6(a) Total payment	6(b) Land only	6(c) Buildings only	6(d) Interest	6(e) Other	
		$	$	$	$	$	
Geo. S. & Mary J. Annand	167.6	212,077.39	186,364.	—	7,077.39	18,636.	(Forcible taking allowance)
W. E. Froome	4.795	10,836.00	4,800.	5,050.	—	986.	" "
Geo. Joseph	12.08	16,500.00	9,650.	5,350.	—	1,500.	" "
H. Leiken	28.8	56,000.00	45,910.	—	5,500.00	4,590.	" "
D. S. McKay	4.85	7,628.30	4,886.	2,387.	371.70 (deducted)	727.	" "
Roman Catholic Episcopal Corporation	51.	50,000.00	45,450.	—	—	4,550.	" "
Estate W. Spirak	28.5	51,645.23	40,910.	—	5,145.23	4,090. 1,500.	" " (legal costs)
Estate H. A. Davidson	86.1	No settlement yet.			Advance payment $75,000. February, 1957.		
Estate Geo. Larke	52.	No settlement yet.			Advance payment $40,000. July, 1956.		

Questions

AIRPORT TERMINALS—PLANS AND TENDERS

Question No. 119—**Mr. Hellyer:**

In respect to each of the six airport terminals being completed this year (a) on what date were architects appointed to prepare plans; (b) on what date were tenders called?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The following buildings are nearing completion but it may be 1960 before construction is finally completed at Halifax, Montreal and Regina:

	Date architects appointed to prepare plans	Date first tenders called
Gander	July 8, 1955	Oct. 25, 1955
Halifax	Aug. 7, 1957	Jan. 16, 1958
Ottawa	Dec. 10, 1954	April 17, 1956
Montreal	Aug. 9, 1954	July 4, 1955
Toronto (extension of present building) ..	DOT architects	March 11, 1958
Regina	DOT architects	Nov. 6, 1958

DR. RICHARD S. MACNEISH—CITIZENSHIP STATUS

Question No. 286—**Mr. Argue:**

1. In what country was Dr. Richard S. MacNeish, presently an employee of the national museum of Canada, born?

2. Was Dr. MacNeish a British subject or a Canadian citizen at the time he was first appointed to a position at the national museum?

3. If not, (a) On what authority was Dr. MacNeish appointed to this position? (b) Of what country was he a citizen? (c) On what date did he enter Canada to take up permanent residence, and how long had he been a resident of Canada before taking up his appointment with the national museum? (d) Has Dr. MacNeish become a British subject or a Canadian citizen since his appointment to the staff of the national museum? (e) if so, on what date did he apply, and on what date did it become effective?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. United States of America.

2. No.

3. (a) See answer to 291, (b) United States of America, (c) Took up residence in Canada on appointment to the national museum, effective June 20, 1949, (d) No, (e) N/A.

ATOMIC EXPLOSION, NORTHERN ALBERTA

Question No. 315—**Mr. Argue:**

1. Have any conversations been held with, or any communications received by, the federal government regarding the explosion of an atomic device in the northern Alberta tar sands or its immediate vicinity?

2. If so, what was the nature of these communications or conversations?

3. What was the reply of the federal government?

4. Have any studies been made of the possible dangerous effects of such an explosion?

Answer by: **Hon. Paul Comtois (Minister of Mines and Technical Surveys):**

1. Yes.

2. A series of discussions dating from June, 1958, with the Richfield Oil Corporation.

3. The project will be subject to careful scrutiny by a technical feasibility committee and, in this connection, I would refer the hon. member to Hon. Paul Comtois' reply in the house to a question by Mr. A. R. Smith (Calgary South). See *Hansard* Tuesday, March 10, 1959).

4. The most important part of the inquiry by the technical committee will be concerned with the safety question.

HOUSE OF COMMONS

Tuesday, April 21, 1959

The house met at 2.30 p.m.

BUSINESS OF THE HOUSE

STATEMENT ON LEGISLATIVE PROGRAM FOR SESSION

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the Leader of the Opposition requested a few days ago and again yesterday that I should outline the main items which the government intends to introduce during the present session. I would say that in addition to the items which are already on the order paper the following will be introduced: the bill of rights, a bill to amend the Unemployment Insurance Act, a bill to establish a national energy board, a bill to amend the Export Credits Insurance Act, a bill to provide additional grants to the province of Newfoundland, an amendment to the Bretton Woods Agreements Act; bills respecting the superannuation of members of the Royal Canadian Mounted Police and members of the Canadian forces; a bill to amend the Combines Investigation Act, and a bill to bring in certain amendments to the Criminal Code.

In the field of agriculture, amendments will be introduced to assist the provinces in implementing crop insurance, as well as a bill to extend and improve farm credit facilities, and a bill to allow veteran farmers to take greater advantage of modern agricultural practices will be introduced by way of amendment to the Veterans Land Act.

In addition there will be, of course, the budget legislation and the usual measure respecting the financing of the Canadian National Railways. Consideration is also being given to certain other measures of lesser importance. It is probable that some of these may be introduced before the end of this session. However, if any change is made in this regard ample notice will be given to members of the house.

Hon. L. B. Pearson (Leader of the Opposition): In thanking the Prime Minister for the information he has just given, I take it that the order in which he has mentioned these bills is no indication of the order in which they are to be introduced into the House of Commons?

Mr. Diefenbaker: No, we are not following that order. I am glad the Leader of the Opposition asked that question.

Mr. Pearson: In that case I merely express the hope that the Prime Minister and the house leader will put these bills on the order paper in ample time to give us on the opposition side time to study them, because they include some very important pieces of legislation.

Mr. Hazen Argue (Assiniboia): This is a very heavy and exhaustive program which the Prime Minister has outlined, and I hope the legislation can be placed on the order paper as quickly as possible, since it seems clear that the major part of the business of this session has yet to be done. If the session is not to be of very great duration it will certainly be necessary for hon. members to have this legislation before them as quickly as possible.

Mr. Diefenbaker: Mr. Speaker, in that connection I am sure all of us are very desirous of assuring that the business of the house will be placed on the order paper and then brought before the house at the earliest possible date.

COMMONWEALTH RELATIONS

ANNOUNCEMENT OF COMPOSITION OF ECONOMIC CONSULTATIVE COUNCIL

Right Hon. J. G. Diefenbaker (Prime Minister): There is another announcement I should like to make, Mr. Speaker. A corresponding statement was made at 4 p.m. Greenwich mean time in London today. It has to do with the composition of the commonwealth economic consultative council. It will be recalled that by decision reached at the commonwealth trade and economic conference in Montreal last September regarding commonwealth consultation on trade and economic matters there was a statement in the conference report which read in part, as follows:

> Commonwealth consultation and co-operation in economic matters are of primary importance in achieving our objectives in the economic field. We are agreed that the present machinery for consultation is working well; it is flexible and informal and well fitted to the family character of the commonwealth relationship. We decided that the existing arrangements should be co-ordinated under the name of a commonwealth economic consultative council.

The conference also agreed that, at the highest level, the council would consist of the finance and economic ministers of the commonwealth countries meeting together whenever the circumstances demanded and that—in the words of the report—it would—

> —incorporate various channels and bodies through which economic consultation at present takes place and any further bodies which may be set up from time to time on a temporary or permanent basis. Meetings at high official level will also be held as necessary to prepare for the meetings of ministers.

Since the Montreal conference there has been an exchange of views regarding the particular commonwealth bodies of officials that should be incorporated within the framework of the council. All commonwealth governments have now agreed that the council should be regarded as also incorporating meetings of senior commonwealth economic officials held to prepare for meetings of ministers, the commonwealth liaison committee, the commonwealth economic committee and meetings of commonwealth statisticians to consider the balance of payments of the sterling area. The inclusion of other commonwealth bodies through which economic consultation takes place will be considered from time to time as seems desirable.

I should emphasize in conclusion that what is being done is to incorporate existing bodies within a new framework rather than to create new bodies. To quote once again from the report of the Montreal conference:

> Arrangements which are already extensive have served us well: there is no need to expand them, nor would we wish to change in any way their consultative character.

A meeting of senior economic officials representing commonwealth governments will be held in London starting on May 5, to exchange views on general trade and economic subjects. It is expected to last three or four days. While the composition of the Canadian delegation is not complete, I should advise the house that it will be led by the deputy minister of finance, Mr. K. W. Taylor.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, as the house knows, for a great many years now commonwealth ministers in charge of financial and economic matters have been meeting periodically, as have other commonwealth officials in these fields. Various commonwealth economic and other committees were established years ago and have been functioning for many years. I think of the imperial economic committee, which has been more lately called the commonwealth economic committee, the imperial shipping committees, and others. I gather from the Prime Minister that no new machinery is being created, but that an effort is being made to co-ordinate and consolidate existing committees.

In so far as this proposal will serve to accomplish that purpose I think it is to be welcomed, but I do not think we should attach too great importance to the fact that this decision has been taken and has been implemented, because commonwealth economic consultation and co-ordination is going on effectively now and has been for a good many years.

Mr. Hazen Argue (Assiniboia): Any move to streamline any consultation is probably a good thing and certainly welcome as far as we are concerned. I would think that co-operation and consultation amongst commonwealth countries are much more essential now than they have been in the past. Particularly in the field of trade, the commonwealth, Canada included, faces the challenge of the European common market as well as the challenge of the Soviet union. With those great economic challenges facing us at this time, anything that can be done to streamline our methods of consultation and bring about new policies is more than welcome.

ADMINISTRATION OF JUSTICE

KINGSTON PENITENTIARY—REPORTED POSSESSION OF NARCOTICS BY GUARD

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of Justice. I took occasion to send him notice, and I hope he has received it. Can the minister give the house any detailed information regarding a news item in this morning's *Globe and Mail* which reports that a guard at Kingston penitentiary has been arrested for possession of narcotics? Can the minister indicate whether there is any evidence that would point to a so-called drug ring operating among the staff of that institution?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I appreciate the fact that the hon. member gave me notice of his intention to ask this question. One of the guards at Kingston penitentiary had been under suspicion of trafficking, and an investigation was carried out by members of the R.C.M.P. in collaboration with the warden. On the night of April 19-20 he was searched upon his arrival at the penitentiary, and was found to be in possession of capsules which have been subsequently analysed as containing heroin. He was placed under arrest and charged under the Opium and Narcotic Drug

Act. He appeared before the local magistrate in Kingston on April 20 and was remanded until April 28.

From information so far available this appears to be an isolated case of trafficking, but the matter is still under investigation by the R.C.M. Police and the penitentiary authorities.

Mr. Howard: May I ask a supplementary question. Would any of the inmates to whom those narcotics may have been directed also be subject to prosecution if they are in fact found in possession of the drug?

Mr. Fulton: Mr. Speaker, that question is a bit hypothetical. All I can say is that the investigation is continuing, and if there is illegal possession established I would assume that further charges would be laid.

ATOMIC ENERGY

CONFERENCE ON USE FOR DEFENCE PURPOSES—CANADIAN REPRESENTATION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the other day a question was asked of the Minister of National Defence which he said would be more properly one for external affairs. May I ask the Prime Minister as Acting Secretary of State for External Affairs whether Canada was invited to participate in the Anglo-American talks which are now going on in London on co-operation in the use of atomic energy for mutual defence purposes?

Right Hon. J. G. Diefenbaker (Acting Secretary of State for External Affairs): Mr. Speaker, in answer to the Leader of the Opposition I may say that the meeting in London is one between officials of the United States and the United Kingdom governments within the terms of the bilateral agreement for co-operation on the uses of atomic energy for mutual defence purposes signed between those two countries on July 3 of last year. Therefore the question of Canadian participation in that meeting, involving as it does the relations between the two countries named, does not arise.

Mr. Pearson: May I ask a supplementary question. Is it the intention of the government to seek the same kind of bilateral agreement with the United States which the United Kingdom now has?

Mr. Diefenbaker: As the Leader of the Opposition knows, there already is an agreement with the United States for co-operation regarding atomic energy information for mutual defence purposes, which was signed on June 15, 1955. The question of negotiating a further agreement modifying the 1955 agreement to take advantage of the amendments passed by the United States congress last July is now under consideration. As the hon. member knows, in the agreement between the United Kingdom and the United States there is, among others, the following provision:

> Each party will communicate to or exchange with the other party such classified information as is jointly determined to be necessary to:
> 1. the development of defence plans;
> 2. the training of personnel in the employment of and defence against atomic weapons and other military applications of atomic energy;
> 3. the evaluation of the capabilities of potential enemies in the employment of atomic weapons and other military applications of atomic energy;
> 4. the development of delivery systems compatible with the atomic weapons which they carry; and
> 5. research, development and design of military reactors to the extent and by such means as may be agreed.

I have quoted from the agreement between the United Kingdom and the United States, and I think the observations I made with respect to the Canadian position in this regard will be very clear to the hon. gentleman.

HOUSING

INQUIRY AS TO MEETING TO INDUCE MORTGAGE LENDING

On the orders of the day:

Mr. Hubert Badanai (Fort William): I have a question for the Minister of Public Works. Has any meeting been held or has any meeting been called of Canadian trust companies by the minister or by Central Mortgage and Housing Corporation for the purpose of inducing participation in mortgage lending? If so, will the minister give a report?

Hon. Howard C. Green (Minister of Public Works): No, Mr. Speaker, there has been no such meeting held or called. We have had very good co-operation from the various lending institutions.

CANADIAN NATIONAL RAILWAYS

IMPENDING FIREMEN'S STRIKE—MEETING OF HOUSE RAILWAY COMMITTEE

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Minister of Labour. In view of the approaching strike deadline of May 1, has he any information on what role his department is playing or will be called upon to play in the negotiations between the Canadian National Railways and the firemen's union?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, the facilities of the Department of Labour will be available when an opportunity arises for intervention.

Inquiries of the Ministry

Mr. Fisher: I have a supplementary question for the Minister of Transport. In view of the deadline of May 1, and the arrangement for the president of the C.N.R. to appear before a house committee on April 28, is any consideration being given to changing the date of that committee meeting to after May 1?

Hon. George H. Hees (Minister of Transport): No, Mr. Speaker.

IMMIGRATION

CHANGE IN REGULATIONS—SUGGESTED LACK OF UNDERSTANDING BY CABINET

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to ask the Minister of Citizenship and Immigration whether she has any comment on the insinuation in the Toronto *Telegram* of April 16 that she and her colleagues did not understand the meaning of the recent change in the immigration regulations made by the order in council of March 19, 1959?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): No, Mr. Speaker; no comment.

(Translation):

TELEVISION

INQUIRY AS TO APPEARANCE BY MINISTER OF FINANCE

On the orders of the day:

Mr. Azellus Denis (St. Denis): Mr. Speaker, I should like to direct a question to the Minister of Finance. Is there any truth in the many spot television announcements that the Minister of Finance will attempt to defend his budget tonight? If so, who will be paying for those advertisements?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I was asked by the C.B.C. to appear on television tonight at 10.30, and I hope I shall have the pleasure of counting my hon. friend among my listeners. He would do well to tune in on that program.

Mr. Denis: May I ask another question? Does the Minister of Finance intend to blame the Liberal party for his maladministration?

Mr. Fleming: The administration is good. My hon. friend might well envy the present administration.

[Mr. Starr.]

(Text):

NATIONAL DEFENCE

REPORTED BAN ON PHOTOGRAPHING DESTRUCTION OF PARTLY FINISHED PLANES

On the orders of the day:

Mr. Hubert Badanai (Fort William): I have a question I should like to direct to the Minister of Defence Production. Is it a fact that photographers are prevented, on the grounds of military security, from taking pictures of welders destroying six partly finished Arrow interceptors?

Mr. Speaker: Order. The same question was asked yesterday, I think of the Minister of National Defence. I am not sure whether or not it was answered.

Mr. Pearson: No, it was not.

Hon. Raymond O'Hurley (Minister of Defence Production): In reply to the question yesterday the Minister of National Defence answered that he had no knowledge of the subject. I wish to state that, as all hon. members will recall, the CF-105 program was cancelled and my department has been proceeding with the termination of this program. At the moment no aircraft are being dismantled. We have four complete CF-105's, and they are not being touched for the time being. A fifth aircraft was damaged and was being repaired at the time of the cancellation. Five others were in different stages of production. No work has been done in connection with dismantling these aircraft.

However, all aircraft that were in production had the Hughes MA-1 fire control system installed, and this is classified as a secret component of the aircraft. These systems are being taken out of the aircrafts, and for this reason my department has judged that no photographs should be taken while this work is in progress.

INDUSTRY

AUTOMOBILES—INQUIRY AS TO CONFERENCE ON MANUFACTURE OF SMALL CARS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Labour arising out of a statement reported in this morning's Montreal *Gazette* to the effect that there would be serious damage to the Canadian car industry if small cars were to be made in the United States and not in Canada. Can the minister say what study the government is giving to the submissions made to them yesterday by the united automobile workers, and particularly can the minister say whether a conference of government, management and labour will be held to discuss this very important question?

Hon. Michael Starr (Minister of Labour): Very serious study is being given to all aspects of this situation.

Mr. Argue: As a supplementary question, can the minister inform the house whether the government has already discussed or intends to discuss with the management of these automobile companies the possibility of their going into the small car manufacturing business in this country?

Mr. Starr: That is one of the things that is being given serious consideration.

Mr. Argue: Can the minister say whether any discussion has taken place between the government and the companies?

Mr. Starr: No, Mr. Speaker.

(Translation):

NATIONAL ANTHEM

REFERENCE TO REPORTED STATEMENTS BY MEMBERS OF GOVERNMENT

On the orders of the day:

Mr. Azellus Denis (St. Denis): Mr. Speaker, may I direct a question to the Solicitor General? Has the minister inquired by now into the statements made by the Ministers of National Revenue (Mr. Nowlan) and of Citizenship and Immigration (Mrs. Fairclough), regarding the national anthem of Canada? If so, does he share their opinion; if not, does he intend to resign as minister?

(Text):

Mr. Speaker: I am sure the hon. gentleman did not put that question with the expectation of receiving an answer. He is asking one minister about opinions expressed by a couple of other ministers, not necessarily within the scope of their administrative responsibilities.

LABOUR CONDITIONS

REPORTED SHRINKAGE IN LABOUR FORCE AND INCREASED REGISTRATIONS FOR EMPLOYMENT

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the Minister of Labour a question arising out of the very disappointing press release on the employment situation which was issued today. Could the minister give any explanation to the house as to why the labour force has shrunk, according to this statement, by 7,000 between February and March, whereas in the last five years there has been an increase in that month of about 22,000? I refer to the total labour force. At the same time, could the minister give any explanation for the rise of over 4,000 in the number of registrations at the national employment offices?

66968-9—183½

Inquiries of the Ministry

Hon. Michael Starr (Minister of Labour): Mr. Speaker, in answer to the hon. member for Bonavista-Twillingate I can well imagine why he is disappointed because there is a drop in unemployment. At the same time, his question as to the decrease in the labour force puzzled me, so I have made inquiries and have been informed that this sort of thing happens once in a while. In September the same situation occurred. As far as can be ascertained, in the province of Quebec in March approximately 7,000 women withdrew from the labour force. We can only assume that their husbands were able to get jobs and they went back to their homes. In the same province 3,000 men withdrew from the labour force, particularly from the woods industry, and in the main they were farmers who wanted to go back to their farms and work them, feeling that they had made enough money during the winter months.

Mr. Pickersgill: Perhaps, Mr. Speaker, the minister did not hear the second part of my question, which asked for an explanation of the additional 4,000 registrations in the employment offices, which seems to suggest, as these are actual figures, that unemployment has increased.

Mr. Starr: Mr. Speaker, in the months of February and March there was a week or two where there was a slight increase, but in the main there has been a continual drop in the registrations. At the moment the registrations are 78,000 fewer than they were at the same time last year.

PUBLIC SERVICE

ALLEGED STRIFE AND INTRIGUE IN SELECTION OF PERSONNEL

On the orders of the day:

Mr. Frank Howard (Skeena): I would like to ask a question of the Secretary of State. On March 13 last I asked the minister whether his attention had been drawn to a newspaper article to the effect that strife and intrigue are being created in the selection of federal government employees through the actions of officials in various departments, and whether he could make any comment about that report. His answer at that time was that he had not seen the report but would check and answer later. I wonder if the minister now, a month later, is in position to answer.

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I am not in a position today to make any comment.

Inquiries of the Ministry

BUSINESS OF THE HOUSE

INQUIRY AS TO SETTING UP OF RADIO COMMITTEE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to direct a question to the Minister of National Revenue. In view of the undertaking given by the minister to the house last session that a committee on broadcasting would be set up shortly after the beginning of this session, which was in January, would the minister now make the necessary arrangements so this committee can begin sitting at the earliest possible moment?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, arrangements will be made for the convening of this committee at the earliest possible moment.

Hon. J. W. Pickersgill (Bonavista-Twillingate): A supplementary question, sir. Does the minister regard this as a promise made to parliament?

Mr. Nowlan: Yes, I regard this as a promise made to parliament; therefore I am considering it in that way and not as a distinguished Liberal minister once said of Liberal platforms, that like railway car platforms, they were things with which to get in on.

Mr. Pearson: Would the minister indicate what he considers to be shortly after the beginning of the session in January?

Mr. Nowlan: The reason this committee has not been convened earlier is that hon. members on all sides of the house, including those hon. members beside and behind the Leader of the Opposition, asked that we should not convene this committee until some of the pressure was taken off committee work.

Mr. Pickersgill: In the absence of the hon. member for Laurier (Mr. Chevrier) I rise on a question of privilege to recall to the mind of the minister that the hon. member for Laurier repeatedly asked to have this committee convened early in the session.

FINANCE

STATEMENT ON LOANS FOR CONSTRUCTION OF CURLING RINKS

On the orders of the day:

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, yesterday the hon. member for Kootenay West asked if a loan had been made by the crown for a curling rink at H.M.C.S. *Carleton*. The answer is that no such loan has been made. However, the building is on national defence property and is leased to the curling club.

[Mr. Courtemanche.]

POLYMER CORPORATION

INQUIRY AS TO APPOINTMENT OF MEDIATOR IN DISPUTE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I would like to direct a question to the Minister of Labour in connection with the appointment of a mediator in the Polymer dispute. My question arises out of concern expressed by employees of the corporation as to whether a person from within the Department of Labour may be subject to political pressure when endeavouring to mediate in a dispute involving a crown corporation. I would like to ask whether any consideration was given to the appointment of a mediator from outside the government service, and can the minister give the employees any assurance that the mediator will act in an impartial manner?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, we endeavoured to get an outside mediator. The person we had in mind unfortunately was unable to accept this nomination. We then took the best man we had, who is stationed in Toronto and has had a great deal of experience, with a good many years spent in this type of work; and I can assure the hon. member that in my department there have been no political pressures in connection with this dispute.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Monday, April 20, consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson.

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, before I go on with my speech which I started last evening I would like to offer my apologies to the hon. member for Halifax (Mr. Morris). I had no opportunity of correcting the proofs of my speech last night, and this morning, to my dismay, I found that *Hansard* had quoted me as referring to the hon. gentleman as "the shorter member for Halifax". May I assure the hon. member that I certainly had no intention of referring to him in that way. I thought I had referred to him, and I am morally certain I did, as "the hon. member for Halifax".

Mr. Morris: Mr. Speaker, may I rise on a point of order. I thank the hon. member for his apology, but that is precisely the definition I would prefer. We have no junior or senior member.

Mr. Cardin: In those circumstances, Mr. Speaker, I shall withdraw the apology.

Mr. Speaker, one of the points I was attempting to make last evening was that in its defence of the budget the government is begging the question when it claims that under the circumstances it had no alternative but to have a large deficit. What the Liberal opposition has been saying is that the government has created, and indeed is responsible for, the circumstances in which the government now finds itself. If Canada is burdened with a record deficit and increased taxation it is because the government, in order to save face, has attempted to implement a fraction of the exaggerated promises and commitments which it made during the election campaign, and which the Canadian economy simply could not afford at this time. So I think it is quite clear that the deficit is attributable to the political expediency, to the opportunism, to the lack of wisdom and to the lack of administrative responsibility shown by this government.

When the house rose last evening I was saying that as we look at the deficit, and as we prepare to pay additional taxes, we might well ask ourselves what the government has returned to the people which might explain or justify this huge deficit, and what the government has to show in return for this record peacetime expenditure. Immediately, of course, the members of the government point to the increase in the old age pension, as did the Minister of National Revenue the other evening. In his remarks the minister referred to the increase in the old age pension from $40 to $46 made by the Liberal government as representing two cups of coffee, a slogan which was very widely used during the electoral campaign of 1957. What the minister did not say was that Canada could afford the two cups of coffee at that time, whereas the three cups of coffee which this government has offered in this $9 increase in old age pensions have created a deficit of $184 million in the pension fund which must be paid out of consolidated revenue, and which has necessitated a permanent increase in the special sales tax and income tax earmarked for that purpose.

That is not increasing social legislation, reducing taxes and balancing the budget. Desirable though it may have been to increase old age pensions, this government stands condemned not only for having misled the Canadian people with regard to the economic possibility of an increase in pensions at that time but for having, by its extravagance and ill-timed spending, added to the inflationary tendencies of our economy and detracted from the purchasing power of that very same $9 which was given to help out our senior citizens. As a matter of fact the three cups of coffee represented by the $9 increase have now been reduced to only two cups because of the increase in the cost of living.

Can we say that the money involved in the government's deficit has been used in order to stabilize our economy? Where, in fact, is the special billion dollar public works program which the Conservatives claimed would solve the unemployment problem? There is not one indication either in the estimates or in the budget speech that the government has embarked on what is designed to be, or what has turned out to be, a truly visionary program. On the other hand there are indications that unemployment is still rampant in the country and running at an uncomfortably high level for this time of year. We know, of course, that the moneys in the unemployment insurance fund are still below the critical point, yet there is not indication whatsoever of any legislation with regard to unemployment such as was promised in the speech from the throne at the beginning of this session. Can anyone say that our economy is in any way more stable now than it was in 1957?

Similarly, it cannot be claimed that government expenditure has been directed at solving the federal-provincial fiscal problem in such a way that both the provinces and the municipalities would have adequate tax revenues to enable them to meet their constitutional responsibilities. This, again, was promised by the Conservative government.

Mr. Speaker: Order. If the hon. member would permit me to interrupt him, I would ask for a little more co-operation from the house. I think the hon. member is having difficulty in making himself heard in the face of so much competition.

Mr. Cardin: Thank you, Mr. Speaker. I think it would be very interesting to take a good look at page 2410 of *Hansard,* where hon. members will find a table headed "federal contributions to the provinces". This is the table to which the Minister of National Revenue referred at page 2628 of *Hansard,* where he said:

> My time is running out but we find that in the 1956-57 fiscal year—just two years ago—the total contribution made two years ago by the treasury of this country, by the minister of finance, by my hon. friend's predecessor, was $689 million. That was the last payment made by the immediate predecessor of my hon. friend. According to the budget which the present Minister of Finance has brought down, for which he is criticized for imposing higher taxes, for which he is criticized because it still has a deficit, which is the situation? According to those figures, for the fiscal year which will end next March 31 the total contributions to the province will be $1,212,500,000, virtually twice the $689 million which was paid three years ago.

Evidently in saying this the minister was trying to create the impression that the Conservatives had doubled the federal contributions to the provinces. But he forgot to mention that in arriving at that conclusion he had to include the increases which were made by the Liberal government in the budget of 1957-58 brought down by Mr. Walter Harris. It is not true that the last contribution made to the provinces by the Liberal government was of the order of $689 million, because in the budget of 1957-58 the federal contribution to the provinces was considerably increased.

May I remind hon. members that when the Minister of National Revenue was making this statement he was making it in the House of Commons; he was not making it on a political platform during a political campaign. It would be interesting to hear what Conservative members of the house have to say about the fact that the tax rental agreements and the tax abatements made to the provinces are considered by this government as federal contributions to the provinces, though we, as Liberals, have always acknowledged and recognized that the moneys obtained by the provinces either through the rental of their direct taxing powers or through the abatements applied to the provinces were not a federal contribution but were a direct constitutional right and prerogative of the provinces.

Mr. Pickersgill: Hear, hear.

Mr. Cardin: If the Conservative members in this house, particularly those from the province of Quebec, who have waxed so eloquent in the past about the necessity for preserving provincial rights and autonomy, do not get up in their places and accuse this government of a most insidious attack on provincial rights, it will be another conclusive proof that provincial rights and provincial autonomy have been used in the province of Quebec as a political warhorse and for political purposes only, and that in spite of the indignant speeches we have heard from these hon. members during election campaigns in the past they have lacked either the courage or the interest to get up and defend their province against a serious and really dangerous infringement of a fundamental constitutional right.

Perhaps, Mr. Speaker, the deficit could be explained on the grounds of a substantial increase in government expenditure in the field of national defence. Here again it should be noted that there is nothing in our national defence policy that warrants the expenditure of $617 million. The government, as we all know, has spent every last cent of the $211,800,000 in the special defence equipment fund, which if it had not existed would have boosted our national deficit to well over $800 million.

It has been our national defence policy in the past for Canada to participate to the fullest extent it could in maintaining peace either through the medium of the United Nations or through NATO. We have in fact sent Canadian troops to Korea, and we have stationed troops in the Middle East and in Europe in order to prevent aggressive attacks from the U.S.S.R. At a time when it is well known that the dangerous, critical and strategic area is no longer Korea or Europe but indeed is the North American continent; when it is further realized that Canada has virtually become the forefield of United States defence and that in the event of war between the United States and the U.S.S.R. Canada would likely be the battleground of that war and at a time when the security of our very soil is being threatened as never before in the past, this government to all appearances does not seem willing to do as much for the defence of our own land as Canada did in the past for the defence of other lands which were in danger of aggression.

Under this government we have seen a cutback in our militia. Even though experts many times in the past have told us that the best protection against thermonuclear warfare is civil defence, it has not been possible for many months to obtain a report on civil defence so we might know what is or is not being done in this field. We have seen the last CF-100 come off the assembly lines. We have witnessed the discontinuance of the production in Canada of the Astra control system. We are no longer producing the Canadian Sparrow. We stood by and watched the aerial defence of Canada turned over to the United States. We have discontinued the production of the Canadian Arrow and replaced it with the United States Bomarc because it was cheaper, though everyone knows that by the time our armed forces are equipped with the Bomarc it will be as obsolete as the Arrow would have been.

Just the other evening the hon. member for Quebec South, for whose judgment I have a great deal of respect, stated blandly on a television broadcast that the Sparrow was dropped in order that the government might economize. I have nothing against economizing, but the crippling of our national defence industry and the increasing of unemployment are not my idea of sensible economizing. It would appear that the government has not only placed our national defence policy on a bargain basis, but it does not seem to be willing to pull its own weight in the mutual

defence agreements we have with the United States for the defence of the North American continent. There is no other interpretation to be placed on the fact that the government has nothing to replace either the CF-100 or the CF-105, the discontinuance of which leaves a terrible gap in the strength of our armed forces.

The fact that the government is allowing thousands of scientists, engineers, technicians and skilled labourers to leave our national defence industry is an indication that the government is not planning to continue to any extent the production of Canadian armament for Canadian defence. While we feel that such an attitude is a tremendous blow to the pride we justifiably felt during the war when Canadians were sailing Canadian ships, firing Canadian guns and flying Canadian planes, the government's attitude has struck an even more painful and serious blow to Canadian industry as a whole which was born of the determination and sacrifice of the Canadian people to meet the challenge of that former day with Canadian armaments and equipment, and which indeed resulted in the unprecedented prosperity Canadians have been enjoying until very recent times.

Today it appears that the government has based its national defence policy on a production sharing basis with the United States. Of course the Prime Minister has given us the assurance that Canada will get its fair share of national defence production. I must admit that I am a little sceptical with regard to the Prime Minister's verbal assurances when I recall the assurances he gave to the Canadian people in the autumn of 1957 to the effect that there was no unemployment, and the assurance he gave a little later that while he was Prime Minister not one Canadian would suffer from unemployment.

Several months have passed since the Prime Minister gave the assurance that Canada would receive its fair share of defence production, and as yet there is not one indication that Canada will in fact get its fair share of defence production from the United States. The existence in the United States of the buy American act, the existence in that country of 4,500,000 unemployed, and the fact that a large number of defence industries there are working only part time are causes for anxiety which outweigh the Prime Minister's verbal assurances.

Mr. Speaker: Order. I am sorry to interrupt the hon. member, but his time has expired.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, having had the pleasure of sitting through the entire seven days of this debate I believe I may say that the speeches were obviously of two classes. There were those which had something kind to say about the budget, and the other half comprising those which did not have something kind to say about the budget. Throughout I have been literally a captive audience.

Having been on the receiving end for seven days I may be pardoned today if I perhaps seek to reverse the role somewhat. I may comment, however, that I am deeply grateful to hon. members for the many kind things they have said in the course of this debate; I appreciate them very much indeed. If in my remarks today I do not dwell on speeches of that kind, I trust hon. members will realize that the time is limited for dealing with the other half of the speeches.

I may perhaps claim that in the course of the budget debate last year and this year I have learned to become somewhat philosophic and relaxed about that half of the speeches to which I should like now to address myself. A good many of these speeches, of course, have been read. I may be pardoned perhaps for suggesting that I think it would be a good thing if Professor Lamontagne would vary his style a little from speech to speech. A variation of that kind, rather than monotony, is a desirable thing in a ghost writer. There was one outstanding exception, of course, and that was the speech made by my good friend the hon. member for Essex East (Mr. Martin), who refreshed us all yesterday with his intervention in this debate, interspersed as it was with copious—or should I say "liberal"—statistics drawn from that unique source, the Martin bureau of statistics.

In summary, Mr. Speaker, after listening to the debate for these past seven days I may say, I hope not immodestly but out of conviction, that if I were bringing in a budget tonight it would be the same budget I had the honour to introduce in this house on the evening of April 9.

The house has before it, sir, an amendment introduced on behalf of the official opposition. It purports to ask the house to express regret that the government has shown bad faith. Mr. Speaker, it is interesting to examine this amendment and to search it from end to end for any statement of principle in regard to those matters that receive attention in it, namely taxes, expenditures, a balanced budget. What is the principle that the official opposition inserts in its amendment? What would it—

Mr. Pickersgill: That politicians should carry out their promises.

Mr. Fleming (Eglinton): —introduce by way of a budget, Mr. Speaker? What would be the guiding principle or policy of its budget if it were in a position to bring one in? Mr. Speaker, you can read this amendment a thousand times, and you will know just

as much at the end as to what was in the minds of hon. members opposite as when you began. There is no policy. They have not ventured to say where they stand on questions of taxes, or expenditures, or balancing of the budget. Therefore we are entitled to say to them at this time, when they have had the opportunity given to them under the rules of this house to state their policy, to state their position, to give the features of the budget they would have introduced: what would they have done had they been bringing in the budget? Rather the theme on the part of hon. members opposite has been that the people should not have elected the government. From member after member we have heard them deliver reproaches upon the electorate. Now, Mr. Speaker, it is well that we should have an understanding of some features of this democratic system of ours. Hon. members opposite had better learn soon that the people, the sovereign people, are supreme in this country, and it will reflect no credit upon the opposition to exert themselves to deliver reproaches upon the people of this country for their decision.

And so, Mr. Speaker, we have listened on the part of hon. members opposite to a series of what might be called hit and run speeches, because they have run right away from anything approaching a statement of their position on those important issues confronting the Canadian people. They have run away from reality; they have expressed no concern over such matters as inflation and other major problems.

I do not wish to overlook any hon. members opposite. In the course of this debate I think we have seen on the part of the C.C.F. group the same willingness to go blithely along proposing measures regardless of whether they would destroy initiative and enterprise, or whether they would harm the economy. It has been the old picture of pie in the sky, a sky full of pie, and pie that never has to be paid for.

Well, so much for them. As for the official opposition, Mr. Speaker, they have floundered in their own pretences; they have thought apparently they could somehow skate through eight days of debate without ever exposing their own views on those important questions. One of them said I had to walk a tight rope in this debate. Mr. Speaker, I may have had some difficulties to deal with in framing this budget, but believe me the tight rope walking in this debate has been done by hon. members opposite. Indeed, sir, in the way they have threaded their way around and away from those important issues they have, I suppose, earned for themselves the title of "the pick and choose company".

[Mr. Fleming (Eglinton).]

Now, evidently having no policy of their own to offer, I do not blame them for whatever they wish to say about us in the light of what we may have said on other occasions. But, Mr. Speaker, that is a far cry from what has been done by hon. members opposite with statements made in the past by members of the government and others who are sitting to your right. We have watched them in this debate wrench statements out of their context, twist them out of all resemblance, divorce them from the time and circumstances related to them, while they have not said anything about their own past statements. Perhaps, Mr. Speaker, I may be forgiven if today I seek to remind them of some of the things they have said in times past and undoubtedly would like to forget today.

There is one feature, Mr. Speaker, that stands out above all others in the attitude of the official opposition in this debate. It is this, Mr. Speaker, and it is a sad fact. The Liberal party, as represented by its speeches in this house, is today at odds with the Canadian people. The partisan interests of the Liberal party have been demonstrated to be at variance with the real interests of the Canadian people. They have spread gloom; they have breathed pessimism. They are happy only when they can revel in what is bad news for the Canadian people. When we have talked about expansion, prosperity, more jobs, their treatment has been cold water, cynicism and scorn. They do not want good news, so they go on talking about the difficulties.

There are difficulties but, Mr. Speaker, they do not need to be exaggerated, and it is no credit to hon. members opposite to have gone on in this way spreading gloom, magnifying, exaggerating, trumpeting abroad every difficulty they can conjure up. This presents real danger to the future of the Liberal party. May I say, Mr. Speaker, as a believer in the two party system, that I view this situation with very deep concern.

There have been certain criticisms in which hon. members opposite have indulged in the course of this debate, and while they are not serious I think, having introduced this budget, I should deal with them as far as time permits.

I am told first of all, Mr. Speaker, that my forecast is too optimistic. I forecast a 7 per cent increase in the gross national product over the 1958 record figure. Mr. Speaker, I put that figure forward having weighed it well; I put it forward on a solid basis, and anything that has happened in the 10 days since that figure was put before the house has gone to confirm that prognostication.

In the United States in this period respectable forecasters have come forward with

estimates that the gross national product in the United States will increase this year by between 10 and 12 per cent. We have seen in Canada in the same period a most extraordinary expansion of commercial loans. Mr. Speaker, the commercial loans in Canada amounted to $100 million last week, just about double the normal rate for this period of the year. I do not say that is going to continue at this extraordinary pace every week, but those factors are of a very great importance.

Mr. McIlraith: Will the minister permit a question?

Mr. Fleming (Eglinton): I am sorry; I will not have time to answer questions in the limited time at my disposal, unless my hon. friend will wait to the end.

Mr. Pearson: The minister can have all the time he needs.

Mr. Fleming (Eglinton): I am satisfied that the forecast which I made of that 7 per cent increase is fully justified; and I am sure of this—and this I do not like to say, Mr. Speaker, or to find—that if this forecast is borne out in the event, the Liberals will be disappointed. They have shown that already. They will be happier, Mr. Speaker, if the recovery does not proceed as fast as I estimated in the budget speech. They do not even like to admit that there is any recovery in process. They do not want any good news. They do not want bright hopes for the Canadian economy. They prefer to dash cold water on Canadian hopes. This, Mr. Speaker, is the sorry state to which the once great Liberal party has fallen.

But when we are talking about forecasts let us go a little further in this review and test accuracy as reflected in previous figures. On June 17 last year I forecast a deficit of $648 million. As a result of further commitments undertaken later in the same session that figure was revised to $700 million. When the budget was presented to the house this year I was able to report a deficit of $616 million, and to draw the attention of the house to the fact that in our estimates of expenditures we were within two-thirds of one per cent of the amount they turned out to be. In connection with revenues, which are harder to estimate, we were in the event within 2½ per cent of what the estimate had been. This combined estimate of revenues and expenditures, 1958-59, in the budget introduced on June 17, 1958, is throughout the whole post-war period, with the exception of one year, the budget which came closest to accuracy in the outcome.

Our hon. friends opposite were not very happy about this improvement in the deficit position. They were deeply stirred by it, and they have done their best since to make it appear worse. Well, Mr. Speaker, on any test the result shows, first, accuracy in the estimating and, second, an improvement in conditions in Canada since last June even over and above the anticipated improvement on which we based our estimate in the budget of 1958.

Let us look now at the record of those who are complaining now that our estimates are too optimistic. I turn to what was said by hon. gentlemen opposite in the budget debate last year. I begin naturally with the Leader of the Opposition (Mr. Pearson). Speaking on July 3 in the budget debate and dealing with my estimate of a deficit of $648 million he said, as found at page 1902 of *Hansard*, "the deficit will likely be over $1 billion." Again, as found on page 1903, he said, speaking of borrowings: "Approximately $1 billion is due to government deficit." Again two months later, speaking on September 4, he said, as found on page 4574 of *Hansard*:

> Furthermore, the huge budgetary deficit announced by the minister, which may be greater than announced by him—

And further, as found on page 4583, the hon. member for Welland (Mr. McMillan) referred to a forecast by Mr. Harvey Perry, director of the Canadian tax foundation, and said that on the basis of that forecast that "our deficit would be close to $1 billion—we predicted it would go over $1 billion."

Well, Mr. Speaker, after the session the Leader of the Opposition heeded the ancient advice, "Go west, young man, go west," and west he went. He had some interesting things to say in the course of his western tour. The Winnipeg *Free Press* quotes him in its issue of October 6 as having said at Regina:

> —"the deficit for the current year will be much greater" than the $700 million forecast by finance minister hon. Donald Fleming. . . . "My guess is that it will be close to $1 billion," Mr. Pearson said. "But that's just speculation."

Mr. Pearson: So it was.

Mr. Fleming (Eglinton): It certainly was just speculation, and pretty wild speculation at that. But he did not content himself with that. On he went, and we find that he spoke in Toronto and is reported in the *Globe and Mail* of November 12 as having said in the course of a speech to the Liberal businessmen's club of Toronto:

> —we are now reaping the whirlwind of a billion dollar deficit.

The following day he participated in a by-election campaign in Trinity riding.

Mr. Pearson: A very good one, too.

Mr. Fleming (Eglinton): In an attempt to influence the result of that contest he is

quoted in the Toronto *Star* of November 13 as having claimed "the Conservative government has a $1 billion deficit". At least in part on the strength of that misrepresentation, Mr. Speaker, his candidate won the election in that riding.

Mr. Pearson: The people are sovereign.

Mr. Fleming (Eglinton): Later my hon. friend went on indulging in the same forecasts. He is reported in the Ottawa *Citizen* of November 19 as saying the same old thing:

> Prime Minister Diefenbaker sowed the wind of election promises and reaps the whirlwind in a billion dollar deficit.

And again:

> There is a billion dollar deficit in a time of recession—

Well, Mr. Speaker, I made a speech in Toronto which hon. members opposite have chosen to quote very frequently since, and there I stated that in the light of the figures that were available at that time, the beginning of January, I did not think my estimate of the deficit would be very far out. But here we find the Leader of the Opposition, as late as March 16, saying in an address to the eastern Ontario young Liberals, as reported in the Ottawa *Journal*:

> Opposition leader Pearson, in a blistering attack on the government, forecast a billion dollar deficit budget "within two or three weeks".

Now, Mr. Speaker, we do not know whether he was talking about the 1958-59 deficit there or 1959-60. The report must remain ambiguous on the point, but whichever way he takes it the Leader of the Opposition was hopelessly wrong in his attempts at estimating or even at speculating. I think hon. members of the house will be able to place their own estimate on the value of any of his prophecies or estimates with regard to the economy. Rather, I commend to hon. members opposite what was said by the Ottawa *Citizen* by way of editorial comment on April 9:

> Those who, a few months ago, had forebodings that the federal government's 1958-59 deficit would approach the billion dollar mark should be glad that events have proved them unduly pessimistic. The figure as presented to the commons yesterday by Mr. Fleming, the Minister of Finance, is $617 million, which is even less than the minister himself had forecast ($648 million) when presenting his first full budget on June 17 last.

Mr. Pearson: Explain your bookkeeping.

Mr. Fleming (Eglinton): I commend to members of the opposition the views expressed in this editorial in the Ottawa *Citizen*, and I ask at the same time why they chose to exaggerate and misrepresent the deficit budgeted for in 1958-59. They know and they knew when they uttered those remarks that a billion dollar deficit would have done damage to the Canadian economy, that it would have made our fiscal position much weaker and would have exaggerated our borrowing needs. For those who would listen to them, Mr. Speaker, the Liberals have brought on the Canadian economy by their talk all the harm that a billion dollar deficit would have brought upon it if they could have had their way.

Mr. Pearson: That is a new excuse for failure.

Mr. Fleming (Eglinton): They have adopted an irresponsible course, and they have convicted themselves.

They have also had something to say to us, if you please, about promises. I wish to deal with what has been said by them about promises. With respect to the subject of tax reduction in 1957, the Prime Minister and others associated with him in the campaign said that if the people would give the Prime Minister a mandate we would bring about a reduction in taxes. The people elected us and we carried out our promise. In December, 1957 the government introduced substantial reductions in taxation aggregating at that time $178 million, reductions that took various forms; increases in the exemptions for dependent children, reductions in the rates of taxation on those in the lowest income brackets, an increase in the portion of corporate income that is exempt in order to benefit small corporations. Hon. members opposite had a much better opportunity than we did to bring about reductions of this kind because times were better in 1955, 1956 and 1957.

Some hon. Members: Hear, hear.

Mr. Fleming (Eglinton): But even in the face of their opportunities they chose not to reduce taxes and we, grappling as we were with the difficult conditions they left us heir to, brought about reductions in taxation.

We had another election campaign in 1958. Already we were spending very heavily to combat a recession. In the campaign we did not make promises of general tax reductions under these circumstances. We pointed to several individual reductions which, if the people would re-elect us, we would bring about; and we did. This parliament was elected on March 31, 1958 and the promises on which the Conservatives were elected in the majority in this house have been carried out and will continue to be carried out.

In June of last year we proceeded to carry out those promises we had made that we would bring about certain individual reductions in taxation. We brought in a new estates tax act which reduced the tax on smaller estates. We reduced the sales taxes on purchases by municipalities and brought about a number of other individual reductions

which aggregated $26 million. Mr. Speaker, the aggregate of the reductions made in 1957 and 1958 totalled $202 million, under the circumstances then existing. But under the circumstances of today, in the light of conditions of today, the numbers of taxpayers, incomes and so on, these reductions have been estimated by my department to be worth not $202 million but $230 million per year.

Mr. Pickersgill: Inflation.

Mr. Fleming (Eglinton): I have said that that promise of ours was fulfilled. That promise was fulfilled to the letter.

I draw attention to the fact that again in this budget, Mr. Speaker, we have demonstrated, as we did in 1957 and 1958, the same concern for the man of small means, the small taxpayer and small businessman. The present budget removes from them much of the burden of the increases. Today we are showing that same concern for the person of small means. This has been accompanied, Mr. Speaker, by the largest program of aid to provinces, municipalities, hospital insurance, house construction, hospital construction, social security and aid to employment in the history of Canada. This is the answer to the double talk we have heard for years from hon. members opposite about the big interests. Our proven concern has been for the people of small means in this country.

Now, Mr. Speaker, they talk about reduced expenditures. Certainly before we came into office we inveighed against waste and extravagance and the expenses of government under the Liberal administration. We had reason for doing so. If we had been elected earlier unquestionably we could have saved this country money by eliminating waste and extravagance. In the 1957 campaign we asked the people for a mandate to increase social security expenditures and aid to the provinces and municipalities. We were given that mandate and we have carried out our promises. We never promised or pretended that these increases in social security could be carried out without somebody paying for them. In 1957-58 we had to work with the budget that had already been brought in by the Liberals, on the strength of which the spending programs of that year were already launched and commitments made before we came into office in late June, 1957.

In the 1958 campaign we promised the people that while continuing our social security program and proceeding with and hastening the introduction of hospital insurance programs and spending heavily and constructively to combat unemployment, we would continue to wage war against waste and extravagance. We have done so, and we shall continue to do so wherever we find them. The treasury board this year has been tighter and closer in its scrutiny of estimates than ever before. A lot of these things are not talked about in detail everywhere, but let there be no doubt about it; the treasury board today is doing an effective piece of work. There are not going to be any more printing bureau scandals; there are not going to be any more of these spring-filled dance floors. There is a tightening of the rein on expenditures.

When we are told about the expansion of the civil service, may I remind you that in bringing in the estimates for the present year, on February 5, I drew attention at page 706 of *Hansard* to these facts. I said:

> Notwithstanding the increases of $42 million in salaries and wages and pay and allowances, there has been no appreciable expansion in the strength of the civil service of Canada or of the defence forces. While additional responsibilities have been assumed, the over-all increase in the size of the government establishment for 1959-60 will be only .4 per cent over 1958-59. This is the smallest annual growth shown since 1951. It demonstrates the government's continuing effort to increase efficiency and at the same time to economize on the use of staff.

It is appropriate that at this point I should ask hon. members opposite if they will be frank with the house and the Canadian people. Do you want to reduce old age pensions? Do you want to eliminate hospital insurance? Do you want to reduce or eliminate the expenditures we are making on housing, on public works, on our winter works program and other measures to combat unemployment? Would you deny the aid we are giving to the provinces and municipalities? I put on *Hansard* on the evening of April 9 table No. 1 which shows the rapidly increasing assistance we are giving to the provinces of this country. This table did not escape the attention of one Liberal journal in this country, and I should like to quote a sentence or two from an editorial appearing in the Saskatoon *Star-Phoenix* of April 17. I find this:

> But the tax-sharing agreements aside, the provincial administrations have received from the federal treasury a good deal more financial assistance since the Conservatives took office. This fact is usually overlooked but Finance Minister Fleming brought it into prominence during his recent budget speech. He made public a most interesting table which, if nothing else, seems to prove the federal government has been quite generous with the 10 provincial governments, generally speaking.

There are further statements in that interesting editorial to the same effect. I commend it to the attention of hon. members opposite. So, Mr. Speaker, I ask hon. members opposite where they would reduce expenditures, if they say expenditures should be reduced? We are paying the provinces

this year, as table 1 shows, as compared with last year, $148 million more in these various ways. Our responsibilities for social security and pensions of all kinds are increased in this budget over last year by another $148 million. Here is where the increases in 1959-60 estimated expenditures lie as compared with 1958-59.

You do not hear frank statements of that kind from hon. members opposite. So I say, Mr. Speaker, we have had from hon. members opposite, while they have been mouthing these phrases about reduced expenditures, not one word, not a single proposal, for taking one cent off the expenditures in this year's estimates. On the contrary, one of them has come forward with a proposal that would probably increase expenditures this year by substantially over $100 million.

They say something now about a balanced budget. I have something to say to them about that too, Mr. Speaker. We did not promise, when we went to the people, that we would balance the budget this year. We did not promise that we would balance the budget last year. A balanced budget, as such, was not even mentioned in the course of the 1958 election campaign. We were not elected on any promise or any platform that for last year or this year or any other particular year we would balance the budget. Nowhere in the 1958 campaign can any such assurance or promise on our part be found. I give that denial, to put it mildly, directly to the kind of nonsense and rot to which we have been listening from hon. members opposite in recent days.

Sir, we did hear something from the Liberals previously on this subject. Perhaps it is time, now, to turn to something interesting they have said. They talk to us in this amendment about deficit financing. Mr. Speaker, here are the words of the Leader of the Opposition (Mr. Pearson) spoken in the house in the last budget debate as reported on page 1898 of *Hansard* for July 3:

> Therefore it is not the deficit as such that we are criticizing, because deficits are required in the kind of situation we have in this country at the present time.

Mr. Speaker, that expression has never been withdrawn. Who are those who talk today about deficit financing? We had some other interesting comments which fell from the lips of the Leader of the Opposition in the course of the election campaign, and not once but several times. I recall to mind one in particular on February 10, 1958, when he said that the Liberals would bring about a tax reduction immediately of $400 million. That was followed up on March 21 in Toronto with a promise of a $100 million tax holiday. That is an aggregate of $500 million. This tax holiday is an interesting thing because the people were going to be given a tax holiday, if the Liberals were elected, right after the election, and when this brief tax holiday was over up would bound the same old rates of taxation again, like a bouncing rubber ball or my hon. friend the hon. member for Bonavista-Twillingate (Mr. Pickersgill).

Mr. Speaker, for hon. members opposite to charge us with bad faith when we made no such statement to the Canadian people in the election campaign is to indulge in the sort of thing they like to accuse others of, namely making false and misleading statements. I just point out in passing on this subject of deficits that if the Liberals, with their tax holiday and policy of deficit financing, had been in office and carried out their election promises, their deficit today for the fiscal year 1958-59 would be twice as much as ours was. Certainly it would have been well over a billion dollars and probably closer to one and a quarter billion dollars.

I see my time is running short, and I have not as much time as I would have wished to answer all the new attacks we have heard in this house with regard to certain forms of accounting. As regards the defence replacement account I have time only to say that this account has been in existence now for some years, actually nine years, and for eight of those years the Liberals did the budgeting. In seven of those eight years they provided drawdowns from the defence replacement account and they were used to improve their budget position. But there is a difference between the Liberal methods and ours. They did not tell the House of Commons what they were doing. We did. We told the House of Commons beforehand, expressly and frankly, that what we were doing was in the interest of better accounting to parliament. So we did what was right and proper and what we said we would do and what parliament last year approved. We have wiped out that defence replacement account.

They also complain about the old age security fund. How they have forgotten, Mr. Speaker, that the old age security fund was to be on a pay as you go basis. That was what the committee recommended in 1951. That was what Mr. Abbott brought before the house and is the system which came into effect on January 1, 1952. That is what the act calls for. It lays on the Minister of Finance the responsibility for making recommendations in this respect. Mr. Speaker, it has escaped the recollection of hon. members opposite, but what has happened in all these years? In 1951-52 the act was in force only three months and the deficit of $50 million was charged to general budgetary expenditure. In 1952-53 the deficit of $100 million was covered by

a temporary loan; it was not charged up against the budget of that year. That loan was written off as charged against the reserve for losses on realization of assets in 1953-54, and was not charged as a budgetary expenditure, and I will tell you why, Mr. Speaker. Mr. Abbott did not want that shown in his budget.

But hon. members opposite, having forgotten that they were party to that act in 1953-54, now say, when we put this fund on a sound basis and propose that the deficit for this year should be borne in succeeding years, that that is all wrong. How do they account for the fact that in 1953-54 they charged the deficit for 1952-53 up against, not the budget —it did not appear in the budget—but one of those convenient reserves which they had tucked away in the consolidated revenue fund where things were not intended to show. So in a variety of ways since then they have gone on.

They do not have to take my word as to our solution. I would like to read from the Toronto *Star*, the issue of April 10, 1959, and let hon. members know what is said about this budget:

> It is time to put the old age pension fund on a self-sustaining basis—contributions fell $184 million short of disbursements last year. And Mr. Fleming proposes to do it in an even-handed way, raising the levy on personal income, corporation income and the sales tax from 2 to 3 per cent each.
>
> He has also dealt fairly in raising personal and corporation income taxes by 2 per cent. The increases apply only to the top income fifth of individuals and companies; obviously the ones best able to pay more. Nor do we think there can be any serious quarrel with his modest tax increases on liquor and cigarettes.

That is the Liberal Toronto *Star* speaking.

Mr. Pearson: Read the *Globe and Mail.*

Mr. Fleming (Eglinton): The hon. member will have plenty of time to quote it to his heart's content, only I hope he reads them all, not only the selected articles.

Mr. Pickersgill: As you are doing.

Mr. Fleming (Eglinton): I might mention the matter of sales tax. It was dealt with by my hon. friend the Minister of National Revenue (Mr. Nowlan) in his clear speech a week ago last Monday, when he drew attention to the fact that it was the Liberals who proposed to use the sales tax as one of the elements contributing to the old age security fund, and Mr. Abbott brought it into effect because he said it was fair for the purpose and that the sales tax was not a regressive tax but a progressive tax within the limits effective for the old age security fund contributions.

I had hoped to say something further, Mr. Speaker, but my time is up.

Mr. Speaker: If my interpretation of the rule is correct, the hon. minister is not limited in time.

Mr. Fleming (Eglinton): Thank you, Mr. Speaker, I only wish I had spoken of it sooner.

I am now given the opportunity, for which I am grateful, of saying something about interest rates. We have heard a lot of loose talk in this house about tight money. There has been on the part of hon. members opposite a fundamental failure either to understand or to state the facts in truth relating to this question. Unquestionably interest rates have risen. They started rising in the United States, in the New York bond market a year ago, and soon after that we began to feel the effects in this country. There was a bad break in the bond market in New York in June of last year, and we felt the effects of that very soon. I have comfort in the fact that the break in the New York bond market, with its effects already evident in Canada, occurred before and not after my budget of June 17 last year. Liberal criticism on this subject of our efforts to meet this problem has grown steadily weaker, and when I hear hon. members talking about the successful measure we took last year to bring about a degree of control and management in relation to the national debt of this country, I prefer the views of some much more eminent and knowledgeable Liberals outside this house, who recognize the wisdom, foresight, fairness, equity and necessity of the conversion loan, and thank them for the part they took in it.

In the budget speech, I have reviewed the problems of financing in relation to our borrowing needs for budgetary and non-budgetary requirements, and the budget contains constructive proposals designed to reduce our difficulties in that respect and to reduce them substantially. The effect of this budget, and of the measures that it proposes, will bring about such a lessening of the pressure upon the bond market through federal borrowings as will be of substantial aid, we expect, to the provinces, municipalities and business in their borrowing programs, all of which have an important relationship to the whole recovery pattern in this country.

I have already drawn attention to the extraordinarily heavy demand there is today for commercial loans from the banks and we are faced, naturally, with a situation where there has been, on the part of the banks, a good deal of liquidation of their bond holdings in order to meet the demand for commercial loans in the course of the very substantial expansion which is going on in the Canadian economy at this very moment. Capital in this country is not unlimited, and this is part of the price of recovery at the present time.

I draw attention, however, to what is either an accidental or a calculated confusion in the minds and speeches of hon. gentlemen opposite. They talk about this rise in interest rates which reflects the extent to which the Canadian bond market is affected by conditions in the United States, and they confuse what is happening now, or what has been happening in relation to interest rates, with what happened under the Liberal government under what has come to be known as the tight money policy of the Liberals. Mr. Speaker, here is the essence of the difference: on our part, we have done what we could, in the light of the difficulties of the situation, to resist the pressures which have caused an increase in interest rates on this continent; but in the case of the Liberal government, the rise in interest rates and the other things they did were brought about in pursuance of deliberate government policy. There is the difference. Their policy was designed deliberately to check business expansion and interest rates were pushed up as part of that policy.

But that was not the only form which that policy took; part of that policy was intended to bring about, deliberately, a severe contraction in commercial credit and to force the banks to cut back on credit, and we well know the way in which the application of that policy harmed business, particularly small business, farmers and others. We opposed and we denounced that tight money policy, and we were right, and the Canadian people at the polls vindicated our stand in regard to the excesses of the Liberal government in deliberately pursuing that policy as they did. And, to the limit of our powers as a government, when we took office we reversed that policy and set about undoing the mischief that that policy had done in retarding the Canadian economy. Therefore, at this time, we are not in the position that tight money conditions have been brought about by the government of the day, as was the case when the Leader of the Opposition was a member of the government.

Mr. Pearson: It just happened to you.

Mr. Fleming (Eglinton): Yes, and it has happened all over this continent and we, the government of Canada, a responsible government, do not exercise supreme power over the economy of the whole of the North American continent. Our policy has been, as hon. members know, to resist as far as lies within our power the payment of high interest rates on federal borrowings and that, I emphasize once again, is a very different policy from that to which the Leader of the Opposition himself was a willing party—the Liberal policy of pushing up interest rates, contracting credit and nipping the buds of Canadian prosperity.

Mr. Pearson: Was that a time of boom or recession?

Mr. Fleming (Eglinton): Hon. members of this house will see clearly that there is a world of difference between the policies of this government and the policies pursued by that discredited Liberal government which was dismissed from office and upon which the Canadian people passed a second verdict, on March 31, 1958, a verdict which has left them in the unhappy position in which they find themselves today.

So, Mr. Speaker, I have dealt with the terms of this extraordinary amendment, an amendment which has the temerity to accuse this government of having made promises which it did not make; of having been elected on the basis of promises which it did not give during the election campaign, and of having broken promises which it did not make.

We were not elected on any such platform as hon. members opposite have talked about. I have gone over the record of the 1958 campaign, and I have shown how wildly inaccurate have been the statements of hon. members opposite about our platform and our program as laid before the Canadian people at that time. The bad faith which is to be found in relation to this debate is not in the budget; it is not in the proposals to which the budget speech led. The bad faith lies in the unfounded charges that are contained in the opposition amendment. I suppose we might leave it at that. The opposition has nothing to offer. They did not have anything of which they thought sufficiently highly to be worth according even an honourable mention in their amendment. Such be their verdict upon themselves.

I do not propose to review now what I said in the budget speech which was, I realize, of quite excessive length. But this may be said for the budget which is now under consideration, that it is based upon a view of the present situation which frankly takes account of the difficulties as well as of the bright spots, and faces those difficulties and prescribes clear courses of action, if the house will approve, for meeting those difficulties. It states the tax policy of the government, and states it clearly. It is a constructive effort. It contains a group of constructive proposals based upon a realistic approach to the problems. I think it may be fair to say that it is an approach which will, if approved by the house, contribute substantially to recovery. If it be optimistic, it is optimistic with good reason to be optimistic. It applies what I believe to be a sound principle in dealing

with economic conditions that are changing as rapidly as economic conditions have changed in the period of the last year. It uses the fiscal methods open to the government as a flexible means of meeting the problems which confront us at this time.

It may well be that this budget does mark a very important point in the developing economy of this period. I feel complimented indeed by the article written by Mr. Bruce Hutchison, who by all accounts is an eminent Liberal, in what he has had to say about the budget. I have here his article which is headed, "Budget Shows Double Courage", and which concludes with this statement which I should like to leave with the house:

> If so, the budget may be judged later as one of the most important in our history.

Mr. Speaker, I do not know whether that statement will be borne out in the light of events. I am not going to make claims of that kind but I am going to say that this is a realistic budget and one based upon a policy and not, like the amendment, which is based on a lack of policy. We have kept our promises. We shall continue to keep our promises. Because this amendment falsely accuses the government in this respect we ask the house to reject the amendment and reject it decisively.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I am convinced that many hon. members in this house must feel almost drowned by the verbiage that has flowed from the Minister of Finance (Mr. Fleming) during the last 53 minutes. My regret is that so much verbosity should have come from a cabinet minister and particularly the Minister of Finance containing no logic or reasoning.

The minister opened his remarks by informing the house that he has become philosophic and relaxed. Philosophy and relaxation are good in their place, if correct, but I personally have no hesitation in saying that the philosophy which I fear the minister has now adopted is not in the best interests of this country. In his budget speech and again this afternoon he made it evident that his philosophy is to close his eyes to the realities of conditions in Canada and he chooses to be relaxed at a time when there are major problems requiring attention and solution.

It was delightful from an oratorical point of view to listen for 53 minutes to Don Fleming Quixote charging against mirages to the loud huzzas of his colleagues.

Mr. Pickersgill: Not so very loud.

Mr. Winch: At this time Canada needs as minister of finance something more than a Don Quixote charging at mirages. We need a minister who will face economic realities and problems that cannot be solved by excessive verbiage or emotional eloquence or by charges levied against other individuals or parties. We need someone who will face the realities of increasing interest rates and continuing unemployment and who will find solutions for problems relating to the export markets required by this country. These matters require a true philosopher and realist, not a Quixote.

The Minister of Finance referred to prophecies respecting increased gross national products in both Canada and the United States. This is something to which we look forward. It was very noticeable, however, that in the budget speech and in his remarks this afternoon when the minister spoke of increases in the gross national product he did not relate the increases to the value of the dollar. Therein lies one of the fallacies in the approach and prognostications of the minister.

It was also noticeable that when approximately twenty minutes ago the minister nearly burst his buttons telling us that in 1957 he had reduced taxation by $178 million we did not hear him say a confounded word about the fact that in 1958 he increased it by $325 million. Apparently from the minister's point of view there are some things to be emphasized and others to be ignored or given not too much emphasis.

The minister made some comment about a stringent economy but I think it should be noted that although we have no legislation concerning social welfare on the order paper this session the minister this year is asking for an expenditure of $350 million more than was requested in the budget last year.

During the 53 minutes the minister consumed this afternoon he continued the sham battle between the government and official opposition. I believe we have had enough of sham battles and charges and countercharges between the government and official opposition concerning what they said they would do and what they actually did.

Mr. Godin: Are you sorry he mentioned only two parties?

Mr. Winch: We do not utilize the time of this house engaging in idle chatter of that kind. I could spend my entire time making similar statements, charges and accusations but I shall not do so because I do not believe in talking simply for the sake of talking nor do I countenance unnecessary repetition. Enough has been said concerning campaign promises and the fulfilment or lack of fulfilment of those promises.

I wish to tell the minister that I think he fell down in the policy decisions he made

relative to taxation. I know that hon. members of the government attempt to advance the argument that it is not taxation that is going to hit the average citizen in Canada. We say that such an assertion definitely is not correct. When an increase of 1 per cent in sales tax is introduced by the government the government is delving into the pocket of every individual in Canada.

I say to that that I find it difficult to understand why the Minister of Finance, when he is getting his greatest revenue mainly from the average citizen of Canada, feels he has to hit them more. I have reference, of course, to the increase on cigarettes. Before the last increase in taxation appeared cigarettes paid a federal tax of 17.7 cents on a package of 20, which I understand is 54 per cent of the retail price. Because the great majority of the average citizens enjoy their smoke and when the government is receiving 17.7 cents on a package of 20, 54 per cent of the retail price, I say it is a darned shame that the minister finds it necessary or decides to add an additional two cents per package of 20. What I say about it being a darned shame I also apply to the increase in spirituous liquors.

Prior to the federal tax increase approximately 80 cents out of every dollar spent on the retail price of spirituous liquors went to the federal and provincial governments. If my understanding and analysis are correct, the federal government receives 43 cents out of every dollar spent. Now, of course, it is going to be more. I personally want to tell the Minister of Finance that when he is already getting 43 cents out of every dollar spent on spirituous liquor I think he is just putting on a little bit too much pressure when he wants still more money. It would not be so bad if he would bring in a law to take some of the water out of it; but since he is still going to levy his tax on the amount of water in the spirituous liquor, then I say 43 cents out of every dollar is enough without an additional 12 cents a bottle. I have to say that I am grateful for one thing, namely that he has left the workingman's beer alone. The 1 per cent is going to have some effect, but I pay my compliments to the brewers who have already announced that they will absorb the sales tax increase.

In view of the fact that the Minister of Finance has found it necessary to increase taxation so as to raise approximately an additional $325 million, I feel the increases he has announced would have been more acceptable, more reasonable and more logical if he first of all, or at the same time, had gone after those who make millions and pay no taxes at all. I refer to corporation and company promoters and stock manipulators who, of course on the evidence, in Ontario alone invest a few hundred dollars and make millions.

Every endeavour that we have made in the estimates committee to find out whether or not the government collects any taxes has been turned down. Therefore, there are only two men who know whether or not those who make money out of stock promotions—since they are in the know—pay anything in income tax. I refer to the Minister of National Revenue (Mr. Nowlan) who refused to give information in the estimates committee, and the Minister of Finance. I say to the Minister of Finance, if you are going to hit the people of this country for more than 17.7 cents per package of 20 cigarettes and more than 43 cents out of every dollar spent on spirituous liquors, then why have you not the common decency to collect something from those who make millions and pay no taxes whatsoever? Any demand by the Minister of Finance for increased taxation on the common people will be better understood if he will interest himself in going to those who in the past and now pay no taxes on certain financial manipulations in Canada.

I was most interested yesterday when the hon. member for Queens (Mr. Macquarrie) addressed this house in this debate. The hon. member had this to say, as reported at page 2841 of *Hansard*. He was speaking of the Minister of Finance:

> I believe that already his performance in this most onerous office in these most difficult times rates him with the great finance ministers of our nation's history, men like Fielding, Sir Thomas White and E. M. Rhodes.

The hon. member for Queens is most certainly entitled to his opinion; so are we all; so am I. The Minister of Finance, in introducing his budget and informing this house and the country of the taxation increases did not deal with many of the realities and problems we are facing; did not make any statement whatsoever of policy or legislation to collect millions from those who pay no taxes now. I think the hon. member for Queens was wrong. The Minister of Finance will not go down in history as a great finance minister, as was intimated by the hon. member for Queens. In my opinion he will go down as "the great betrayer" because in his budget this year he has done three things. He divorced financial policy this year from his own government's and party's campaign promises. He divorced himself and his government from a realistic taxation policy; and he divorced financial policy from the needs of the common citizens. It is for these three reasons that I say he should be, and I think will be, eventually known as "the great betrayer".

I have mentioned the word "divorce" three times. From now on in the 20 minutes I still have at my disposal I am not going to discuss the budget because I have no intention of repeating the statements and the arguments which have already been put forward in the past by previous speakers. I should like to discuss the question of divorce because this debate gives me the opportunity to discuss not only the budget itself but anything else I feel to be of importance and should be discussed in the House of Commons. I recognize that in so doing I am raising a most controversial subject but I do feel it is necessary to speak upon it from two points of view; one, the handling of divorce for the provinces of Newfoundland and Quebec through the medium of the Senate and the House of Commons; and, two the matter of the law as it relates to divorce itself.

Before I enter into these two subjects I want to make it very clear that I am not expressing C.C.F. national policy nor am I giving voice to any policy of the C.C.F. members in this house. I am speaking strictly from a personal point of view on two matters which I feel should be brought to the attention of the house and be given consideration by the government and the house in the not too distant future.

Section 91 of the British North America Act of 1867 gives to the parliament of Canada exclusive legislative jurisdiction in relation to marriage and divorce. All provinces in our country except two have courts that deal with divorces. The provinces of Newfoundland and Quebec do not have such courts. As a result, the Senate and the House of Commons find themselves in the position of having to deal with matters which actually should not come before members of parliament for investigation and decision.

A great deal has been said in the house in the past about the extraordinary situation that faces members of the House of Commons in having to sit in judgment on divorce cases. Over the years suggestions have been made that separate courts should be established for these two provinces or that the Exchequer Court of Canada should handle divorce cases from Quebec and Newfoundland. It is quite evident, however, that no move is contemplated to establish outside courts in order to remove from the Senate and the House of Commons the responsibility of dealing with matters of divorce. Because there is no indication that such a step will be taken, I am taking it on myself to throw out a suggestion different from the establishment of courts but one which I think is worthy of consideration and will remove from the House of Commons the unhealthy task which up till now it has had to accept.

In conversation with constitutional authorities I have found that parliament has the right to delegate power and as a result I want to make a suggestion which I ask members to think about calmly and reasonably. I suggest that we establish a precedent and that the House of Commons and the Senate should pass an act under which the Senate shall have the power to deal with divorce cases, royal assent then being given by resolution, so that the Senate alone will exercise the power preceding royal assent now required of both houses of parliament. I say that if the United Kingdom can say that certain bills passed by the house of commons need not be passed by the house of lords and shall become acts on receiving royal assent then the opposite is true if the procedure is authorized by both houses.

In putting this proposal forward it is my personal opinion that it would be beneficial because divorce bills would no longer need to be considered on the floor of the House of Commons. I believe that the prestige of the Senate would be enhanced if sole jurisdiction were conferred upon it in this regard. I say that our present system is clumsy and outmoded and that the procedure I recommend would greatly simplify the situation. I say further that the Senate has the time and has developed the necessary machinery.

I recognize that there are three possible arguments against my suggestion. First, it might be said that it would saddle the Senate with the whole problem of divorce. I admit that but the Senate is already saddled with the problem so there is nothing new there. Second, it is also arguable that the participation of the commons in divorce bills is a useful check on Senate. In my opinion this argument is not sustainable. I should like to give the house statistics to substantiate that contention. I am certain that the members of the house who are present will be interested in this information.

From 1945 through 1958 the Senate committee heard 4,126 divorce petitions. Of these the Senate committee rejected 54. That meant that the House of Commons received 4,072 divorce bills from 1945 through 1958. The House of Commons rejected 18. There may be some members who would prefer to have information for the last two or three years. From 1956 through 1958 the Senate committee heard 1,219 divorce petitions and rejected 20. Therefore during the same period the House of Commons received 1,199 divorce bills. The House of Commons rejected four.

It is quite obvious that the House of Commons does not sit as a court on divorce bills.

In the light of the fact that out of 4,072 divorce bills received by the house from 1945 through 1958 only 18 were rejected and in the period from 1956 through 1958 only four were rejected, we are making a farce of the procedure.

I come now to the main argument that can be used against my proposal. It can be reasonably argued that such an idea would involve an abdication or abandonment of the powers of parliament. I recognize that. I recognize what kind of a precedent it would be. But I feel that this objection can be met by pointing out that the act would be passed by both houses of parliament and if found unworkable or too shackling it could be repealed or amended by a subsequent act in any future parliament.

I should like to spend more time on the matter of our procedure but I am not going to do so. I hope I have given enough information to justify honest consideration by the government and by all members of the house with regard to the procedure of handling divorces from Newfoundland and Quebec by the two houses of parliament. I say that if the government is not prepared to do as I think it should, if it is not prepared to take the necessary steps to remove this work now required of both houses by referring it to an outside or already established court, then the government should have the guts at least to give consideration to the type of proposal I have made this afternoon.

It is not sufficient, at least in my opinion, to speak about the procedure of divorce in two provinces, without also saying a few words about the law of divorce in Canada. This, too, is a highly controversial subject. I get into trouble sometimes because I insist on raising highly controversial issues. I feel that if something should be said, then it is going to be said; that is, if I think it is right. I do say on behalf of the minority—I am happily married myself, so I am not concerned—that Canada has the most antedated and antiquated divorce laws. Canada's divorce laws are more backward than those of most countries in this world.

Time and time again in my capacity as a representative of my constituency in this house, and previously in the provincial legislature, I have met persons who had real problems. They have been deserted for years, and where the husband or wife is they do not know; nobody knows. If a woman is deserted for a period of years, why should that woman be denied the normal happiness of life, the normal expressions of life? Should we insist that she become immoral by living as a common law wife? I do not believe so. When we have a person subjected to physical cruelty and sexual cruelty, why does the law say that that person must remain tied to such an individual? Why is it that when a person is committed to an insane asylum and found incurably insane the spouse must be denied the right to a normal life? Why is it that when a man is committed to jail as a sexual psychopath—I understand that term is going to be changed—or as a habitual criminal or is found guilty of murder and the sentence commuted to life imprisonment, the spouse should be denied a normal life?

I ask that the members of this house and the government just think these things over. I am not alone in this opinion. I was most interested in reading in a local newspaper the other day a report from Vancouver which said that the British Columbia churches now advocate easier divorce. It says that five of seven British Columbia presbyteries of the United Church of Canada have advocated broader grounds for divorce, and then outline what they think should be the broader grounds. I know you realize, Mr. Speaker, as we all do, that marriage is a sacred and wonderful thing, and everything possible should be done to maintain a marriage, especially when there are children. But under the circumstances I have outlined, why should we in Canada be so far behind the rest of the world, be so unchristian and heathenish, as to deny happiness and a full life to those who are caught in certain circumstances.

As a result of my own personal reading, my consultations with many members of the church, social welfare organizations and as a result of my talks with individuals caught in the web of circumstances, I should like to recommend certain changes. I have no hesitation when I speak on this matter in giving my own views. Let me make this clear; the spouse would have to ask for the divorce because if there was a desire to wait and hope that the person would come out of the insane asylum or out of jail, then that would be the responsibility of the spouse. I should like to recommend that the divorce law be changed; and in addition to the existing grounds for divorce, the following be added: Desertion for three years; after repeated physical and sexual cruelty; after insanity for three years if the spouse is still retained in an institution; and, if one is incarcerated in a penal institution with a sentence over five years or an indefinite sentence after serving a definite sentence of three years.

In conclusion, Mr. Speaker, I would say that I first had a few words to say about what the Minister of Finance said on the budget and then on two matters which I did not think anyone else would raise, and which I felt should be raised. Having done so, I

would ask the government and every member of the House of Commons to search their own minds, their own consciences, and not only answer the questions which I am about to ask but also decide whether or not they feel they have a part to play in solving the problems of the minority, who have the same right to happiness as the majority. The question I should like to ask is this: Under what code of human behaviour, religious ethic, or civilized law should the innocent suffer for the sins of the guilty? That is what our law imposes upon people today. I leave the answer to that question to the thinking and the decency of the government and the members of this house.

Mr. Speaker: It being five o'clock, the house will proceed to the consideration of private and public bills, pursuant to section 3 of standing order 15.

CANADA ELECTIONS ACT

AMENDMENT TO PROHIBIT PUBLICATION OF STRAW POLL RESULTS

Mr. Arnold Peters (Timiskaming) moved the second reading of Bill No. C-11, to amend the Canada Elections Act (publication of straw poll results).

He said: In introducing this amendment to the Canada Elections Act we are asking for the prohibition of the publication of opinion polls or what is commonly called straw polls prior to an election. These polls have been given pseudo-recognition by the people of Canada as being fair, being honest, though the integrity of opinion polls was questioned as recently as 1948 in a very large example.

The Canadian electors are in no way assured that the polls are representative or that the questions which are asked are representative questions. A question asked sometimes of an unrepresentative group leads to an answer which is occasionally used by political parties during the elections. Opinion polls are being conducted in the major portion of our schools. There are many advantages to conducting these polls. For one thing, it keeps a large number of people employed who are operating private polls of one type or another. Second, I think it is a good thing to discuss at election time who the pupil would vote for and probably the reason why that pupil would so vote. But on a number of occasions it has been very easy to tell prior to an election exactly what people in a certain area will do, because their children, attending school and reporting through their polls, make this information available to the teacher.

For some odd reason, possibly a quirk of the Canadian mind, quite often our people have a tendency to accept these polls and decide that they have to vote in an election for the party that is going to win. So it sometimes gives an unfair impetus to the recipient of a very favourable poll. There would be nothing wrong with this if polls were conducted in a manner which would assure the people reading the answers that the polls were an honest sampling of opinion and that the questions had been designed to give true answers and were reported in that manner. But I do not think this is always true.

In the last few months we have seen where polls have been conducted and have not been accepted by the federal government. This is probably more evident in the Department of Labour than in any other federal department. The dominion bureau of statistics operates on the principle of the sample poll. I do not think any member in this house could tell who did the sampling for the department. I never came in contact with anybody who was ever asked any of the questions, but it was found that the system being used was not necessarily the most efficient one which could be developed, and within the last few months the Minister of Labour (Mr. Starr) has been using a number of other methods to find out the number of people seeking employment in Canada. This being one of our official polls it would indicate that it does not even operate in the manner in which we wish it to operate.

If the polls were supervised and the questions standardized, and use of these questions by correspondents and newspapers was made to give a fair sampling of opinion, then there would be less objection to them. But this is not the case. In the United States election of 1948 it was a well-known fact that a number of the polls in that country were so conducted that the questions were asked in such a manner as to receive a particular answer.

This information has been very difficult to come by, because after a poll is conducted and the results published nobody ever looks back on it again. So we tend to forget where the polls made mistakes in the past and are much more interested in what the poll is going to report on the new problem which has arisen. British Columbia faced this matter in 1939 when they passed section 168 of the British Columbia elections act, which reads:

> No person, corporation or organization shall after the issue of the writ for any election take any straw vote, which will prior to the election distinguish the political opinions of the voters in any electoral district.

In moving this amendment we are not suggesting that these polls do not be taken, because they do serve some purpose. We

are only suggesting that the results of the polls be not published during the period of election, or from the time the writ has been issued until the time the election itself is conducted.

In 1948 the matter of how honest and trustworthy polls were was shown in an election when Mr. Truman and Mr. Dewey were fighting for the presidency of the United States. Mr. Truman was fighting an election for the third time, but there were many reasons why his popularity should have decreased. He, through congress, had suggested that several things be done which were not too popular, and a number of the pollsters in that country were pledged to support, and to elect if possible, Mr. Dewey, and they worked toward that end. Very little information has ever been available as to what polls have accomplished or with regard to their operation, but a little book was written by Morris L. Ernst and David Loth called "The People Know Best. The Ballots vs. the Polls". It contains some observations which I think are interesting enough to examine. It points out at page 11:

> The presidential election of 1948 has given us the most dramatic, the most significant example of the hazards which our basic concept is facing. With a unanimity which has seldom been equalled in our political history, the men and women upon whom we relied for facts, for comment and for opinion were hypnotized (or hynotized themselves) into the conviction that President Harry S. Truman's campaign was hopeless.
>
> The great damage to our way of life was not that they were wrong. Far more serious is the attitude of all of us toward that error. We laughed at the recollection of their pontifical certainties. We sneered at their motives, at their intelligence, at the validity of their information, at their methods and at the media through which they spoke to us. We were gleeful or sad over their discomfiture, depending upon how the results of the election pleased us. But there is also an opportunity for us to gain a more substantial benefit. We can use our experience of this great illusion to improve our media of information and our understanding of them.

Then it goes on to say that this is one of the things that we must be on guard against today, because if we are not we are going to allow the pollsters to form an opinion and thus develop our need for voting in one direction because we want to be on the winning side, rather than being able to decide for ourselves which is right and which is wrong. This book points out that in many cases it does take away from the voter the right to make up his own mind and establish for himself his own opinion. Some of the polls in that election in 1948 gave Dewey 96 per cent of the vote, while others gave only as high as 56.

[Mr. Peters.]

I think it is interesting to note some of the questions which are asked. In one of the Gallup poll ballots appears this statement:

> The battle for control of Congress in the November election will be far more closely fought than the presidential battle—
>
> As you feel today, would you be more likely to vote for the Democratic or for the Republican candidate for congress from your district?

The question which is asked does not relate, hon. members will notice, to the statement which precedes it. And then the result is reported as a Gallup poll report, as follows:

Democratic candidate	41%
Republican candidate	41
Other parties	1
No opinion	17

Another question was asked on August 12, and again a statement was made in connection with it, as follows:

> Although congress brushed aside President Truman's request for limited price controls, there has been a sharp increase of public sentiment in favour of controls since the special Congressional session was called—
>
> Do you think the government should or should not put back rationing and price controls on some products?

And the answer which was given, reads:

Should	56%
Should not	35
Price controls but not rationing	2
No opinion	7

When these results are reported in the newspapers an impression is created that the issue has already been decided in the minds of the majority of the electorate. I suggest that this type of poll taking is not accurate, and that it is not necessarily honest. It is to the credit of the people of the United States that they saw fit in that election to vote on the basis of their own opinions rather than accept the opinion reached by most of the news commentators and all the public opinion polls.

All this, in my opinion, establishes a case for prohibiting the conducting of this type of poll and the reporting of these polls in the press during elections, because the use of these methods is eliminating one of the basic rights which the people possess—the right of choice. We depend a great deal on statistics, on publications and on facts and figures which are used as yardsticks, among them, for example, the figures which are published every month with regard to the cost of living. Publications of this kind are taken as facts and are accepted by the people as being facts. If we publish opinion polls as facts in the same way people will tend to use them and depend on them as crutches rather than to find out for themselves.

I would very much appreciate a vote on this matter. We have 31 public bills and orders

on the order paper; we have spent one day on each one of them, and have achieved no results. I am not sure whether hon. members are in favour of the proposal I am making or not, but I have noticed in the last few weeks that many people are in favour of it. Yet we still take the whole hour, and then defeat the measure by letting it go by the board. I strongly urge the government to allow a number of these 31 items to be voted on. They are all important to the people who put them on the order paper and there are a number which are a good deal more important than the one in which I am interested at the present time. I appeal to the government either to oppose this measure or to speak in its favour through one of its representatives, and thus allow us to continue with other matters. Otherwise I suggest we might as well discontinue the item of public bills altogether, because I think we would be wasting a great deal of time on these subjects.

Mr. McGee: I was rising on a point of order to point out that on other occasions hon. members who have attempted to comment on this aspect of the matter have been ruled out of order, and to suggest that the hon. member for Timiskaming is himself out of order.

Mr. Speaker: I was getting ready to interrupt just as the hon. member rose. While a passing comment on the fate of these bills is not objectionable, that certainly should not be made the subject of debate. We should confine ourselves to the matter in hand.

Miss Margaret Aitken (York-Humber): I think this bill is a foot-in-the-door infringement against freedom of expression, freedom of opinion and freedom of the press. Indeed, it is an insult to the Canadian people and I, for one, if there is a vote, will vote against it. What right have we to sit here in this House of Commons and legislate against expressions of opinion from the Canadian people, published or otherwise? What right have we to say that the Canadian people must not be allowed to read about the opinions of their fellow countrymen?

The hon. member for Timiskaming (Mr. Peters), in what I think was an attitude of arrogant superiority, is saying that the Canadian people cannot be trusted to think for themselves, and, furthermore, that we must protect them from the thoughts of others. This bill says to the Canadian people: you are so colourless, so opinionless, that we cannot trust you to read about the opinions of other people. I do think this is an insult to the Canadian people. One moment the socialists are viewing the situation with alarm because they say the polls are influencing voting, and the next moment, still viewing the situation with alarm, they are saying that the polls are not infallible and that—as the hon. member for Timiskaming himself pointed out—the polls were in fact wrong in 1948 and President Truman did win the election in the United States. Moreover, the polls did not seem to influence voting in the 1957 Canadian election.

I say that the socialists cannot have it both ways. They cannot say that the polls influence voting while maintaining at the same time that the polls can be wrong and, therefore, do not influence voting. I think that public opinion polls are part of our democracy, and not only of our democracy; in 15 countries around the world these polls are taken. I should just like to put the names of a few of these countries on record, because there is a certain significance attached to them. They include Canada, the United Kingdom, the United States, France, Denmark, Sweden, Italy, Holland and Norway. You will notice, Mr. Speaker, that none of these countries are communist countries. Communism will not allow the publication or expression of opinions. I do not suppose communist leaders even want to hear about public opinion as expressed in public opinion polls. Or perhaps, like the socialists, they are afraid of public opinion.

The passing of this bill would, I feel, place Canada in a ludicrous position. It would certainly indicate that Canadian politicians are afraid of public opinion, and I believe that to legislate against the publication of polls would be to legislate against freedom of opinion. I do not know how the hon. member for Timiskaming who professes to believe in a bill of rights can reconcile this bill to such a belief.

How far would such a censorship as this go? What about those who go across the country just before an election and who, normally, in the course of their work, comment on the state of public opinion? Practically every large newspaper sends reporters across the country to make surveys and take polls, and these reports are subsequently published in the newspapers. Is the hon. member suggesting that they should be censored, too, or that they should be made illegal? In my opinion he is, because the amendment begins with the words:

> No person, company or corporation shall publish results of straw polls—

I think this is dangerous and evil legislation even to contemplate. Not only is it menacing freedom of opinion but freedom of the press.

In his explanatory note the hon. member for Timiskaming sets down the purpose of his amendment to the Canada Elections Act in these words:

> The purpose of this amendment is to prohibit, and to make punishable as an illegal practice, the publication in any manner before election day of the results of a straw vote or poll of the political opinions of the electors.

We are told that that is the purpose of this bill. What the hon. member has not told us is the real reason for the presentation of this bill. I suggest that the true reason is that the socialists are afraid of public opinion and perhaps with justification because public opinion and public favour certainly have not been very heartily on their side in the last few elections.

Last year when the hon. member for Timiskaming introduced this same bill in the house, as reported at page 2831 of *Hansard* of July 29, 1958 he had this to say:

> We all know of cases where questions are asked of the general public which are very innocent in nature but by the time the results of such polls are used by certain advertising agencies and implications are drawn from them, the information presented to the public does not necessarily represent the opinions expressed by the participants in the poll.

I do not understand this strange generalization. The hon. member concluded that statement by saying:

> There is actually no guarantee to the Canadian people that such polls are taken on a regular sample basis—

What does the hon. member mean when he suggests that all of us know of cases where innocent questions are asked and implications drawn which do not represent the opinions expressed by those polled? I for one know of no such cases. I can see no point in that kind of accusation. Polls are costly things to take and I cannot see why anyone would spend substantial sums of money on a poll and then falsify the results.

The Canadian institute of public opinion which is the Gallup poll in this country has some 500 people working continuously on a wide variety of subjects across the nation all the time. Their work embraces polls concerning the voting intentions of the electorate, not just at the time of an election but throughout the year every year. The hon. member says there is no guarantee that polls are taken on a regular sample basis. I do not know what he means by a guarantee but I do know that the Canadian institute of public opinion conducts a political poll every eight weeks. It describes its services as "a snapshot of voting intentions" taken not on election day or just before election day, but continuously thoughout the years. It is a political poll taken on a regular sample basis.

In conclusion may I say I condemn this bill not only as a manifestation of arrogant paternalism but also as a menace to fundamental freedoms. What right have we, the elected representatives of the people, to place any kind of restraint upon expressions of opinion? If the socialists would pay a little more attention to those expressions of opinion instead of trying to censor them they might learn something of what the people are thinking and be a little better off.

This bill is a veritable iron curtain behind which the socialists seek to hide their own inadequacies. It occurs to me the mere introduction of this bill is an indictment against the C.C.F. party and certainly a warning to the Canadian people. The socialists would impose their will upon the free expression of opinion of a free people. I hope, just as the hon. member for Timiskaming said, that we may have a vote on this amendment so that every responsible member of parliament may have the opportunity of standing up in this house and being counted on the side of freedom.

Mr. A. R. Webster (St. Antoine-Westmount): Mr. Speaker, if the bill which is before us for discussion this afternoon were to pass it would be in my opinion extremely difficult to enact it. What is to hinder the Prime Minister (Mr. Diefenbaker), the hon. member for Assiniboia (Mr. Argue) or any other hon. member appearing on a public platform or before a gathering of news people and predicting the result of a coming election by releasing the findings they have gathered from the reports sent in by their district organizers? Are we to make this a crime? Are we to make it unlawful to mention this from a platform? Any piece of legislation which having been put on the statute books is ignored or not enforced is to my mind serving only to clutter the administration of justice and to bring other worthwhile legislation into disrepute.

The newspaper people who travel across the country with the leaders of political parties during campaigns are entitled to and indeed are expected to express their opinions as to what people in the country are thinking and I do not believe we can bring in legislation to counter what the people of this country want and expect in the way of news.

A large number of people in this great country of ours are undecided as to how they should vote. Being human they naturally want to be on the winning side so that after an election they will be in a position to tell their friends that they were clever enough to have picked the winning candidate or the winning party. This is an unfortunate

situation because it indicates a lack of political education but, like the poor, this type is always with us.

I cannot see how any great harm could be caused by a straw vote which is only an indication of how the people are thinking at the particular time the poll is taken. Something could happen which would cause the voting population to veer completely around and vote in an entirely different fashion. Being so closely associated with our good neighbours to the south where the advance poll or Gallup poll has become almost a national institution I do not see how we in Canada could possibly prevent the publication of any advance prediction relating to a Canadian election.

The result of a poll among the general public concerning an election even when published does not mean that the outcome is guaranteed. Hon. members will recall during the election in which Mr. Harry Truman sought to become president of the United States all the newspapers and public polls were against him and yet by getting out and conducting an active election campaign he was able to win by a substantial majority. Apparently he was able to convince the people he was the better man. This illustrates the fact that although papers and magazines were full of how his opponent was taking the country by storm and that he might as well close up shop, nevertheless the polls were wrong and the man who had the backbone of public opinion behind him was he who won the election.

The hon. member who introduced this bill to amend the Canada Elections Act has said that he has no objection to the taking of public opinion polls in public schools and high schools by the pupils or in any other such places. Does he not realize that if the children who take these polls go home and report the results to their parents, in a number of cases they will have an effect on influencing the parents' votes. I know that during the last election in the constituency which I have the honour to represent my daughter was a school teacher and the children went back to their parents and practically told the parents that if they did not vote for my daughter's father they just would not have anything further to do with them, and that influenced quite a number in my favour. People want to be informed and I believe it is the duty of the newspapers to inform them. A poll does not constitute propaganda. The report of a public poll is only the announcement that in some measure a certain percentage of the population declares itself for or against a political party or a politician.

In my opinion these polls cannot prejudice our friends in any way because in this country people may often consider not so much the results of those polls but rather the party program and the candidates who are up for election. We saw that the results taken during the last election gave the facts, and the results were neither inaccurate nor dishonest, as the Canadian people sent to the house in the last election such a large Conservative majority.

I do not see any reason for the introduction of this bill, which seems to me to be only an excuse to use up the members' time when we could be gainfully employed in debating legislation that has merit to the country as a whole. I make these remarks as I am opposed to this bill and do not see any great merit in it. I believe this bill should not have been submitted to this house this afternoon.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to say just a few words in support of this bill.

An hon. Member: To talk it out.

Mr. Winch: Not me. I just wish to say I am most surprised at the remarks of the hon. member for York-Humber (Miss Aitken) that this would mean an iron curtain. Because of her great experience she must know of petitions that are sent out and signed by anybody without their ever reading them. She also knows that the Gallup poll can, and does ask loaded questions. Because of her experience, she must know of petitions being signed without a knowledge of their contents. She must know how questions can be loaded. I cannot understand why she calls it an iron curtain. I rose particularly because a previous speaker said he could not understand how the legislation could be administered. This kind of legislation has been administered for 20 years in British Columbia without complaint. There is the proof, 20 years without any complaint in British Columbia.

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, I think other hon. members on the government side have brought out most of the points that I think should be brought out in connection with this bill. In view of the lack of time I will not repeat their arguments but I would like to compliment them on their statements and on expressing my views so clearly. But as a former newspaperman who probably has had a great deal more experience in reporting and in editorial work, and knows more about the integrity of newspapers and their influence on the public than the proposer of Bill No. C-11, I should like to bring out only two points which are involved in this proposed amendment.

In my opinion, they are two very vital points in our form of democracy which would

be curtailed by this bill. These two points are freedom of the press and the right of each individual to all the information and expressions of opinion that he can possibly obtain, even during an election, or perhaps I should say particularly during an election. Any denial of those rights, I am sure, will not come from this government.

The sponsor of this amendment, the hon. member for Timiskaming (Mr. Peters), wants to have public opinion polls, what he calls straw votes, abolished by federal statute. The purpose of this amendment, as was pointed out by the hon. member for York-Humber (Miss Aitken), is to prohibit and make punishable as an illegal practice the publication in any manner before election day of the results of a straw vote or polls of the political opinions of the electors. All I can say to this is that the hon. member for Timiskaming must have a very small regard for the mentality of Canadian voters. Perhaps he has reason for this poor opinion. I have a much higher regard for those who mark their ballots in federal elections. By inference, Mr. Speaker, the sponsor of this bill is saying that Canadian voters have no minds of their own, and, like a flock of sheep, will cast their ballots after having themselves directed in one direction by newspaper quotations and headlines and by publication of what the mover calls straw votes. I suggest that this is a very poor picture of our electorate. It is a picture that is not borne out by recent elections.

The Canadian voters have minds of their own and exercise their franchise as they see fit, and are not told how to vote by any newspaper headlines. I see nothing wrong with publication of straw votes in an election campaign. As I have said, straw votes are part of public opinion polls, and public opinion polls are part of public education. Public education has brought the Canadian people to the high level of living and, I might say, the high level of government that we now enjoy.

I should like to conclude with strong support for freedom of the press. The Canadian people want to be informed and it is the duty of our newspapers to inform them. As you know, Mr. Speaker, on most days when orders of the day are called the press gallery is filled with reporters and their job is to inform the Canadian people. Again, Mr. Speaker, I do not think that public opinion polls have the influence on voters that the hon. member for Timiskaming (Mr. Peters) fears they have. I think that during an election campaign Canadian voters consider the programs of the various parties as they are presented to them on the platform and they also consider the ability of the candidates. In my opinion, therefore, members of this house should show their confidence in the clear thinking of the Canadian electorate by voting against the motion.

The house divided on the motion (Mr. Peters) which was negatived on the following division:

YEAS

Messrs:

Fisher
Herridge
Howard
Martin (Timmins)
Peters
Winch—6.

NAYS

Messrs:

Aiken
Aitken, Miss
Allard
Anderson
Asselin
Badanai
Balcer
Baldwin
Barrington
Baskin
Batten
Bell (Carleton)
Bell (Saint John-Albert)
Benidickson
Bigg
Boivin
Bourbonnais
Bourget
Brassard (Chicoutimi)
Broome
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Cadieu
Campbell (Lambton-Kent)
Cardiff
Casselman, Mrs.
Cathers
Chambers
Chown
Churchill
Clancy
Coates
Comtois
Cooper
Courtemanche
Creaghan
Crestohl
Crouse
Danforth
Denis
Dinsdale
Dorion
Doucett
Drouin
Drysdale
Dubois
Dupuis
Eudes
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Forgie
Fortin
Fraser
Fulton
Garland
Gillet
Granger
Green
Grenier
Gundlock
Habel
Hales
Halpenny
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Harkness
Hees
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Howe
Johnson
Jones
Jorgenson
Jung
Keays
Kennedy
Kindt
Knowles
Korchinski
Kucherepa
Lafreniere
Lahaye
Lambert
Leduc
Legere
Lennard
Macdonald (Kings)
Macdonnell
MacInnis
MacLean (Queens)
MacLellan
Macnaughton
MacRae
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McGregor
McIntosh
McLennan
McMillan
McPhillips
McQuillan

McWilliam	Ricard
Mandziuk	Richard (Kamouraska)
Martel	Richard (St. Maurice-Lafleche)
Martineau	Roberge
Martini	Robichaud
Matthews	Robinson
Meunier	Rogers
Michaud	Rompre
Milligan	Rouleau
Mitchell	Rynard
Monteith (Perth)	Simpson
Monteith (Verdun)	Skoreyko
Montgomery	Small
More	Smallwood
Morris	Smith (Calgary South)
Morton	Smith (Lincoln)
Muir (Cape Breton North and Victoria)	Smith (Simcoe North)
Nasserden	Southam
Nesbitt	Speakman
Nixon	Spencer
Noble	Stanton
Nowlan	Starr
Nugent	Stearns
O'Leary	Stewart
Ormiston	Stinson
Pallett	Tassé
Parizeau	Taylor
Pascoe	Thompson
Paul	Tremblay
Payne	Tucker
Pearkes	Villeneuve
Phillips	Walker
Pigeon	Webster
Pugh	Weichel
Racine	White
Rapp	Winkler
Ratelle	Woolliams
Rea	Wratten—190.
Regnier	

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8. p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means and the proposed amendment thereto of Mr. Benidickson.

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, tonight I wish to speak on our Canadian fruit and vegetable industry. It is always a pleasure to stand up and talk about something with which you have had a close association. Many hon. members in this house represent constituencies in which this industry plays a prominent part, but I am sure all hon. members have a very special interest in the affairs of the growers of this country.

There are three points which I wish to stress tonight. They are, first of all, the recent tariff changes; second, the position of the Canadian Horticultural Council in relation to the industry and the government and, finally, fair value for duty. As to my first point, the recent tariff changes, the budget has been received throughout the fruit and vegetable world of Canada with a great deal of satisfaction, and with very good reason. The tariff amendments are twofold. First of all, there are changes in the tariff itself—that is the rates—and, second, changes have been made in the times when the rates will apply. This does not mean that the tariff has been raised on all items. In fact, the raises are, you might say, modest in the extreme. Generally speaking, though, they are worthwhile and designed to help combat imports at the critical time when marketing is taking place. I would say at this time that congratulations are due to the government, certainly to the Minister of Finance (Mr. Fleming) and his department, not only for the changes which have been made but also for steering us through the hard times during the negotiations with other countries.

Let us examine a few of these changes. Some of these items have had tariff cuts. Perhaps the most important one to the whole industry has been the cut in the tariff on apples. Formerly the tariff was $\frac{3}{8}$ cents and now it is cut down to $\frac{1}{4}$ cent. This has been counteracted by applying the rate for the whole year. It now applies for 52 weeks, whereas formerly it applied only from May 20 to July 31.

Other items have the same tariff but there is an extension of time. For example, on peaches, the time is extended from 9 to 14 weeks, and on potatoes the extension is to 52 weeks, the full year, as against the former period of from June 15 to December 31. Pears also come into this category. Again certain other items have an increase in the rate with no extension of time. In this group an example I can give is apricots. Finally, there are those items which have an increase in rate and also an increase in the time of application. Here prunes show an increase of $\frac{1}{2}$ cent and a two-week extension, and I give that as an example. Altogether there were 31 changes in the tariff structure which apply to fresh produce, nine to packaged products, and sixteen to canned goods and miscellaneous items.

You might say, Mr. Speaker, that these are complicated changes, and you might also query who asked for these and what is behind all the changes. This brings me to my second point. The answer is easily given: The changes have been made by the government as a result of listening to that organization which represents the fruit and vegetable growers throughout practically every province in the

dominion. That organization is known as the Canadian Horticultural Council. This is the body which originally made representations to the tariff board during 1957, and they were the representations which led to the present tariff changes made in this budget.

Perhaps at this stage it might be as well to look at the council's membership. We have seven out of the ten provinces represented on the council, excluding only Alberta, Saskatchewan and Newfoundland. These three have no grower organizations, with the exception of Alberta which has one local. However, I am glad to report that all carry on extremely amicable relations in co-operation with the Canadian Horticultural Council. There are also seven ministers of agriculture who are with the Canadian Horticultural Council. Then there are associate members and also contributors. I have a list of the member organizations and it is rather a long one, and I would ask that leave be given for them to be printed so as to appear in the context.

Mr. Speaker: What is the source of the information the hon. member wishes to have printed?

Mr. Pugh: The source of the information, Mr. Speaker, has been given me by the Canadian Horticultural Council. It is a list of the members.

Mr. Speaker: Is it agreed that the hon. member has leave to have this list of the Canadian Horticultural Council members printed in *Hansard* at this point?

Some hon. Members: Agreed.

Mr. Pugh: The table is as follows:

Organizations of the Canadian Horticultural Council

British Columbia: B.C. Fruit Board, P. C. McCallum; B.C. Fruit Growers Association; B.C. Interior Vegetable Marketing Board; B.C. Coast Vegetable Marketing Board; B.C. Tree Fruits Limited; Okanagan Federated Shippers' Association.

Manitoba: Vegetable Growers Association of Manitoba; The Gardeners Sales Ltd.

Ontario: Ontario Asparagus Growers Marketing Board; Ontario Berry Growers Marketing Board; Ontario Fruit & Vegetable Growers Association; Ontario Grape Growers Marketing Board; Ontario Peach Growers Marketing Board; Ontario Pear, Plum & Cherry Growers Marketing Board; Ontario Soil & Crop Improvement Association; Niagara Fruit Shippers' Association; Ontario Peach Growers Cooperative; Ontario Vegetable Growers Marketing Board; Ontario Potato Growers' Association.

Quebec: Quebec Pomological & Fruit Growing Society; Quebec Federation of Vegetable Growers; Cooperative Federee de Quebec.

New Brunswick: N.B. Potato Shippers Association; N.B. Fruit Growers Association; Hartland Agricultural Society.

Nova Scotia: N.S. Fruit Growers Association; Scotian Gold Cooperative Limited.

Prince Edward Island: P.E.I. Potato Promotion Committee; P.E.I. Potato Marketing Board; P.E.I. Producers Cooperative Association.

National: Canadian Association of Nurserymen; Canadian Food Processors Association; Allied Florists & Growers of Canada, Inc.; Canadian Mushroom Growers' Association; Canadian Wood Products Ltd.; Canadian Fruit Wholesalers' Association; Canadian Wine Institute.

Province: P.E.I. Department of Agriculture; N.S. Department of Agriculture; N.B. Department of Agriculture; Quebec Department of Agriculture; Ontario Department of Agriculture; Manitoba Department of Agriculture; B.C. Department of Agriculture.

Associate: Ontario Food Processors Association; Continental Can Company; H. J. Heinz Company of Canada Ltd.; Martin Paper Products Limited.; Niagara Peninsula Fruit Growers Association; Norfolk Fruit Growers Association; Thompson Wood Products Limited; Jordan-Danforth Wines Limited; T. G. Bright & Company Limited; Chateau-Gai Wines Limited; W. Clark Limited, Lorne Clark; Gair Company of Canada Ltd; Bathhurst Containers Limited; B.C. Federation of Agriculture.

Contributors: Alphonse Raymond Limitee; Atkin's Flowers; Kent Fruit Growers Cooperative; Northern Seed Potato Co. Limited; Oxford Fruit Cooperative Limited; Superior Bulb Company Limited.

On referring to the list, Mr. Speaker, it is noted that the province of Quebec has its various organizations, as does Ontario, Manitoba, British Columbia, New Brunswick, Nova Scotia and Prince Edward Island. This list is a long one, comprising virtually all growers in Canada. My purpose in placing this list on the record is to show that requests coming from the council are in no wise sectional but rather the unanimous decision of a representative body. You will see that this can mean only one thing, and that is an ideal relationship between the council and the government, particularly with the Department of Agriculture. This has long been recognized by the department and I need only quote the words of a former minister of agriculture, Mr. Gardiner, to this effect, when he stated in *Hansard* of Friday, July 24, 1942, at page 4697 as follows:

I want to say . . . that the Department of Agriculture and I as minister greatly appreciate the associations that have existed between the horticultural council and the department . . . Since I have had the privilege of being Minister of Agriculture the one group of farm producers who have maintained ideal relationships between the department and their industry are those people who are associated with the horticultural council . . . They have not asked the department or the government to be represented in certain places. They set up an organization of their own; they have made known their needs and seen to it that the department at all times knew what their organization thought ought to be done. They have worked consistently at the task of taking care of the interests of their producers. They have not wasted any of their energies in other directions. While the thanks of the growers of fruit, and particularly the apple growers, have been extended to the department officials and to myself as minister, I must say that a great part of the credit is due to the fact that the industry has been so well organized under the council . . . I think they found the officials of the different departments ready to sit down with

them to work out their problems. The problem could not be dealt with entirely by the Department of Agriculture. The Department of Finance plays a considerable part . . . and also the Department of Trade and Commerce when the problem is associated with trade outside of Canada. That organization at all times has been well informed not only with regard to their own industry here, but also with regard to the possibilities of marketing their products. They have stayed with the job until they, in co-operation with our officials, have worked out plans which would be helpful.

May I also quote Mr. Stirling, a former Conservative member of this house, who for many years ably represented his constituency. His remarks followed those made by Mr. Gardiner and are reported in the same edition of *Hansard*:

I should like to present my own thanks to the minister for the way in which he has referred to the Canadian Horticultural Council. I feel sure that the recognition which he has given this evening will be greatly appreciated by the many associations which go to make up that council.

So long as I have been a member of this house, in my endeavours to represent the fruit and vegetable growers of the part of Canada that I represent, it has been of very great assistance to me to be able to turn to the information always available through the secretary of the horticultural council.

May I add my own appreciation of the services provided by the council? I may say in passing that they were kind enough to have me at their last three-day meeting in Ottawa. I have dealt with this council at length, because I wish hon. members to know more about it. This body—the Canadian Horticultural Council—is a sincere one. There is nothing sectional in its ambitions. The government knows, through its long association with the council, that the requests made by it have been thoroughly studied and debated, and it is for this reason that the government respects the council's decision.

You will understand now, Mr. Speaker, that I have no hesitation about raising my final point, which is this: that the government should give effect to the fair value for duty section which applies to fruits and vegetables. You will recall that it was passed last year under the amendment to the Customs Act, namely paragraph (b) subsection 7 of section 40A. However—and this should be underlined—this was only to take effect upon proclamation, and to date the section has yet to be proclaimed. The Canadian Horticultural Council has always recognized the principle of fair value for duty. They feel that it is an absolutely necessary safeguard against distress selling or, as we say otherwise, the importation of fruit and vegetables into this country at fire sale prices. I say that the council has always recognized the principle of fair value for duty, but perhaps it would be better to say that they have fought for it since the inception of the council in 1922.

Finally, I subscribe to this principle because I have seen the effects of distress selling in my own constituency, and I am sure many hon. members here have themselves seen the effect of distress selling in their own ridings. I myself have seen the gradual deterioration of a well established industry. It is a hard thing to consider that at best our growers can only realize a second rate price for the goods they produce. Fair value for duty is, I think it is fair to say, the answer to this problem, and I now ask the government to give early and earnest consideration to this establishment.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I hope that my hon. friend who has preceded me will forgive me if I do not follow him into the fruit orchards and vegetables gardens of the lovely part of the world from which he comes. I propose to deal with some more general aspects of the budget, of the speech made by the Minister of Finance (Mr. Fleming) in introducing it and, indeed, of the speech which he made this afternoon in defending it.

I regret that the Minister of Finance is not in his place but I quite realize that he is filling an important public engagement at which I know those who sit on the opposite side of the table will have a greater opportunity of asking him questions with regard to some of his spectacular statements than we had in the house this afternoon. However, the absence of the minister does not deter me from complimenting him on his energy and his industry and on what I might call the massive performance of his budget speech which, according to some commentators and onlookers, may be his last. If this should be the case I think we can say quite sincerely that he has been the greatest minister of finance that Canada has had since Mr. Walter Harris.

Mr. Diefenbaker: That, of course, is not a new joke. That has been used several times.

Mr. Pearson: In saying this I do not overlook the fact that the Prime Minister (Mr. Diefenbaker) was acting minister of finance, I think, though for a very short time.

Mr. Diefenbaker: No; that last statement was no more accurate than the other one.

Mr. Pearson: I can congratulate the Minister of Finance on that score at least, and I do it very sincerely, for I have a real admiration for him though at times I find it difficult to understand how a man who can be so amiable in private conversation can, when he debates in the house or on the hustings, indulge in what I can only call such voluble irascibility. I cannot, however,

compliment the minister on either the form or the content of his budget speech which I thought—and nothing he has said this afternoon has removed that thought—was less than candid and more than normally partisan in many places.

The Minister of National Revenue (Mr. Nowlan) in a report which he apparently makes periodically from parliament hill to the Kentville *Advertiser* described this budget very accurately indeed in the latest of these reports which I have seen as "bitter and disagreeable medicine". Well, that seems to be the verdict in the country. A paper which circulates widely in my own constituency—a very good newspaper, though a very Conservative paper—*The Sault Star*—called it a vexing disappointment. The *Globe and Mail* called it worse than that.

The budget does indeed show a startling contrast between past promises and present performance and nothing that the Minister of Finance said this afternoon has altered our view on this score. To hon. members on the government side that contrast must have been disheartening. To the country it is disillusioning.

There was an interesting contrast, too, between the approach of the Minister of Finance and the Minister of National Revenue to the budget in so far as the question of promises is concerned. The burden of the remarks of the Minister of Finance this afternoon on this aspect of the subject was, as it were, "We did not make the promises but we are keeping them." One part of the remarks made by the Minister of National Revenue the other night was to the effect that they made them but they are of two kinds. He went on to say as reported at page 2624 of *Hansard* of April 13, 1959:

> —there is no doubt that promises of any kind, whether pre-election promises or otherwise, should be honoured and respected so far as circumstances will possibly permit—

Indeed, the Minister of National Revenue has now divided political promises into two kinds, those made outside the house and those made inside the house, first and second class promises. Surely there is sufficient justification in those words and their reflection in government policy for the charge which is implicit in our amendment on which we will be voting this evening, the charge that this administration has elevated expediency into a principle and practice of government. Surely that is the main reason why this government has lost standing in the country so soon after its electoral triumph of a year ago.

Perhaps, however, hon. gentlemen opposite are beginning to learn. I confess that this budget shows some signs of it. They are perhaps beginning to learn that every promise conceived by an advertising director who now directs a political party and tossed emotionally and irresponsibly to the electorate—

Mr. Nesbitt: What about the tax cuts?

Mr. Pearson: I will come to that. Perhaps they are beginning to learn that such actions have fiscal and economic consequences.

An hon. Member: You will come to grief if you continue.

Mr. Pearson: At this time the Prime Minister has indeed called the political tune but it is the people who are paying the piper. That is perhaps why one prominent Canadian business man has called this budget the chicken roosting budget, and no crowing by the Minister of Finance or his faithful backbench followers can conceal that fact. Perhaps an even better designation for this budget would be the budget of the morning after two nights before.

Events are now catching up with the minister and his colleagues. Their pilgrims' progress from the fantasies of the hustings to the realities of the treasury benches has been slow, painful and very expensive for the country. If, however, this progress should result in planned and well thought out economic and fiscal policies in the future based on sound economic principles and not on the whims and emotions of party pressures and party advantage, something at least will have been salvaged from the partisan promissory activity of two elections.

The Minister of Finance this afternoon was guilty of a course of action of which he and some of his colleagues have been guilty before. When they are in trouble and when it is difficult for them to explain the problems that face them in the economic and financial fields—and the minister was having some difficulty in that regard this afternoon, especially when he got into the field of monetary policy—they blame it all on world conditions. They say the United States or some other international factor is to blame.

An hon. Member: The Liberals.

Mr. Pearson: We will come to that later; that is an easy one with which to deal. If this was a purely international difficulty and if the minister and his government are not to be blamed for the Canadian reflection of the difficulty, I should like to mention to the government the interesting fact that two days before the Canadian budget was introduced the chancellor of the exchequer in London, England, introduced his budget. That budget brought in tax reductions of nearly $1 billion in our currency, indicated a surplus of $102

million, a monetary position of sterling improvement during the year to the extent of £200 million with a bank rate reduced from 7 to 4 per cent, and all of that with stable prices and an unemployment percentage of only 2.5 of the total working force as compared with 8.6 in Canada, according to today's figures. What a contrast that is to the Canadian budget. The United States budget also provides a contrast. In that country the administration proposes to balance the budget without any general increase in taxes.

Let us turn to our own budget for a more detailed analysis. It is a record breaking budget, all right. But it breaks all the wrong records. What are some of these new and bad records which have been made? Last year's budgetary deficit, of which there has already been a good deal of argument in this debate and about which the Minister of Finance waxed vehemently sarcastic this afternoon when he was commenting on our estimates of the amount of the deficit before the figures came out, proved to be not $615 million by any honest and reasonable calculation but rather $835 million, and we know why. When the Minister of Finance whose presence I am delighted to welcome, and I hope I will not put him off his equilibrium for his press conference which is shortly to follow—

Mr. Diefenbaker: You will have to watch the applause, though, and see that it is not credited to the wrong source.

Mr. Pearson: When the Minister of Finance, without the kind of smile which he has on his face now, attacked our estimates of the deficit for last year and my own in particular —because I did undoubtedly make an estimate and so did the Canada tax foundation of almost $1 billion—we said the deficit would be $835 million based on the minister's own calculations of revenue. Taking into account the national defence expenditure fund that would have been $950 million as my hon. friend the hon. member for Essex East (Mr. Martin) pointed out yesterday. On the basis of the revenue forecast by the minister himself, the estimates we made earlier and which the minister said had done so much damage to the country—estimates of almost $1 billion, on those estimates based on the minister's own calculations of revenue and not ours—he had to change them later, the deficit would have been $950 million.

As it is, his revenue has exceeded his estimates. He had a few windfalls, one due in no small part to the increased interest rate which gave the Bank of Canada a slightly larger profit than they had calculated, I think $22 million larger. But whatever the figure may be, last year's deficit was the highest peacetime deficit in our history, a record.

The estimated budgetary deficit this year is not $393 million but $435 million, if we include, as we should, the current deficit on the old age security fund. That makes a two-year budgetary deficit of $1,270 million, which is a record however you look at it. It makes the budgetary and non-budgetary deficit for 1958-59, $1,200 million, well over the $1 billion which the minister tosses back to us. His estimated cash deficit, budgetary and non-budgetary, for the current year 1959-60 is $850 million. Therefore, we have a cash deficit for two years of over $2 billion, which is another record broken. We had a deficit last year in the old age pension fund of $184 million and a year's drop in the unemployment insurance fund of $242 million, two more records. We have an increase in one year in the national debt of $1,400 million, which is a peacetime record in our history and which almost wipes out the reductions made in 10 years to the national debt because of prudent and wise Liberal financial administration.

I will give a few more records. From December 31, 1957 to December 31, 1958 we had an increase in the money supply of $1,324 million, or more than 11 per cent, which is greater than the total cash deficit for that year, and that is a record. We also have an increase in taxes in one year—not the figure the Prime Minister used on television last night—of $352 million, and we have that while, according to the figures which were released today for March, more than half a million men are still out of work. That is another record; that is another first, Mr. Speaker. We have an increase in the number of government employees, also a new record.

Then we come to expenditures for 1958, 1959 and 1960, something about which the Minister of Finance had a good deal to say this afternoon in showing how hard the treasury board—he is the chairman of the treasury board—had worked to keep expenses down. Last year, as the house knows, the expenditures were $5,387 million, the highest in any year, peace or war, in our history, and $538 million above the figure for the last year of Liberal administration.

We on this side of the house remember how the hon. members on the other side, when they were over here and when they were on the hustings, were going to save $500 million out of government expenditures because of waste and extravagance. What have they done? They have added $538 million to government expenditures. That was another record until it was exceeded by

the budgetary estimates for 1959-60, which reached $5,660 million. These expenditures for 1959-60, which the minister gave the other night in the house, are $165 million more than the amount submitted in the main estimates previously. But it is not likely that that will be enough to deal with the extra expenditures of government, because out of this $165 million the minister has to find amounts under the Agricultural Stabilization Act; he has to find $51 million for the C.N.R. deficit; he has to find assistance, if any to western grain producers; he has to find increases, if any, in the salaries of civil servants; and he has to find enough for the usual and further supplementaries. But with all these increases in government expenditures, the capital expenditures, as I shall try to show in a moment—these are the employment expenditures, Mr. Speaker, at a time when we need employment—are not higher this year, they are lower. Therefore, the level of expenditures generally will not likely make any material contribution to a lower level of unemployment but they are likely to make a contribution to a higher level of inflationary pressures.

I have a table here comparing the main estimates—and this is not the kind of comparison which is fair, not in comparing the main estimates of one year with the main and supplementary estimates of another, as the minister has done more than once in the house—of 1958-59 with the main estimates of 1959-60. I have taken the figures for one of those years from the summary of standard objects of expenditure and special categories which is attached to the estimate book which we received some time ago. If you look at the expenditures in this way you get a very interesting idea of where the increases and decreases are. Civil salaries and wages are up in the current year by $24 million, and the government was going to cut down civil service expenditures. Here is an interesting item. Perhaps this has a bearing on what the hon. member for Essex East said last night in his peroration. He expressed the hope that the minister might move up or, if it suited him, he might move down or, at least, he said the minister should move. The minister and his colleagues are moving all right, because under the item "travelling and removal expenses" we have an increase of $9 million in the current estimates over last year. I know this government had done a good deal of travelling, Mr. Speaker, but I did not know that it added up to a $9 million increase in our expenditures.

We remember also how the minister and his friends, when they were on this side of the house, inveighed against the government of the day for wastage on telephones, telegrams, publication of departmental reports and all that kind of thing. Well, telephones and telegrams and all that sort of thing are up over $2 million in 1959-60 and the publication of departmental reports should be down because we have the greatest difficulty in getting departmental reports circulated. We assumed that naturally the Minister of Trade and Commerce (Mr. Churchill) especially was saving money. Well, the publication of departmental reports—

Mr. Churchill: When are you going to steal another one?

Mr. Pearson: —this year is up $1 million. On exhibits and advertising—I do not know how much of this goes to the McKim advertising company—we have a figure of $11,800,000 this year; but, Mr. Speaker, when we get to the summary of standard objects that deal with capital expenditures, the things that make jobs—and we have 525,000 people looking for jobs in this country—when we get to buildings and works, construction or acquisition, repairs and upkeep, we have a decrease of $68 million. So much for the great billion dollar works program which we heard so much about. These record increases, Mr. Speaker, come from a government elected on a solemn undertaking to reduce the cost of government and eliminate all waste and extravagance so as to increase services without raising taxes. At one stage indeed they were going to appoint a royal commission to look into the civil service and cut out all these unnecessary costs.

When the minister told us this afternoon that we have been misquoting and misrepresenting promises which were never made, may I say there is one promise dealing with this which has already been put on the record of *Hansard*. I would not put it on again tonight if it were not for the minister's vehement denial this afternoon that it was ever made. I refer to the promise made on Empire Day, May 24, 1957, over the C.B.C. to the people of Canada by the Prime Minister, and I will repeat once again these immortal words. He said:

> The Liberals tell you it is not possible to lower taxes and raise pensions at the same time. Give us a chance—

And he got the chance.

> —we'll show you.

But the Minister of Finance says that no such promise was ever made. Lest the minister of National Revenue might dismiss this kind of statement as the bubbling over of an election campaign, let me add some other words also spoken by the Prime Minister. I quote from another statement he made:

> My idea of politics is that promises should only be made that can be effectuated.

In other words, promises that are made should be kept, which is a simpler Anglo-Saxon word than "effectuated". Well, let us look at some more records. There is another first in our financial history. We have had recently rising prices in a period of persistent recession or pause or whatever you want to call it. The average treasury bill rate for last week, and the Minister of Finance did not tell us about this this afternoon, was 4.61 per cent, an all-time high in this country, compared with a treasury bill rate on July 30, 1958 of .87, or an increase of 530 per cent during that period of time. The minister is inclined to blame this on the United States so perhaps he will listen to this. The present rate in Canada is 60 per cent higher than that in the United States where the treasury bill rate is 3 per cent, so let us not blame that development in this country on the Americans. So much for the Tory condemnation of dear money.

Where are the other vows of yesterday? Where is the 15 per cent trade diversion? That figured largely in a lot of talk not so very long ago but I can understand why members of the government are very silent about it now in the light of what has happened. In 1958 the United Kingdom's unfavourable balance with Canada widened, and the United Kingdom is the country that was going to be helped by this diversion. It rose from $221 million to $254 million. That is diversion the wrong way. In the first three months of 1959 imports from the United States into this country, which were to be diverted, are up 4 per cent and imports from the United Kingdom, which was to benefit by the diversion, are down 8 per cent compared with the same period in 1958. These are figures from the bureau of statistics survey and not from the Fleming or Martin statistical services.

No wonder, that the president of the board of trade, Sir David Eccles, complained in a speech in London on February 5 to the Canadian chamber of commerce, I believe, that Canada had done little to improve her purchases from Britain. He is reported as saying in what was referred to in the press as a rebuke to Canada:

> No other country sold to us so much more than it bought.

Then, Mr. Speaker, where is the cure for unemployment through that billion dollar public works project which has also disappeared? Where is the new deal for the provinces and the municipalities? Where is parity, not charity, for the farmers? Where is that stand-up policy to the United States that was to prevent restrictions on our exports and unfair competition in surplus disposal programs? Where is this policy that was going to protect our sovereignty against United States economic and financial control?

On March 9, the Prime Minister on the program "The Nation's Business" had this among other interesting things to say, and I quote from the text of his broadcast as issued from his office:

> It was because I knew Canadians felt so strongly about the necessity of preserving Canada's destiny that I have advocated and the government has launched its national development policy to push back our northern frontiers. The result of our action has been that in the last several weeks over 75 million acres in northern Canada have been taken up for oil and mineral development, and I want to underline this—

The Prime Minister is doing the underlining, not I.

> —that this is a major means to preserve our sovereignty.

Then he went on to say, "Let us be realistic." Well, Mr. Speaker, I will try to be realistic and indicate the facts as we secured them from the minister concerned. Of all these millions of acres taken up for oil and mineral development to protect and preserve the sovereignty of Canada, 95 per cent of the leases went to United States firms or Canadian subsidiaries of United States firms. This is the way we are protecting our Canadian sovereignty.

Mr. Hamilton (Qu'Appelle): On a question of privilege, I gave some figures in the house to the hon. member for Mackenzie River (Mr. Hardie) concerning one single sale of permits in an area just north of British Columbia, the total acreage amounting to 3½ million and the area being 2,000 miles away from that mentioned by the Leader of the Opposition.

Mr. Pearson: I wonder, Mr. Speaker, whether the minister would state his question of privilege.

Mr. Hamilton (Qu'Appelle): The question of privilege is very clear. The Leader of the Opposition has misinformed the house by giving absolutely incorrect figures.

Mr. Speaker: If the minister disagrees with what is being said he will have an opportunity at the end of the address to make a correction.

Mr. Pearson: I would not wish to do the minister any injustice so I will read the questions and answers. Perhaps I do not need to read all the questions. I will read the pertinent ones but if he wants them all I will put them on the record. The first question was:

> What are the names of the ten successful bidders for oil and gas permit rights in northern Canada?

We got those names. The second question was:

Which of these are United States corporations, Canadian corporations, Canadian subsidiaries of United States companies, British corporations, others?

The third question was:

Of the total acreage under permit rights, how many acres have been assigned to each of these companies?

I gave the answer to that question tonight in terms which are strictly accurate. The successful bidders were United States corporations or Canadian subsidiaries of United States corporations in the case of 95 per cent of the area that was leased.

Mr. Hamilton (Qu'Appelle): Mr. Speaker—

Some hon. Members: Order.

Mr. Speaker: Unless the minister is rising on a point of order or a question of privilege he should not interrupt. If it is a matter of disagreement with the facts as presented or if he feels the house is being misled by what is being said he has an opportunity at the end of the address to make clear anything that is in question.

Mr. Hamilton (Qu'Appelle): I think the hon. member should read the whole answer.

Mr. Pearson: I want to make it perfectly clear. The Prime Minister said, in respect of the taking up of leases for oil and mineral development, that this was a major means to preserve our sovereignty. When we asked for specific information in respect of certain specific bids we got the information that I put on the record, and it is strictly accurate.

Mr. Hamilton (Qu'Appelle): You are still wrong. Read the answers.

Mr. Starr: Read the answers.

Mr. Pickersgill: They are on *Hansard*.

Mr. Pearson: All these promises, Mr. Speaker—

Mr. Hamilton (Qu'Appelle): A very shameful performance.

Mr. Starr: Put on the answers.

Mr. Hamilton (Qu'Appelle): A deliberate misstatement.

Mr. Speaker: Order; let the hon. member make his own speech.

Mr. Hamilton (Qu'Appelle): I should like to rise to a question of privilege.

Some hon. Members: Sit down.

Mr. Speaker: Order.

Mr. Rouleau: A vision again.

[Mr. Pearson.]

Mr. Speaker: The hon. minister was rising on a question of privilege?

Mr. Hamilton (Qu'Appelle): I believe I am correct in saying it is a proper matter of privilege in this house when I, as a minister, stand up and say the Leader of the Opposition (Mr. Pearson) is misstating a clearly stated answer I made in the house. Even though I have not got it here, he will find that I said: assuming that this means one sale, this is the answer. Any person who would do a thing like that has definitely committed a breach of privilege, and I want it corrected in this house.

Mr. Speaker: As I understand the question of privilege which the minister is raising, he is saying that the Leader of the Opposition is not using the answer that was given, not that the Leader of the Opposition is giving an incorrect answer.

Mr. Pearson: I have used the answer that the minister gave. I have not stated one incorrect figure. Once again, in order to be fair, I will read the questions. These questions and answers may be found at pages 2348 and 2349 of *Hansard* for April 8, 1959. The questions are as follows:

1. What are the names of the 10 successful bidders for oil and gas permit rights in northern Canada?
2. Which of these are United States corporations, Canadian corporations, Canadian subsidiaries of United States companies, British corporations, others?
3. Of the total acreage under permit rights, how many acres have been assigned to each of these companies?
4. Of the total acreage under permit rights, what percentage has been assigned to (a) Canadian corporations; (b) United States corporations and Canadian subsidiaries of United States companies; (c) British corporations; (d) others?
5. In this connection, what is meant by "cash bonus bids"?

The answers appear on a subsequent page of *Hansard* and are as I indicated in my statement.

Mr. Hamilton (Qu'Appelle): Read them.

Mr. Starr: He is not telling the truth.

Mr. Pearson: As a result of the March 9 sale these 10 companies received permit rights as follows, and the 10 companies are itemized. Then, the next answer is:

4. The percentage acreage breakdown as between the Canadian, United States companies, etc., within the 10 companies listed in 3 above is as follows: (a) Canadian corporations, 4 per cent—"

Mr. Starr: Be honest and read the answer.

Mr. Hamilton (Qu'Appelle): Mr. Speaker, on a question of privilege—

Mr. Speaker: Is the hon. member rising on another question of privilege?

Mr. Hamilton (Qu'Appelle): It is the same question of privilege, Mr. Speaker. The hon. member was asked to read my answer—

Mr. Carter: The hon. member does not have to do what you tell him.

Mr. Hamilton (Qu'Appelle): —and I have *Hansard* here in front of me.

Mr. Carter: Read it afterwards.

Mr. Hamilton (Qu'Appelle): I ask him to turn to page 2348 of *Hansard* and read the first answer because the hon. member has not read it.

Mr. Speaker: I am sorry, but the hon. member who has the floor has the right to make his own speech. I see no question of privilege in the point that has been raised by the minister.

Mr. Diefenbaker: I rise on a question of privilege.

Mr. Speaker: Order.

An hon. Member: Who is Speaker of the house?

Mr. Diefenbaker: If I understood the Leader of the Opposition aright, he mentioned the 75 million acres that had been taken up—

Some hon. Members: Order, order.

Mr. Pickersgill: The Prime Minister is now making a speech.

Mr. Speaker: I ask hon. members to be quiet so I can hear the question of privilege which the Prime Minister is trying to make.

Mr. Diefenbaker: The hon. gentleman mentioned 75 million acres as having been taken up, and then went on to say that the answer in *Hansard* showed that only 4 per cent of the companies that took up that acreage—

Mr. Robichaud: He said 5 per cent.

Mr. Diefenbaker: —were Canadian companies. This statement is not borne out by the answer given in this house which refers to a total of some 2,900,000 or about 3 million acres so that the minister has, in effect, a question of privilege in that the Leader of the Opposition is not quoting what he said as reported in *Hansard*.

Mr. McIlraith: That is not a question of privilege, and you know it.

Mr. Speaker: Order. I hope hon. members will kindly allow the Prime Minister to make his point.

Mr. Diefenbaker: I realize that the truth hurts some of these babblers. The fact is, Mr. Speaker, that the Leader of the Opposition has either deliberately or unconsciously, unknowingly or deliberately, misstated this answer. It refers to 3 million acres, not 75 million acres.

Mr. Speaker: This is an unnecessary tempest because what the hon. Leader of the Opposition has been reading, I take it, is a matter of record, and what the Prime Minister refers to is a matter of record, so it does not seem to me there is room for misunderstanding.

Mr. Harkness: There is misrepresentation.

Mr. Hamilton (Qu'Appelle): Mr. Speaker—

Mr. Speaker: I suggest the minister of northern affairs allow the hon. member to proceed with his speech. Before the time for the vote arrives I will give him an opportunity to correct any wrong impression which he feels has been made in what has been said.

Mr. Pearson: If I had intervened this afternoon when the Minister of Finance was speaking every time he made what we considered to be a misstatement or one that caused a wrong impression the Minister of Finance would not have had any time to speak at all. I would also draw to your attention that when we courteously asked the Minister of Finance for the opportunity to ask him a question, he would not accept our question.

Mr. Harkness: You are just continuing the misrepresentation.

Mr. Pearson: Now, these members of the government, who are so sensitive about statements on this side that they rise to questions of privilege which have nothing to do with privilege in any way and yet the Prime Minister take up 15 minutes of my time—

Some hon. Members: Order, order.

Mr. Speaker: I consider the matter closed, and I hope the Leader of Opposition will proceed.

Mr. Pearson: Yes; I will return to this statement of the Prime Minister that 75 million acres in northern Canada had been taken up for oil and mineral development. This shows how this government, under this Prime Minister, is protecting our sovereign rights, and yet when we ask for information in respect of a specific matter, dealing with some million acres which were leased, and we get specific information covering about three million acres, we find that 95 per cent of these leases were granted to United States corporations or Canadian subsidiaries of United States corporations. This is how this government is protecting our sovereign rights. Is it any wonder, therefore—perhaps the

Prime Minister will keep quiet for a few minutes now and compose himself—

Mr. Diefenbaker: I will not have to ask the C.B.C. to correct a report.

Mr. Pearson: Is it any wonder that—

Mr. Pickersgill: The Prime Minister had to send in a correction last night.

Mr. Pearson: I seem now, Mr. Speaker, to be interrupted by both my friends and my foes. Is it any wonder, in these circumstances, that we accuse the government in this budget of both bad faith and bad management, as a result of which confidence in this government and therefore confidence in Canada has been weakened, both at home and abroad. There is lots of evidence of bad faith, although the Minister of Finance got very indignant this afternoon because we used these words in our amendment. I tell him and the government that the word of Canada does not mean as much now as it did.

Mr. Fleming (Eglinton): Shame on you!

Mr. Pearson: I can get lots of evidence to support that statement. I can give the evidence of the R.C.M.P. contracts. I can give the evidence of term 29 of the pact of union with Newfoundland, which was finally and irrevocably and unilaterally determined by the Prime Minister the other day. I can give the evidence of the commitment by the government to purchase pictures for the national gallery which was later rescinded. I can give the evidence of the promise to convene a federal-provincial conference on fiscal relations.

Then, Mr. Speaker, what about bad management? I had hoped to be able to talk tonight about the conversion loan which the Minister of Finance insists was such a colossal success. Yes, I think that was the word he used: It was a "colossal" success. But ask the man who owns a bond. Ask the municipalities. Ask the provinces or the corporations who have to borrow money at present interest rates. I tell the Minister of Finance that far from this operation being a colossal success, in its timing, in its scope and in its cost it was a failure. It has resulted in dear money, in lack of confidence in Canadian bonds, and I do not think the minister himself believes all the adjectival praises he heaps upon it at this time.

We will leave the conversion loan because the 15 minutes I was going to spend on that subject have been taken up by the Prime Minister and the minister for northern affairs.

Some hon. Members: Oh, oh.

Mr. Pearson: Let us look at the prospects for 1959.

An hon. Member: Let him speak as long as he likes.

Mr. Speaker: Order. I feel that if we are going to have these statistics on the record there will have to be 50 per cent more silence from 3 per cent of the membership.

Mr. Pearson: Thank you again, Mr. Speaker. In former days, and by that I mean days before the present Minister of Finance, the prospects for the coming year were usually given in considerable detail in the budget speech. But the present Minister of Finance has practically eliminated this customary and important section from his budget speech for this year, massive a performance though it was. In 1958 five pages of *Hansard* were devoted to the prospects for the forthcoming year. This budget speech had one paragraph to forecast economic conditions in 1959-60. It had one paragraph on the forecast of the gross national product which is the basis for estimating a revenue and thereby establishing a deficit or a surplus. All the minister had to say this year, was that, assuming normal crops, stable prices and no untoward external events, there should be a gross national product of about $34.5 billion, or a 7 per cent increase. He made no attempt then to justify this optimistic forecast, and he made no attempt to justify it this afternoon. It is a forecast which has been dismissed by many experts, and I will name mine, although he did not name his this afternoon. They include the Canadian tax foundation, the financial editor of the Montreal *Gazette*, and indeed the Canadian Chamber of Commerce, which in its submission to the government forecast a gross physical output in 1959-60 of approximately 1 per cent, not 7 per cent.

Mr. Diefenbaker: What date is that?

Mr. Pearson: That was two months ago when they made their submissions to the government.

Mr. Fleming (Eglinton): They do not disagree with mine now.

Mr. Pearson: Let us look at the figures. For the first quarter of 1959 the estimate is a 4 per cent increase. To achieve 7 per cent for the whole year, Mr. Speaker, that 4 per cent would have to increase to 6 per cent in the second quarter, 8 per cent in the third quarter and 10 per cent in the last quarter, without any increase in prices. Let us hope the minister's calculations in this regard are not as far out as they were last year.

Mr. Fleming (Eglinton): Or yours.

Mr. Pearson: My calculations on this point last year, as stated in my budget speech, were that the minister was too optimistic. The minister estimated a gross national product increase of 2 per cent, and with stable prices what did he get? He got 0.6 per cent, I think. How much further out could you be than that? The minister always forgets the qualification of stable prices when he is arguing about that. Let us hope for the good of the country that he is not as inaccurate this year as he was last year. He does not give us any basis for his optimism. He does not say it is due to an increased level of investment, because if he did say that he would be contradicted by his colleague, the Minister of Trade and Commerce (Mr. Churchill)—although that is no new experience for ministers of this government—who in his departmental report on private and public investment in Canada for 1959 said that the level of investment would likely be down 1.2 per cent in 1959-60. He could not surely have based his optimistic calculation on exports, because although the government has made a great deal of the export situation during the year which has just passed, the figures for the first three months of 1959 show a decrease of 3 per cent, whereas imports are up 5 per cent.

There are some very dangerous features in our export situation. In particular, one of the most important export products we have in this country is uranium. What have we learned about that recently? The other day in the house the minister said that for the first time in a year he had been able to go down to Washington to see the head of the atomic energy commission of the United States in regard to a product the importance of which is indicated by the fact that during this current year, if all goes well, we will be exporting to the United States about $325 million worth. That $325 million, or whatever the amount may be, depends on a contract made by the previous Canadian government with the United States.

That contract comes up for renewal in 1961, and in April, 1959 the minister at last goes down to Washington to discuss this matter with his opposite number in the United States government. He spent a whole day in Washington. I hope he had a profitable time, but I have some doubt about the profitability of his visit when I realize that within five days of his return a senior official of the atomic energy commission makes a public statement in Colorado, the centre of the United States uranium production industry, to the effect that after 1962, 80 per cent of the United States requirements for uranium will be met from United States sources.

To say the least, that is a discourteous way to treat a Canadian minister to make such a statement, only a few days after he had been down to Washington, I hope to impress upon the United States government, not only the importance of this export trade but also the fact that the United States government has a moral duty to take up those contracts. Because it was not many years ago when they got down on their knees and begged the Canadian government to spend all its energy and resources in order to develop this product for United States consumption. Now, having found uranium in their own country, are they going to do what they have done with other base metals, namely turn off the tap when they find a tap of their own?

Mr. Churchill: Will the hon. member permit a question?

Mr. Pearson: I will, but I was not permitted to ask any myself.

Mr. Churchill: It is a short question. The hon. member has just said—and I hope I am correctly reporting him—that the statement in the United States was to the effect that 82 per cent of the United States requirements for uranium were supplied from United States sources. Does he stand by that statement, because it is incorrect?

Mr. Pearson: Canadian supplies will be cut by 80 per cent, so from our point of view it will have the same result exactly; they will take only 20 per cent.

Mr. Churchill: Who made that statement?

Mr. Pearson: That statement was made by an official of the administration.

Mr. Churchill: Then that is incorrect, again.

Mr. Pearson: Thus our export trade will be in some difficulties which I hope the government will be able to surmount. I wonder if it is consumer expenditure on which the government intends to rely for its 7 per cent increase? It might be well to remember that the rise in consumer incomes will be partly offset by increased taxation and higher prices and that it cannot in any event be sufficient to provide a 7 per cent increase in real terms of gross national product. The minister also touched on the changing role of inventories. I suggest that his prediction of a 7 per cent increase may well be too optimistic, and that if the hon. gentleman is wrong in this calculation the effect on employment opportunities in 1959 and 1960 in this country will be very bad indeed.

Let us look at the effect on employment. When in the budget debate a year ago, we did our duty by calling attention to some of

the discouraging possibilities in the employment picture we were sneered at, as we were this afternoon, by the Minister of Finance as being prophets of doom and gloom. A year ago we told the government that the unemployment level throughout 1958 would remain high, and we were laughed at. This government optimism of that time is proving to be false, and our forecasts, which were dismissed then as expressions of doom and gloom, have shown themselves to have been correct.

The action taken by the government last year to meet the employment difficulties was both too late and too little, as the establishment of the winter work program showed. Employment in this country varies closely, though of course with an inevitable lag, in accordance with the physical volume of our gross national product. In 1958, on an average, 6.6 per cent of our labour force was unemployed during the year. The estimated increase in our labour force for 1959 is 2.5 per cent. Therefore, if our gross national product remains constant, 9 per cent of our people will likely to be out of work in the current year. If only a 4 to 5 per cent increase in the volume of the gross national product is achieved—and that is the estimate of the tax foundation—that would mean that during the current year we would have, on the average, more than 300,000 people unemployed in this country which would be the second highest level in the post war period. Thus, notwithstanding the hon. gentleman's facile optimism on this score, the problem of unemployment remains and is likely to remain throughout the year.

Along with this there is a second serious problem—though one would never know it from the minister's budget statement—and that is the problem of increasing prices along with persistant unemployment. Though inflation remains a problem parallel with that presented by unemployment, the minister, in a somewhat brief reference in his budget speech to inflation, said merely that he was against it, but that he did not see any evidence of overt inflation in the coming year. The danger, he said, was only that of potential inflationary pressures. Believe me, in the light of the fiscal and monetary situation of this country and the amount of money that the minister, according to his own calculations, has to raise this year, that danger of potential inflationary pressures is a very real one indeed.

The minister tried to make us feel a little happier about this by pointing out—and he was quite right—that the consumer price index had declined slightly since November. I think that is the case. But he did not point out that since November the wholesale price index has been rising—1.7 per cent—and the wholesale price index has a better coverage and is a better reflection of the movement of prices and costs than the retail price index though it usually precedes the retail index in its changes. The minister has once again in this budget rejected the doctrine of the inevitability of creeping inflation and yet—and I know I will be told that I am a prophet of doom and gloom when I say this—even if we have a boom in 1959—and we are not going to have a boom in 1959—I believe that prices will rise in the current year. There is a great deal of evidence, unfortunately, to support that view.

The increased taxation imposed by this budget will mean—indeed, it has already meant—an opportunity for further increases in the prices of goods and services to producers; and any further increase in the money supply—and there is a real danger of that—will certainly expedite that process. Last year we had a tremendous increase in the money supply. I think it amounted to $1,400 million. The full inflationary effect of that increase was not realized because the recession had reduced what the economists call the velocity of its circulation. This year, however, any progress toward recovery—and we are making progress toward recovery—will serve to remove any such brake, and inflationary pressures will consequently be greater.

To sum up, last year we had mounting unemployment and some inflation in the midst of recession. This year there should be less, but still serious, unemployment and a greater danger of inflation. The paradox of this dual problem, this double dilemma, will persist and will remain a challenge to a government which has not yet shown that it has any effective plan to meet this challenge.

When we on this side talk in this way someone on the other side usually interjects to ask: what would you have done or what else could the government have done? I would remind the hon. gentleman that I went into this matter in considerable detail in the speech I made during the debate on the address, a speech which the minister conveniently forgot this afternoon when he twitted me for not having found alternative policies.

But I say to the minister and his colleagues that they could, a year and a half ago, have introduced into this house a budget making provision for a planned program of expenditure designed to extend possibilities of employment and which could later have been quickly and easily readjusted so as to meet conditions as they changed. The ordinary expenditures of government could have been

kept down—but they were not kept down—and increases in the expenditure of government—and there would have had to be some increases, of course, one and a half years ago—could have been directed to areas where unemployment was greatest and to capital projects which would have had the maximum effect in terms of jobs.

One and a half years ago the government could have realized, as we on this side realized, that unemployment would be high all through 1958. They could have worked out a winter works program in the spring of last year, not in the fall of 1958, just as they should be working out such a program now for the current year.

What did they do? They charged along piling up promises and commitments, and increasing departmental commitments and expenditures, without developing, as the Toronto *Globe and Mail* pointed out to them, any overall fiscal policy whatever. All that the Minister of Finance could say to us in reply to that charge was: "What kind of policy would you adopt?"

Last year the fiscal proposals of this government were based on electoral necessity. This year they are based on inescapable financial necessity. As a result we have the worst of three worlds abnormal unemployment, rising prices and higher taxes. The minister, of course, has made a virtue of the fact that people seem resigned to the new Conservative policy. If that resignation exists I assure the minister, if he needs any assurance, that it will turn to bitter anger if in spite of these higher taxes both serious unemployment and higher prices persist throughout the current year.

The amount of the minister's new taxes is $352 million and this will have a serious impact. He has taken some credit for the fact that it is spread over the community in a way in which those who are most able to pay do pay. But of the $352 million the sum of $84 million will come from corporation income taxes which now in most cases can be transferred to the ultimate consumer and which is becoming more and more assimilated in our economy to a sales tax. The sum of $75 million of the $352 million comes from an additional old age security tax, 1 per cent of personal incomes. That will certainly fall most heavily on the lower income groups. Of the $352 million the sum of $93 million is sales tax, and how the minister when he was on this side of the house used to criticize sales taxes.

Mr. Fleming (Eglinton): And how your government used to defend them.

Mr. Pearson: Of course, that is quite right. The minister made that point this afternoon. But what has changed his mind about the sales tax?

Mr. Fleming (Eglinton): What has changed yours?

Mr. Pearson: We are not attacking this particular tax in the way the minister is defending it.

Mr. Fleming (Eglinton): Oh, no?

Mr. Pearson: Surely, when the minister became Minister of Finance we had the right to expect that he would bring to his new portfolio the economic and financial principles for which he argued so strongly on this side of the house. That is what he said. That is the position he took. That is why we have the right to be suspicious of the bona fides of this government when it introduces a budget of this kind. How can we dissociate the former views of these men from the views they hold at this time without accusing them of hyprocrisy or inconsistency?

Let me remind hon. gentlemen opposite of what the Minister of Finance said in 1950, and repeated every year since then. I refer to a statement of the minister reported at page 713 of *Hansard* of September 13, 1950:

I wish to put myself on record—

And I will put the minister on record again.

I wish to put myself on record, as I have on similar occasions in the past, with regard to taxes of this nature—

That is sales taxes.

—by saying that they are not the kind of taxes that ought to be encouraged by the House of Commons. They are discriminatory against people of small means.

Are they?

They are hidden taxes—

Are they?

—and in the third place the consumer pays for more than the tax. The consumer pays the original tax plus the wholesalers' mark-up on the tax, plus the retailer's mark-up on the mark-up on the tax. In that way you will find that in most cases what the consumer pays, by reason of the imposition of the tax, is just about twice as much as the government receives by way of tax levied at the manufacturer's level.

Those words were spoken by the Minister of Finance in 1950. If the minister still feels that way about sales tax why did he bring in the kind of budget he did? The minister is a very determined person and does not change his mind easily. Why did he not do away with increased sales taxes? What could have convinced him to change his mind?

Mr. Fleming (Eglinton): Certainly not the Liberal party.

Mr. Pearson: The minister told us in his budget speech and again this afternoon that decision of his government about expenditures, about the deficit and about taxes result from the systematic application of a sound and considered fiscal policy. I say that the evidence shows that that is nonsense, and that these decisions embodied in this budget result from fiscal necessities, brought about by electoral irresponsibilities.

The minister attempted to rationalize all of this in his budget speech. I quite admit he did try to make a kind of academic argument for the change which apparently someone brought about in his way of economic thinking. He tried to rationalize his thinking in a very odd intellectual exercise, considering his past views and past assertions. The minister has now become a follower of the man who used to be laughed at so often in this house by the minister and those who sit on that side of the house. I remember that the hon. member for Greenwood (Mr. Macdonnell) as he then was, who is now Minister without Portfolio, used to laugh along with my friend the Minister of Finance. The minister has now become a follower of John Maynard Keynes and he now talks about flexibility.

Mr. Fleming (Eglinton): Are you referring to me?

Mr. Pearson: Yes, I am talking about the Minister of Finance, flexibility Fleming. While the minister talked a great deal in his budget speech about flexibility, he used to laugh at us when we talked about it. But in the course of his budget speech as reported at page 2415 of *Hansard* the minister also said:

> Government expenditures are in large measure analogous to the overhead expenses of private business; they cannot be greatly changed on short notice.

That seems to represent a temporary reversion to his earlier thinking.

Mr. Fleming (Eglinton): No, that is an answer to your nonsense about having two budgets in one year.

Mr. Pearson: There was not much flexibility displayed in that particular observation. Again, at page 2415 of his budget speech, the minister made a statement that was remarkable for one with his rigid economic background, as opposed to his present flexibility, and remarkable in the light of what he used to say. This is what he said the other evening. It seems to me I have heard these words spoken by some of the Liberal predecessors of the minister in the office of the minister of finance. I do not know what the explanation would be; perhaps the same man wrote this paragraph.

Mr. Fleming (Eglinton): It was not Professor Lamontagne, anyway.

Mr. Habel: Do not worry so much about that gentleman.

Mr. Pearson: The minister said:

> There are times when a substantial deficit is clearly the right policy;—

We have had three of those. I continue:

> —there are times when some provision should be made for the orderly retirement of debt;—

Those times have gone. They went out with the Liberal administration.

Mr. Fleming (Eglinton): That is not part of the speech as recorded.

Mr. Pearson: The minister then went on to say:

> —and within these ranges there is always the question of degree. The problem of timing the adjustments in budgetary policy is not an easy one, and yet good timing is often of crucial importance.

I wonder what kind of timing the minister could have had in mind when he used that expression, economic timing or political timing? Perhaps by the time electoral timing becomes important the minister may have been elevated to a great, new sphere of international activity—which may have been in the minister's mind in this connection—where, I cannot forbear to add, I hope he will not employ the violent, vigorous, histrionic, verbal tactics he sometimes displays in this house and which, if he used them in that capacity, could convert a cold war into a less cold war.

In any event, Mr. Speaker, in 1959, a new disciple of Keynes is born, a convert who was once one of the most violent of unbelievers. But how can we possibly have faith in the minister until he publicly recants his former views? The Minister of Finance is now on record as being in favour of anti-cyclical budgets. He has caught what he used to call a disease. Paul Samuelson described the impact of "The General Theory of Employment, Interest and Money", published by Keynes in 1936, as follows:

> The general theory caught most economists under the age of 35 with the unexpected virulence of a disease first attacking and decimating an isolated tribe of south sea islanders. Economists beyond 50 turned out to be quite immune to the ailment. With time, most economists in between began to run the fever, often without knowing or admitting their condition.

The minister, Mr. Speaker, belongs to the last group.

Mr. Fleming (Eglinton): That is what you say.

Mr. Pearson: He did not know it but all during those years he has been running the Keynesian fever and he now at last admits it.

Mr. Fleming (Eglinton): Nonsense.

Mr. Pearson: However, I say to the minister that he probably is about the last convert because, if Keynes were still living, he would today, I am sure, reject most of the doctrine he put forward in "The General Theory" 23 years ago. The minister may be a shaky Keynesian but he is a true Conservative because the essence of Conservatism is to adjust years later to changes made by Liberals, to adjust years later to changes made by Liberals after the compulsion of new conditions make further reforms necessary and the old adjustments meaningless.

The government, however, and this is my concluding section of my remarks on the budget, Mr. Speaker, still makes excuses for all its trouble by the fable of its evil inheritance, that hoary old canard which really should be dropped by them. The minister says that the recession began in the spring of 1957 and we concealed it from the people. The Prime Minister repeats the fable at every possible opportunity, that a recession which in the fall of 1957 they claimed after four months in office did not exist began in the spring of 1957 and was concealed from the country and from them.

Mr. Speaker, let us dispose of this transparent fallacy once and for all by quoting from the government's own considered and expert analysis of the situation in the report "Economic Prospects for 1958" which the Minister of Trade and Commerce did his best to conceal from the house and from the country. If you want a good reason for that feeling about it let me quote this paragraph which disposes of this argument, surely, once and for all. This is from the minister's own report:

> Overall physical activity reached a peak during late 1956 and early 1957 and the changes to the third quarter were quite minor, but have since become somewhat more pronounced. Total employment, on the other hand, continued to increase somewhat longer with employment in manufacturing reaching a peak by the middle of 1957 and total non-agricultural employment declining only in the fourth quarter of last year.

There it is, Mr. Speaker. Now let us deal with the position as we see it at this time. The economic position in this country is better than it was; otherwise we would be in a desperate situation indeed. I agree with the minister, and I have never denied it though he accuses us tonight of denying it, that there are some bright features in the economy which do presage recovery. The minister gave all the details. He selected his own figures but when we do that he accuses us of picking out figures for gloom and doom. The minister gave his evidence. I could give lots of evidence which would emphasize the dangerous features in the situation but it would not convince the minister. I think I have given him some evidence, however, that there is lots of trouble ahead. It is possible to exaggerate; it is possible to minimize both the extent of the recovery that has been achieved and the dangers that still lie ahead. But let us take the views of people from outside the country, which certainly should be unprejudiced. This is what the London *Times* had to say after the minister's budget was introduced in this house. Nobody can accuse the London *Times* of taking anything but an objective view of the Canadian economy.

Mr. Fleming (Eglinton): Why not quote some Canadian views?

Mr. Pearson: Yes, I could give some Canadian sources but the minister would say they are prejudiced. The London *Times* had this to say:

> Canada is having more difficulty than other countries in shaking herself free from the bog of recession into which she plunged last year. Consequently, the austerity of the Canadian budget proposals contrasts bleakly with the stimulus of those introduced in Britain on Tuesday.

Then, from across the line the *U. S. News and World Report* of April 13, had this to say:

> U.S. business activity has regained just about all the ground lost in the recession. But the same is not true in Canada.

We do not now at this time and we never have argued that there would not have been economic difficulties whatever government had been in power in this country. We do state, and this is the burden of our argument, that the government had no planned policy for dealing with those difficulties.

Mr. Fleming (Eglinton): Certainly, you have not.

Mr. Pearson: It increased those difficulties by the narrow political approach established a year ago. Let any member of the government deny that they were not influenced by political considerations in their economic policy. The government increased those difficulties by approaching them in a hit and miss, piecemeal and confused fashion and in that sense they must bear the responsibility which is attached to the government, not perhaps for creating a situation in which we are but for making the situation worse than it would otherwise have been.

One of the editors of the *Financial Post*, John Macdonald, had this to say on March 28, and this is a very good description of what has happened to the government and to the country through the policy of the government. This man said:

> The government is in the position of being obliged to throw water upon the inflationary fires of its own making.

Surely, no member of the government, no member on the other side, will deny that if action had been taken a year and a half ago, in the summer of 1958; if a budget had been introduced in the fall of that year; if there had been an accounting to the people of Canada; if there had been a statement of the economic difficulties, economic possibilities, economic dangers in this country; if action had been taken at that time to meet some of those problems we would not have been in the situation we have been in in the last year. It cannot be denied by any honest member of the government that at that time the government was more concerned with the forthcoming general election than with the economic and financial position of the country. Therefore, Mr. Speaker, some of the fires that the government are trying to put out now—and we will give them full credit for the efforts they are making—are, as the *Financial Post* man said, of their own making.

Perhaps, Mr. Speaker, I might complete my remarks by reading a paragraph from a Canadian paper because the Minister of Finance reproached me a few moments ago for taking my quotations from outside Canada. Here is a paragraph from the Peterborough *Examiner*. I apologize to the Minister of Finance for ending on what may be an unduly personal note. He knows that I do this in no unfriendly way.

> The hon. member for Eglinton, the Minister of Finance, is a man who deserves our respect and admiration; he is as supple in his opinions and in his economics as a pitchman selling kickapoo—joy-juice.

I do not know what that is, Mr. Speaker, and I hope it is not alcoholic. Then the editorial goes on:

> In flexibility he stands head and shoulders above his cabinet colleagues and for plugging a hole he is swiftly off the mark. It is being said in Toronto that his budget is aimed at the self-indulgent and rich; actually it calls all sections of the country to relieve the treasury from its financial plight.

That financial plight, is in large part at least the result of both bad management and bad faith on the part of the government. That is why we on this side have moved this amendment on which we will now proceed to vote and which we on this side will certainly strongly, sincerely and enthusiastically support.

[Mr. Pearson.]

Mr. Speaker: Order. The Minister of Northern Affairs and National Resources took exception to the interpretation put on certain statements of his and I promised him an opportunity before the vote to make a correction.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I believe it is most important for the accuracy of the *Hansard* record that I make very clear precisely what my two points of privilege were. The first was that the Leader of the Opposition (Mr. Pearson) was trying to mislead the house with regard to the facts as stated by the Prime Minister.

Some hon. Members: Order.

Mr. Habel: You have got a lot to learn yet.

Mr. Speaker: I would hope that no member would try to mislead the house.

Mr. Hamilton (Qu'Appelle): I would hope so too but unfortunately that does occur. I want to make it clear for the record—

Some hon. Members: Withdraw.

Mr. Hamilton (Qu'Appelle): —that when the Leader of the Opposition referred to the answer I made in the house on April 8 the inference was very clear that he was taking the percentages in this answer which referred only to approximately 2 per cent of all the land under permit in the northern areas. He said that the percentages he quoted with respect to United States companies or Canadian subsidiaries of United States companies applied to the whole northern area. I have to say flatly that that was not only incorrect but can only be excused by abysmal ignorance or a complete attempt to mislead.

Some hon. Members: Oh, oh.

An hon. Member: Nine forty-five.

Mr. Hamilton (Qu'Appelle): My second point of privilege was this. When I asked through you, Mr. Speaker—

An hon. Member: Nine forty-six.

Mr. Hamilton (Qu'Appelle): —if the Leader of the Opposition would read my answer he proceeded to read the questions quickly.

An Hon. Member: Nine forty-seven.

Mr. Hamilton (Qu'Appelle): I will speak very slowly at this point, Mr. Speaker, and *Hansard* will bear me out that he started to read my answer but he left out several words at the beginning of it. His voice was heard to come in on the words "sale on March 9" and he left out the words, "assuming that the information required is the one", which is followed by the words "sale on March 9", that sale being just under three million acres. I therefore submit—

Mr. Caron: Mr. Speaker, on a point of order, I submit that if the minister wants to go ahead he needs unanimous consent.

Some hon. Members: Sit down.

Mr. Speaker: Order. I was not really hearing the minister on the question of privilege. I gave him the opportunity to make his correction. I take it he is now satisfied that he has corrected the error.

Mr. Rouleau: He is never satisfied.

Mr. Speaker: It being 9.45 o'clock it is my duty, pursuant to section 5 of standing order 58, to interrupt these proceedings and put forthwith the question on the amendment now before the house.

The house divided on the amendment (Mr. Benidickson) which was negatived on the following division:

(*The following occurred before the recording of the vote*)

Mr. Diefenbaker: Mr. Speaker, may I rise at this time to make a rather unusual request. I do not believe the rules forbid anyone who has voted leaving the house thereafter, but naturally we do not follow that course because of the difficulties that would ensue if each and every one of us were to do so. In view of the fact the Minister of Finance (Mr. Fleming) has an appointment at 10.30, I suggest that the house will understand if he leaves.

Mr. Speaker: The house can, by unanimous consent, endorse any irregularity. I take it that the house is in a mood to give the hon. Minister of Finance leave to leave.

Mr. Pearson: I think the minister ought to be allowed to leave.

Mr. Speaker: I would not want the house to be under any misapprehension about the rule because subsection (2) of standing order 12 says:

> When Mr. Speaker is putting a question, no member shall enter, walk out of or across the house, or make any noise or disturbance.

YEAS

Messrs:

Argue
Badanai
Batten
Benidickson
Boivin
Bourget
Bourque
Brassard (Lapointe)
Cardin
Caron
Carter
Crestohl
Denis
Dumas
Dupuis
Eudes
Fisher
Forgie
Garland
Godin
Granger
Habel
Herridge
Leduc
Macnaughton
McIlraith
McMillan
McWilliam
Martin (Timmins)
Meunier
Michaud
Mitchell
Nixon
Pearson
Peters
Pickersgill
Racine
Ratelle
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Rouleau
Tucker
Winch—45.

NAYS

Messrs:

Aiken
Aitken, Miss.
Allard
Allmark
Anderson
Asselin
Balcer
Baldwin
Barrington
Baskin
Bell (Carleton)
Bell (Saint John-Albert)
Bigg
Bourbonnais
Brassard (Chicoutimi)
Broome
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Cadieu
Campbell (Lambton-Kent)
Campbell (Stormont)
Cardiff
Casselman, Mrs.
Cathers
Chambers
Chown
Churchill
Clancy
Coates
Comtois
Cooper
Courtemanche
Creaghan
Crouse
Danforth
Diefenbaker
Dinsdale
Dorion
Doucett
Drouin
Drysdale
Dubois
English
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Fortin
Fraser
Frechette
Fulton
Gillet
Green
Grenier
Gundlock
Hales
Halpenny
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Harkness
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Howe
Johnson
Jorgenson
Jung
Keays
Kennedy
Kindt
Knowles
Korchinski
Kucherepa
Lahaye
Lambert
LaRue
Legere
Lennard
Macdonald (Kings)
Macdonnell
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
MacRae
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McGregor
McIntosh
McPhillips
McQuillan
Maloney
Martel
Martineau
Martini
Matthews
Milligan
Monteith (Perth)
Monteith (Verdun)
Montgomery
More
Morissette
Morris
Morton
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nasserden
Nesbitt
Noble
Nowlan
Nugent
O'Hurley
O'Leary
Ormiston
Pallett
Parizeau
Pascoe
Paul

Payne	Skoreyko	Taylor	Weichel
Pearkes	Slogan	Thompson	White
Phillips	Small	Tremblay	Winkler
Pigeon	Smallwood	Villeneuve	Woolliams
Pugh	Smith (Lincoln)	Walker	Wratten—167.
Rapp	Smith (Simcoe North)	Webster	
Rea	Speakman		
Regnier	Spencer		
Ricard	Stanton		
Richard (Kamouraska)	Starr		
Rogers	Stearns		
Rompre	Stefanson		
Rynard	Stewart		
Simpson	Tassé		

On motion of Mrs. Fairclough the debate was adjourned.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

MARTIN F. RUSSELL

Question No. 150—**Mr. Robichaud:**

1. Was Martin F. Russell, of Shippegan Gully, Gloucester county, New Brunswick, recently dismissed as temporary guardian for the range lights at Shippegan Gully?

2. If so, on what date did this dismissal take place and for what reasons?

3. What is the name and address of the guardian presently in charge of the said range lights?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1 and 2. Following advice from the Caraquet chamber of commerce of a shift in the channel, it was necessary to make changes to the Shippegan Gully entrance range. A new structure for the front light was installed and the back light was relocated. At the same time, opportunity was taken to change both lights from oil to automatic battery operation. A Mr. Martin F. Roussel had been part time lightkeeper for these lights but with the change to automatic operation a lightkeeper was no longer necessary and his services as part time lightkeeper were for this reason terminated effective October 1, 1958. A caretaker was considered to be adequate for the protection of the lights, and Mr. Roussel acted in that capacity on an entirely temporary basis from October 1, 1958, to January 15, 1959.

3. As the shipping season has been closed, a permanent caretaker has not been selected up to now.

R.C.M.P. RESIGNATIONS

Question No. 279—**Mr. Howard:**

1. Have any members of the Royal Canadian Mounted Police resigned since July 1, 1958?

2. If so, for each month (a) how many; (b) of what rank; (c) in which province or territory was each member assigned; (d) what reasons were given for the resignation?

Answer by: **Hon. E. D. Fulton (Minister of Justice):**

1. Yes. Commissioned officers of the Royal Canadian Mounted Police may resign. Other ranks may retire voluntarily for the following reasons;—

(a) retirement to pension, (b) retirement at the end of a period of engagement or re-engagement, (c) purchase of discharge.

2. (a), (b), (c), (d). See attached statement, in which "number resigned" and "resignation", include voluntary retirement as explained above.

Question 2	(a)	(b)		(c)										(d)
Month	Number Resigned	Rank	Number	Province B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.S.	N.B.	Nfld.	N.W.T.	Reasons Given for Resignation
July 1958	22	Staff Sergeants	3		2			1						
		Sergeants	4			1		3						
		Corporals	1		1									
		Constables	10	2	3			2	1	1			1	
		Special Constables	4					2		1			1	To pension 82
August 1958	27	Staff Sergeants	2	1				1						
		Sergeants	4			3			1					Loss of interest in police duties 39
		Corporals	2			1		1						Unable to comply with marriage regulations 39
		Constables	13	1	2	2	1	2		1		3	1	
		Special Constables	6					2	1	3				Personal reasons 4
September 1958	36	Staff Sergeants	5		1	1		2		1				
		Sergeants	8			4		3			1			Health 2
		Corporals	nil											To further education 5
		Constables	17	4	2	4	2	5						More lucrative employment 12
		Special Constables	6	1						4			1	TOTAL 183
October 1958	32	Staff Sergeants	2					1	1					
		Sergeants	5		2	1		1	1					
		Corporals	3	2			1							
		Constables	20	5	5	4		4		1			1	
		Special Constables	2			1				1				
November 1958	22	Staff Sergeants	6	2	1	1	1	1						
		Sergeants	5	3				2						
		Corporals	4		1			1			2			
		Constables	7	2	2			3						
		Special Constables	nil											

December 1958	17	Staff Sergeants	2					1	1							
		Sergeants	3			1		1		1						
		Corporals	4		1			3								
		Constables	8	1	1	2		1		1		2				
		Special Constables	nil													
January 1959	15	Staff Sergeants	4	1		2		1								
		Sergeants	2	1	1											
		Corporals	nil													
		Constables	9	2				4	1	1				1		
		Special Constables	nil													
February 1959	11	Staff Sergeants	2					2								
		Sergeants	1					1								
		Corporals	nil													
		Constables	6	1		2		2				1				
		Special Constables	2					1		1						
March 1—18, 1959	1	Staff Sergeants	nil													
		Sergeants	nil													
		Corporals	nil													
		Constables	1				1									
		Special Constables	nil													
	183	TOTALS		29	25	30	6	54	7	16	4	6	6			

Questions

OCTAVE BUJOLD

Question No. 280—**Mr. Bourget:**

1. Was one Octave Bujold of Chandler, Quebec, employed by the Department of Transport?
2. If so, in what position and for what length of time?
3. Was he dismissed from this employment?
4. If so, on what grounds and on whose complaint?
5. Was an investigation conducted into the circumstances surrounding the dismissal?
6. Was the employee given an opportunity to be heard?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. Yes.
2. As wharfinger, Chandler wharf, Quebec, from August 13, 1937 to October 31, 1958.
3. Yes.
4.(a) Participation in politics; (b) the hon. member for Gaspe.
5. Yes.
6. Yes.

STABILIZATION BOARD PURCHASES, PRAIRIE PROVINCES

Question No. 318—**Mr. Argue:**

1. What products have been purchased by the agricultural stabilization board from the three prairie provinces from April 1, 1958 to December 31, 1958?
2. What is the estimated total purchases of each of these products acquired from the three prairie provinces by the board from April 1, 1958 to December 31, 1958?
3. What is the estimated amount of money paid for each of these commodities acquired from the three prairie provinces by the board from April 1, 1958 to December 31, 1958?

Answer by: **Hon. D. S. Harkness (Minister of Agriculture):**

1. Butter, eggs, pork.
2. Butter, 1,805,000 pounds; Eggs, 2,965,000 dozen; Pork, 10,067,000 pounds.
3. Butter, $1,155,000.00; Eggs, $1,215,000.00; Pork, $3,492,000.00.

TRANSPORTATION ALLOWANCES, RENOUS NAVAL DEPOT

Question No. 322—**Mr. McWilliam:**

1. Is it proposed to make changes in transportation allowances for civilian personnel engaged at the Renous Naval Ammunition Depot, Renous, New Brunswick?
2. If so, what changes will be made and when will they be effective?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1 and 2. The transportation allowance regulations for civilian personnel employed at the naval ammunition depot at Renous, N.B. are under review. Until this review is completed the present regulations will remain in effect.

HOUSE OF COMMONS

Wednesday, April 22, 1959

The house met at 2.30 p.m.

STARRED QUESTIONS

HILLCREST HOUSING COMPANY, SUMMERSIDE, P.E.I.

Question No. 54—**Mr. Pickersgill:**

1. Has the Hillcrest Housing Company of Summerside, Prince Edward Island, made any arrangements with the Department of National Defence or any other department to provide rental housing for personnel of the armed forces?
2. If so, what is the nature of these arrangements?
3. Has the said company received a loan from Central Mortgage and Housing Corporation in respect of these housing units?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, the answer to the three parts of this question are as follows:

1. Yes.

2. From vote 732 of the 1956-57 supplementary estimates an amount not to exceed $870,015 was made available toward the construction of housing units. The terms and conditions relating to the financing of the construction and leasing of 100 housing units for personnel of the R.C.A.F. station at Summerside, Prince Edward Island, are set forth in orders in council P.C. 1958-29/1386 and P.C. 1956-2/1368.

3. No Central Mortgage and Housing Corporation loan has been made. However, the corporation as agent for the Department of National Defence under authority of order in council P.C. 1956-1495 of October 3, 1956, disburses and administers the Department of National Defence loan as set forth in order in council P.C. 1958-29/1386.

C.N.R.—REMOVAL OF FACILITIES FROM SMITHERS, B.C.

Question No. 55—**Mr. Howard:**

1. Are steps being taken by the Canadian National Railways to move any part of its facilities or equipment from the present location at Smithers, British Columbia, to some other place?
2. If so, what specific facilities, equipment or machinery is to be moved, upon what date and to where?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the management of the Canadian National Railways advise me that the answer to part 1 is no, other than that the railway is contemplating moving from Smithers to The Past the stationary boiler used for heating purposes and replacing it with an automatic furnace.

Part 2 is answered by the answer to part 1.

ECOSOC—CANADIAN OBSERVER AT MEETING

Question No. 56—**Mr. Cardin:**

1. Is an observer in attendance for Canada at the 27th session of ECOSOC in Mexico City?
2. If so, who is the observer and for what duration will he attend?
3. Has any such observer any other person to assist him in his task?
4. Has Canada had such persons in attendance on other occasions when Canada was not a member of ECOSOC?
5. If so, who were they and at what sessions were they present?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the answer to part 1 of this question is yes. The answer to part 2 is that Dr. R. P. Vivian, the hon. member for Durham, is attending the meetings for the period of the main discussions.

3. Yes; Mr. John Hadwen, a member of the staff of the Canadian permanent mission to the United Nations in New York. Officials of our embassy in Mexico City are also available to assist if required.

4. Canadian observers have been present at previous sessions of the economic and social council when Canada was not a member. All such sessions were held at United Nations headquarters either in New York or Geneva. The sessions were followed by the Canadian permanent representatives in New York and Geneva, and by members of their staffs.

5. During the period that Canada was not a member of ECOSOC (1949, 1953-55 inclusive) the Canadian permanent representatives in New York and Geneva were as follows:

New York: 1949, General McNaughton; 1953-55, D. M. Johnson.

Geneva: 1949, Paul E. Renaud, (deputy representative); 1952-53, Bruce M. Williams, (acting permanent representative); 1953-55, Hector Allard, (permanent representative).

REPORT OF DR. CLARK—RECOMMENDATIONS

Question No. 59—**Mr. Martin (Essex East):**

Has the government received from Professor Clark recommendations either verbally or in writing arising from the study into old age security?

Hon. J. W. Monteith (Minister of National Health and Welfare): The answer is no, Mr. Speaker.

Starred Questions

CONSUMER PRICES ON DAIRY PRODUCTS

Question No. 60—**Mr. McIlraith:**

What was the average price to the Canadian consumer (basis Montreal market) for each of the following commodities, during period January 1, 1958 to March 12, 1959: (i) cheese; (ii) skim milk powder: (a) spray process; (b) roller process; (iii) egg powder; (iv) egg melange; (v) shell eggs?

Hon. D. S. Harkness (Minister of Agriculture): This question apparently is asking for the average retail prices in Montreal for a variety of agricultural products. This is a statistic which we do not have in the department. It would involve, of course, taking the daily prices in all the stores in Montreal in order to secure it, and I think it is apparent that this is the kind of thing we cannot produce. I think the hon. member could get this information for himself fairly well by looking over the pages of the Montreal newspapers, and looking at the advertising of the groceterias there, which would give the prices of those commodities from day to day. He could get the information perhaps better in that way than in any other way.

There is one thing I would point out, Mr. Speaker, namely that as far as egg melange is concerned, it is not sold to the retail trade; it is sold to bakeries.

R.C.M.P. REINFORCEMENTS, NFLD.—PROTESTS TO MINISTER WITHOUT PORTFOLIO

Question No. 61—**Mr. Pickersgill:**

1. Has the Minister without Portfolio from Newfoundland received any communications protesting against the failure of the government to send Royal Canadian Mounted Police reinforcements to Newfoundland? If so, how many?

2. What is the nature of reply, if any, made by the minister to such communications?

Mr. Speaker: Hon. members will note that this question asks the Minister without Portfolio (Mr. Browne) whether he has received communications protesting against the failure of the government to send Royal Canadian Mounted Police reinforcements to Newfoundland and, if so, how many. The second part of the question reads:

What is the nature of reply, if any, made by the minister to such communications?

Although the Minister without Portfolio might wish to reply, this question seems to me to be outside our practice and I would not like to have it put and create a precedent. I wish to give the house my views on the question by referring them to paragraph 1 of standing order 39, which provides that:

Questions may be placed on the order paper seeking information from ministers of the crown relating to public affairs; and from other members, relating to any bill, motion, or other public matter connected with the business of the house, in which such members may be concerned.

[Mr. Monteith.]

In citation 178, in his fourth edition, Beauchesne comments on this rule as follows:

Questions addressed to ministers should relate to the public affairs with which they are officially connected, to proceedings pending in parliament, or to any matter of administration for which the minister is responsible.

In citation 171, paragraph (x), the same author states:

A question oral or written must not deal with an action of a minister for which he is not responsible to parliament.

Then turning to May 16th edition, this is said at page 356 under "Questions to Ministers":

Questions addressed to ministers should relate to the public affairs with which they are officially connected, to proceedings pending in parliament, or to matters of administration for which they are responsible. Within these limits an explanation can be sought regarding the intentions of the government, but not an expression of their opinion upon matters of policy. A question should be addressed to the minister who is primarily responsible, and misdirected questions are transferred by the clerks at the table on the notification of the departments concerned.

Then Campion at page 151, under the heading "Responsibility of Minister", observes as follows:

A question should be directed to a minister officially responsible for the subject matter with which it deals.

A little later on he says that one type of prohibited question is:

Putting to a minister a question for which another minister is more directly responsible or asking one minister to influence the action of another.

Finally Redlich, who is a very authoritative commentator, says in *The Procedure of the House of Commons*, volume 2, page 243:

A question must be precisely formulated and must be addressed to the minister who is officially connected with the matters to which it relates.

While this is perhaps not a serious matter, I feel we should keep our practice within the established limits rather than going beyond them, and it is therefore my view that a question relating to this subject matter of the R.C.M.P. ought to be addressed to the Minister of Justice. The question in this form does not appear to me to be appropriate.

Hon. Lionel Chevrier (Laurier): Would Your Honour allow me to make one observation? I would not, of course, want to challenge the decision or interpretation of the rule which Your Honour has given but, if I may, I should like to draw Your Honour's attention to citation 178 in Beauchesne, fourth edition, which I think can perhaps be interpreted in more than one way. It reads as follows:

Questions addressed to ministers should relate to the public affairs with which they are officially connected, to proceedings pending in parliament—

I do not think there can be any doubt but that this question does relate to a public affair with which not only one minister but all ministers are officially connected, as well as to proceedings pending in parliament. It is true, sir, that the last part of the citation reads as follows:

> —or to any matter of administration for which the minister is responsible.

Within that term the minister would not be called upon to answer the question. With that I agree, but in so far as the other two points are concerned it would seem to me that he does, and I think the "or" puts a different interpretation on it. I simply wanted to bring this to your attention.

Mr. Hazen Argue (Assiniboia): If I may comment on the point that has been raised, I think Your Honour might give some consideration to where this ruling will inevitably lead, because I think we should give some thought to what responsibility a minister without portfolio in a cabinet may have. I agree with the hon. member for Laurier that if the hon. gentleman to whom he has referred has anything official to do in the cabinet it surely must be to represent the province from which he comes and to make representations about public matters affecting it.

I believe it is the right of parliament to ask for communications that have been sent to any minister of the crown. If a wide interpretation is to be given that a minister without portfolio does not have to produce communications sent to him, it would seem to me that this could abrogate the practice we have followed that parliament can ask for the production of such correspondence. Certainly parliament would not look kindly on any back-door method by which correspondence could take place with a member of the cabinet and for that reason outside the area within which parliament can ask for its production. I think parliament has a right to have the communications that are sent to any member of the government. The question is, how do you get them when they are sent to a minister without portfolio.

Mr. Speaker: I thank hon. members for their views. It does not seem to me that any proper rights of parliament are restricted or abrogated by the view I have taken of this question. There is no difficulty in asking the Minister of Justice questions about the subject matter of this question, that is the sending of the Royal Canadian Mounted Police reinforcements, unless there is some other obstacle in the way of that being done by reason of pending litigation. Parliament is not precluded from seeking information on that question.

The effect of my view as to this question is that it is improper to ask the Minister without Portfolio for his personal correspondence. I take the view that the word "official" as it is used in the citation quoted by the hon. member for Laurier means official in the sense of being responsible for a department. The other citations make it clear that it is the Minister of Justice who is responsible for the department involved in this question. If the hon. member for Assiniboia were right, then personal correspondence would be involved in the question, and I do not think any member of the house would assert that the privilege of asking oral questions relating to a minister's responsibility extends that far, or that the asking of questions of private members extends to personal correspondence.

Hon. L. B. Pearson (Leader of the Opposition): I should like to make one comment, Mr. Speaker, upon what you have been good enough to say. It seems to me that if a narrow interpretation were to be given to this regulation it would mean that it would be difficult to secure any information from a minister without portfolio, and therefore that would be a violation of the principle of the collective responsibility of the cabinet. Furthermore, you will be aware that the practice in the past has been to give a wider interpretation to this rule than has been given this afternoon. I recall that when we were sitting on the treasury benches, every single member of the government was asked to stand up and answer oral questions regarding his personal or official communications, verbal or written, with the C.B.C., and no exception was taken to that procedure. There seems to have been a broader ruling then than you have given this afternoon.

Mr. Speaker: I have indicated my views on this question. It seems to me, notwithstanding the comments I have had from members of the house, that it is the correct view. I am afraid, therefore, I cannot allow this question to proceed in this form.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Under the circumstances, perhaps, as it is now recognized that the minister is without portfolio, without responsibility and without voice—

Some hon. Members: Order.

Mr. Pickersgill: —I might be permitted to remove the question from the order paper.

Mr. Diefenbaker: That remark, coming from one who has no responsibility but who has much voice, is entirely out of order.

Question withdrawn and order discharged.

MUNICIPAL WINTER WORKS PROJECTS

Question No. 62—**Mr. Carter:**

1. How many municipal winter works projects under the Department of Labour have actually been in operation up to date, in each province?
2. What is the estimated cost of the federal treasury, in each province?
3. What is the estimated number of additional jobs provided, in each province?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, this question is in three parts, and I should like to give the answers in three parts for each province. They are as follows:

British Columbia	292	$1,191,000	3,059
Alberta	238	1,494,000	4,557
Saskatchewan ..	123	481,000	2,050
Manitoba	76	661,000	1,322
Ontario	641	3,565,000	10,486
Quebec	254	1,818,000	5,561
New Brunswick .	208	242,000	2,324
Nova Scotia	205	445,000	7,184
Prince Edward Island	—	—	—
Newfoundland ..	26	49,000	416
Northwest Territories ...	8	12,000	96

INDIAN RESERVE, WEST VANCOUVER

Question No. 63—**Mr. Pickersgill:**

1. Was any part of the Indian reserve in west Vancouver sold or leased since June 21, 1957?
2. If so, what is the description of the property, and what were the terms of the sale or lease?
3. Was the sale or lease approved by the band, and, if so, by what means?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, I presume this question refers to new leases and not renewals of leases.

Mr. Pickersgill: That is correct.

Mrs. Fairclough: In that event the answer to the first part is no. The answers to the second and third parts do not apply.

QUESTIONS PASSED AS ORDERS FOR RETURNS

NATIONAL PAROLE BOARD—APPOINTMENT OF WOMAN MEMBER

Question No. 57—**Mr. Eudes:**

1. Have any representations been received by the government to appoint a woman member to the national parole board?
2. If so, from whom have any such representations been received and what action, if any, is contemplated?

Hon. E. D. Fulton (Minister of Justice): Since this question involves the necessity of circularizing my colleagues I would ask that it be made an order for return.

Mr. Speaker: Order for return.

ARMED FORCES—EDUCATION OF DEPENDANTS

Question No. 338—**Mr. Regier:**

1. For the fiscal year ended March 31, 1958, what was the cost to the government of Canada of education for dependants of members of the armed forces?
2. How many dependants were thereby provided with educational services?
3. How many of these dependants received their education (a) in Canada; (b) overseas?
4. How much of this total expenditure was spent on behalf of dependants (a) in Canada; (b) overseas?
5. What was the over-all cost per pupil of this program (a) in Canada; (b) overseas; (c) for all of them?
6. How many of these dependants were supplied with educational services (a) in schools supplied by the federal government; (b) by way of grants to existing educational institutions?
7. What was the average per pupil cost of grants made to existing educational institutions on behalf of the education of these dependants for each of the ten provinces of Canada?
8. What is the estimated over-all cost per pupil in the regular school systems of other Canadian children in each of the ten provinces?

MOTIONS FOR PAPERS

POSTAL CONTRACT, HALET-MALARTIC, QUE.

Motion No. 92—**Mr. Dumas:**

For a copy of all communications exchanged since July 1, 1957, to date, between the Postmaster General or any officer of his department on the one hand, and any other person and organization on the other, regarding a contract for the carrying of mail between Halet and the railway station Malartic via Norrie and Malartic, province of Quebec.

Motion agreed to.

CHAIRMANSHIP, BOARD OF REFEREES, ROUYN DISTRICT

Motion No. 93—**Mr. Dumas:**

For a copy of all communications exchanged since July 1, 1957, to date, between the Minister of Labour or any officer of his department on the one hand, and any other person and organization on the other, regarding the chairmanship of the board of referees for the Quebec regional division (district of Rouyn, Quebec) under the Unemployment Insurance Act.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, this motion is agreed to subject to the usual reservation with regard to confidential and privileged correspondence.

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

Motion agreed to.

ESTABLISHMENT OF FREE PORT, NEWFOUNDLAND

Motion No. 94—**Mr. Carter:**

For a copy of all communications received by the Minister of Transport and officers of his department, or any other minister or official, since January 1, 1954, regarding the proposal to establish a free port in Newfoundland, and the replies thereto.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, there is no objection to the passing of this motion with the usual reservation regarding the consent of the province.

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

Motion agreed to.

NATIONAL DEFENCE

RE-EQUIPPING OF R.C.A.F. SQUADRONS IN EUROPE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to ask the Minister of National Defence whether he has any comment to make on reports which appear in the press today regarding the re-equipment of the Canadian air division?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, the re-equipment of all our forces is constantly under review by the officers of the forces concerned, and the air force is now considering the replacement of the equipment of the first division of the R.C.A.F. in Europe when that equipment becomes obsolescent.

INQUIRY AS TO TABLING OF WHITE PAPER ON POLICY

On the orders of the day:

Hon. Paul Hellyer (Trinity): I wish to direct a question to the Minister of National Defence. Is the white paper ready for distribution yet, and if so could it be distributed tomorrow?

Hon. G. R. Pearkes (Minister of National Defence): As I have announced several times in the house, the white paper will be distributed shortly before the estimates of the department are considered. The estimates of my department have not yet been called.

Mr. Hellyer: I wonder if the minister could tell us if they are likely to be called soon?

Mr. Pearkes: That question should be directed to the leader of the house.

Inquiries of the Ministry

FURTHER STATEMENT ON REPORTED BAN ON PHOTOGRAPHING DESTRUCTION OF PARTLY FINISHED PLANES

On the orders of the day:

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, I should like to correct a statement I made yesterday in answer to a question by the hon. member for Fort William regarding the dismantling and destruction of partly finished CF-105 aircraft, as reported at page 2880 of *Hansard*.

At that time I stated that no aircraft were being dismantled, but I am advised that in fact the operation of dismantling and reduction to scrap has already commenced.

The five partly finished aircraft on the assembly line are now being dismantled and those parts which can be used in other programs salvaged. Those items which can be sold at better than scrap prices are being removed and disposed of separately, and the remainder are being cut into pieces which can be handled and will be sold as scrap. As already announced, the five finished craft have not been touched but with respect to No.'s 6 to 10 inclusive, dismantling has commenced and the reduction to scrap got under way according to a report received at ten o'clock this morning.

BUSINESS OF THE HOUSE

OPENING OF ST. LAWRENCE SEAWAY—SITTING OF HOUSE

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I would like to direct a question to the Prime Minister. Yesterday members of the House of Commons received an invitation from the St. Lawrence seaway authority of Canada and the St. Lawrence development corporation of the United States of America to attend the official opening of the seaway on Friday, June 26 by Her Majesty the Queen and the President of the United States.

In view of the fact that, according to the invitations, replies must be received in Montreal not later than May 10, would the Prime Minister assist the members of the House of Commons who might want to reply to this invitation by saying whether or not the House of Commons will be sitting that day? It does make a difference as to how we will be able to reply to this invitation. I am certain the Prime Minister will understand the reason for my question. We do not know how to reply unless we know whether the House of Commons is going to sit.

Right Hon. J. G. Diefenbaker (Prime Minister): I think the co-operative spirit here in the house might give an answer to that

question. If the hon. gentleman and those associated with him, together with the other members of the opposition and the members on this side of the house, are able to achieve the completion of our program by that date, then the question is answered. However, in the event that we do not do so, then if the house is agreeable—and all hon. members will naturally have the same anxiety to be present on this momentous occasion—no one would be particularly critical, providing there was unanimity, if the house should adjourn on that date.

COMMONWEALTH RELATIONS

WEST INDIES FEDERATION—INQUIRY AS TO PROGRESS IN GIFT OF SHIPS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I should like to address a question to the Minister of Trade and Commerce arising out of one I asked the other day. Can the minister tell the house whether the plans and specifications for the two new ships which are being given to the government of the West Indies are in preparation, or are ready?

Hon. Gordon Churchill (Minister of Trade and Commerce): I think I gave that answer last week in the absence of the hon. gentleman.

Mr. Chevrier: I will look up *Hansard*.

INQUIRY FOR RETURN

RETAINING WALLS, QUEBEC PROVINCE

On the orders of the day:

Mr. Yvon Dupuis (St. Jean-Iberville-Napierville): I should like to address a question to the Minister of Public Works, and ask him when I may expect an answer to question 108, which I asked at the beginning of February, and which has been submitted as an order for return.

Hon. Howard C. Green (Minister of Public Works): I am not sure that comes under the Department of Public Works, but I shall be glad to make inquiries.

Mr. Dupuis: It refers to certain protection walls.

BRIDGES

PEACE RIVER—REQUEST FOR PROGRESS REPORT ON CONSTRUCTION

On the orders of the day:

Mr. W. C. Henderson (Cariboo): I should like to ask a question of the Minister of National Defence. Could the minister give the house a progress report on the construction of the bridge which is being built across the Peace river to replace the one destroyed in October, 1957? Can the minister say when the bridge will be open for traffic?

Hon. G. R. Pearkes (Minister of National Defence): I should like to thank the hon. member for having given me notice of this question. I am informed that a contract for the construction of the substructure and approaches for the new bridge was awarded on July 29, 1958 and this work was completed within schedule on April 15 of this year.

A further contract for the construction and erection of the superstructure was awarded on October 20, 1958 and the completion date for this work is November 15, 1959.

In answer to the hon. member's second question, it is expected that traffic should be moving freely across the new bridge by January, 1960.

COMBINES INVESTIGATION ACT

GASOLINE—ALLEGED PRICE DISCRIMINATION IN SOUTHERN ONTARIO

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Justice, notice of which was sent to him earlier. Has the minister received any requests for an inquiry under the Combines Investigation Act into the charge that price discrimination is being practised by certain oil companies during the present so-called gasoline war in southern Ontario and, if so, what action is contemplated?

Hon. E. D. Fulton (Minister of Justice): I thank the hon. member for having given me notice of this question. I find that a telegram dated April 21 has been received by the director of investigation, to which he has replied. I can advise the hon. member that in view of the request received from the Toronto area this matter is being carefully considered, and whatever facts the investigation discloses will be followed up in the usual way.

ADMINISTRATION OF JUSTICE

BOBBIE CHAPMAN—INQUIRY AS TO EXERCISE OF CLEMENCY

On the orders of the day:

Mr. Harold Hicks (Fraser Valley): I should like to inquire from the Solicitor General if a decision has yet been reached and, if not, when will it be reached, regarding the Bobbie Chapman case. I am sure that many people, hundreds of whom the minister has heard from, hope a decision will be announced as soon as possible.

Mr. Winch: You can say "thousands", not "hundreds".

Hon. Leon Balcer (Solicitor General): I wish to thank the hon. member for the interest he has shown in this case all along. I know it is not the practice in this house to disclose the particulars of individual cases, but I think I can go as far as to say that the case is under study at the present time and that a decision will be announced in a day or two.

An hon. Member: Don't go too far.

Mr. Speaker: I think, if I am correct in my recollection, that it is not customary to ask questions of the ministry about the exercise of the prerogative of clemency. I did not object to the question at the time, but I do not think it would be proper to go into detail.

Mr. Harold E. Winch (Vancouver East): It has been customary to ask questions provided the case was not before the courts. Is this matter still before the courts?

Mr. Speaker: I am speaking from memory, but I think it is quite clear that the royal prerogative of clemency is not a subject for questions to the ministry.

[*Later:*]

Mr. Winch: Mr. Speaker, I wish to direct a question to the Solicitor General. Can the Solicitor General tell us if any consideration is being given to announcing the commutation of sentences from death to life imprisonment earlier than a few hours or a couple of days before the time the death sentence is to go into effect as pronounced by the judge?

Some hon. Members: Order.

Mr. Speaker: Order. The hon. member for Vancouver East, I am sure, heard me state earlier that it was not a matter for the house to inquire into the exercise of the royal prerogative of clemency. I refer again to Beauchesne's fourth edition, citation 160, where he makes reference to the Canadian *Commons Journal,* volume 53, and states:

> Parliament does not appear to have any part to play in the matter of clemency which is a prerogative of the crown that should not be interfered with by proceedings of the House of Commons while the subject is under consideration by His Excellency and his advisers.

NEWFOUNDLAND—REQUEST FOR STATEMENT ON PRESENT POSITION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Prime Minister. I apologize for not sending him notice but it only came to me a few minutes ago because of some previous remarks made by the Prime Minister.

In view of the Prime Minister's previous statement regarding the value of a cooling off period on the Newfoundland issue, will the Prime Minister tell the house if he now considers the political temperature of this issue sufficiently tepid to warrant further action by his government?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am not going to engage in a controversy as to relative degrees of heat and the like, but I hope the legislation regarding Newfoundland will be before the house very soon.

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct a supplementary question to the Prime Minister. When the Prime Minister spoke about legislation concerning Newfoundland being before the house shortly, was he referring to the legislation concerning our financial relationship or the legislation concerning which disallowance has been asked?

Mr. Diefenbaker: Mr. Speaker, it is perfectly obvious, of course, that I was referring to the legislation affecting Newfoundland in reference to the amount of the grant and the like.

EXTERNAL AFFAIRS

WEST BERLIN—SUGGESTION BY CANADA AS TO UNITED NATIONS ROLE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Prime Minister. Is the Prime Minister now in a position to report what consideration has been given to the important proposal put forward by Canada, namely that the United Nations presence could be most helpful in solving the Berlin situation.

Right Hon. J. G. Diefenbaker (Prime Minister): The hon. gentleman asked a similar question on Monday. The wording of his question at that time was as follows:

> My question arises out of his statement—

That is, my statement.

> —of April 17, as to Canada's position that the United Nations should be asked to play a useful role with regard to the Berlin problem. In view of the reported rejection of the United Kingdom's position, is the Prime Minister able to say whether the very useful and important proposal which he put forward has met with success?

With the indulgence of the house I wish to make a statement in this regard and in answer to the hon. gentleman's question. The newspaper story to which the hon. member referred—and there is a similar one to be found in the Montreal *Gazette* today, datelined London, April 21—went further than

the facts would justify. These stories came to the conclusion that final decisions on the western negotiating position have been taken, whereas in fact western policies are still very much under discussion. This was emphasized in the United Kingdom House of Commons by the foreign secretary, Mr. Lloyd, when similar questions were raised there last week. He replied, in part, as follows: "We are still in the process of preparation; no decisions have been made."

A committee of experts on which the United States, the United Kingdom, France and West Germany are represented is now meeting in London to prepare proposals for the western side. In its deliberations the committee will consider the suggestions of other member countries of NATO, including the suggestion regarding the role of the United Nations in Berlin which I mentioned in the house on March 19 and which was developed by the Minister of National Defence at the NATO ministerial meeting in Washington. The house was informed of the general content of this suggestion in statements by myself and the Minister of National Defence on April 7 and 8 respectively. When the committee of experts has finished its work in London it will report to the NATO council in Paris and subsequently to the foreign ministers of the four western powers.

As this process continues, the position of the western powers will take more definite shape and it is to be expected that speculation will increase. However, I think it would be more in the general interest and more helpful to the house if I were to withhold comment until we know finally what the western negotiating powers decide they can officially make public prior to the opening of the negotiations.

The western foreign ministers are scheduled to meet with the Soviet foreign minister in Geneva beginning May 11 and, depending on developments, a subsequent meeting of heads of government will take place. The Canadian suggestions regarding a possible role for the United Nations were intended, as hon. members are aware, to be complementary to a four power agreement on Berlin, and they cannot therefore be given practical application until such an agreement has been reached. I have no doubt, however, that in the meantime the four western governments are continuing to keep before them the possibility of a significant role for the United Nations in the solution of the Berlin problem.

I express the hope once more that it will be possible to achieve that degree of agreement which will permit of that role for the United Nations as suggested by Canada being implemented and carried into effect.

[Mr. Diefenbaker.]

WEST BERLIN—REFERENCE TO HIGH ALTITUDE FLIGHTS BY U.S. AIR FORCE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Prime Minister if in view of the fact that Canada as a member of NATO is now sharing responsibility for the defence of West Berlin, Canada was consulted by the United States government before the decision was taken in Washington to use the Berlin air corridor above the ceiling of 10,000 feet?

Right Hon. J. G. Diefenbaker (Prime Minister): In regard to that question I think I had better look into the record very carefully before giving an answer, rather than depend on memory at the moment. I will, accordingly, let the hon. member and the house know as soon as I have examined the record in detail.

GRAIN

INQUIRY AS TO REPORT ON ALLOCATION OF BOX CARS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce having to do with the Bracken royal commission which was to inquire into box car allocation and obtain a satisfactory formula for such allocation. As a result of his inquiries can the minister say when this report will be delivered to him by the queen's printer and when it may be tabled in the house?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, the report will be tabled in the house tomorrow at 2.30.

WHEAT—INQUIRY AS TO FINAL PAYMENT ON 1957-58 CROP

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, in view of the very welcome answer given to me a few moments ago by the Minister of Trade and Commerce I am encouraged to ask whether he can tell the house when the final payment on last year's wheat account may be announced. Has the wheat board yet recommended such a payment?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, one piece of good news per day should be sufficient for the hon. member for Assiniboia, but I will have an answer for him tomorrow on this question.

TRADE

PETROLEUM PRODUCTS—REQUEST THAT GOVERNMENT SPONSOR MEETING OF INDUSTRY

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, on Monday last in the absence of the Minister of Trade and Commerce I directed the following question to the Prime Minister:

—has the government received a request from the Canadian Petroleum Association to sponsor a meeting of the industry to consider present market problems? If such a request has been received, is it the intention of the government to sponsor such a meeting?

In reply the Prime Minister stated:

Mr. Speaker, I will bring this to the attention of the minister and have a reply as soon as he returns.

I wonder if I could have a reply to that question?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, the reply is that such a brief has been received from the Canadian Petroleum Association within the last few days, requesting that the government sponsor a meeting of the Canadian domestic oil industry in order to consider solutions to certain marketing problems. The implications of the proposal suggested in this brief appear to be both far reaching and complicated, and will be given appropriate consideration.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Tuesday, April 21, consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, I should like to take this opportunity to deal with a matter that has become somewhat controversial in the last little while, concerning recent changes made in the immigration regulations and various statements which have been made in this house and out of it with regard thereto.

At the very outset I should like to state that I have been very deeply disturbed about the misunderstanding which has gone abroad with respect to these regulations and the intent of the government in that regard. First of all I propose to deal with the remarks of the hon. member for Bonavista-Twillingate (Mr. Pickersgill), who had some rather harsh

things to say in the house the other day during the course of this debate. Referring to the changes in regulations, he termed them at one point as cruel and inhuman. At another point he called them stupid, cruel, silly and inhuman. Mr. Speaker, I have sat in this house now for quite a few years, during which time changes have been made in the Immigration Act and in the regulations which pertain thereto. I should think hon. members would agree that if we are going to talk about cruelty and inhumanity we could very well look at some of the things that were done under the former administration.

Mr. Bell (Saint John-Albert): Stupidity, too.

Mrs. Fairclough: I think the stupidity could be taken for granted with regard to the operations of the former government. I am sure hon. members will agree with me that nothing much could be more cruel—if we are going to deal with cruelty to immigrants and prospective immigrants—than to promise and not to fulfil. Yet this was the policy of the former Liberal government. If we need any testimony to that effect all we need to do is look at the mounting backlog which testifies to the cruel and inhuman policy which led to the acceptance of applications which could not be handled for two years or more.

The backlog, Mr. Speaker, has now grown from some 77,158 at December 31, 1955, to 131,785 at February 28, 1959. In Italy alone from some 12,000 at the end of 1954, and 23,000 at the end of 1955, to about 63,000 at February 28, 1959. I have a small table, Mr. Speaker, showing the backlog for five years. May I have the permission of the house to have this placed on *Hansard*?

Mr. Speaker: Has the hon. lady leave to have this table placed on *Hansard*?

Some hon. Members: Agreed.

[*Editor's note: The table above referred to follows*]

Immigration—Backlog
(all countries)

	Sponsored	Unsponsored	Totals
December 31, 1955 ..	26,332	50,826	77,158
December 31, 1956 ..	47,178	69,957	117,135
December 31, 1957 ..	63,659	88,962	152,621
December 31, 1958 ..	73,540	47,774	121,314
February 28, 1959 ..	75,847	55,938	131,785

Mrs. Fairclough: Probably because the largest backlog was in Italy this country has been seized upon by the hon. member for special mention. I should like to say, Mr. Speaker, that the constituency I represent in the city of Hamilton has many thousands of people of many racial origins. The largest single group is of Italian origin, quite likely, I would think, the largest Italian group in any constituency in Canada. I have grown

up with those people. Long before I was a member of the house I knew hundreds of them; they were my friends, and they are still my friends. What has happened to them and their applications for sponsorship of relatives has been just as frustrating for me as it has been for them in experiencing long delays and uncertainty, which has grown even greater and which has been the result of the increasing backlog.

I said I had known those people for a long time. I am sure anyone who has had the privilege of associating with people of Italian origin knows what a warm-hearted and loyal people they are. They have integrated well into our country and into our citizenship. I have great admiration for them, and the very last thing I would do, Mr. Speaker, would be to bring in any regulation which would injure them in any way. Therefore I must state as emphatically as I can that there is no truth whatever in the charges that this amendment was designed to curtail immigration from Italy. As a matter of fact it will eventually permit application to be accepted from a much broader range of persons in Italy and thus will achieve a more diversified and representative movement from that country, since it is the intention in any event to deal with all applications now on hand as conditions in the Rome office permit.

I may say that if we start now to deal with all the applications, or continue to deal with those applications which are now on hand, at a rough estimate it will take two and one half to three years to handle them. It is possible now to accept as unsponsored applications those which were formerly sponsored. Taking into account these two sets of circumstances I cannot see how the regulation can be called discriminatory, a word which has been bandied about quite a bit lately. I do believe though, Mr. Speaker, that discrimination existed in the past in that well qualified Italians who wished to migrate to this country had little or no chance of having their applications considered unless they were in the sponsored categories.

"Cruel", my hon. friend says. What is more cruel than deliberately to misconstrue and misrepresent the intention of the recent amendment? Yet that is precisely what the very highly efficient propaganda machine of the Liberal party is doing right now.

Some hon. Members: Shame.

Mrs. Fairclough: It is working on the natural emotions of persons of various ethnic origins, exploiting their sorrows and increasing their heartaches. I said it would take two and one half to three years. These long delays, as the hon. member well knows, lead to a breakdown of sponsorship, because the willingness to sponsor today may develop into the incapacity to do so in two or three years. I maintain, Mr. Speaker, that if there is cruelty it is in bringing to this country strangers who have neither the means to sustain themselves nor the opportunity for employment within a reasonable length of time.

I think the hon. member has a fixation on cruelty, and probably with good reason. The previous government knew all about cruelty. I do not think anything could ever have been more cruel than the treatment accorded by the Liberal government to Canadians of Japanese origin during the last war.

Mr. Pickersgill: It was supported by the Minister of Public Works (Mr. Green).

Mrs. Fairclough: It was a blot on Canada's history which will never be completely erased. There is cruelty, also, Mr. Speaker, in the exaggeration which has gone into those reports, an exaggeration in the propaganda which has extended even to the point that the press has been led to believe that the entry of such close members of the family as husbands, wives and children is forbidden. Last week end I noted also that one paper said that mothers and fathers would now be forbidden to enter this country.

Mr. Brassard (Lapointe): Who wrote that speech?

Mrs. Fairclough: Who wrote the speech? I am wondering who wrote the speeches and disseminated the propaganda from the moment the order in council became public. Even more insidious, though, than the press reports is the whispered propaganda which has been reported to us as circulating among the various ethnic groups alleging discrimination and restrictions, alleging separation of families. I have had letters coming into my office asking me if under the circumstances their applications must now be abandoned for brothers, for sisters, for children, for wives and husbands, as a result of those whispers which have been circulated among persons from other countries.

I deny these allegations categorically. It is the policy of this government to re-unite families. It is the policy to encourage the entry of the immediate family first and it will be noticed that the amendment has not disturbed that. More distant relatives, we believe, should follow as their capacity to sustain themselves is established. What the hon. member for Bonavista-Twillingate (Mr. Pickersgill) had to say is very significant. Speaking of discrimination he said that it

must exist. Then he went on to say, as found on page 2711 of *Hansard* for April 15:

I am not suggesting it was the discriminatory character, but it was the restrictive character of this recent order that was at fault.

Of course he could not object to this discrimination. It was he who put it into the act.

Some hon. Members: Hear, hear.

Mr. Pickersgill: Mr. Speaker, I am sure the hon. lady does not want to be unfair.

Mr. Speaker: Is the hon. member rising on a point of order?

Mr. Pickersgill: No, I am rising on a question of privilege.

Mr. Speaker: Will the hon. member state his question of privilege?

Mr. Pickersgill: It is simply that I was not in parliament when any amendment was ever made to the Immigration Act so I could not possibly have been responsible for it.

Mr. Diefenbaker: The order in council in 1956.

Mr. Pickersgill: No, not any amendment to the Immigration Act.

An hon. Member: You are wriggling out of that one, Jack.

Mrs. Fairclough: Mr. Speaker, if the hon. member was not the minister on May 24, 1956, then I am in error.

Mr. Fraser: He was the little man who wasn't there.

Mrs. Fairclough: I maintain that this discrimination was put into the act by order in council P.C.-785 of May 24, 1956, to which I shall refer in a moment. It established the discriminations which he and his party propagandists are now attacking. It is evidence of the same kind of discrimination that prompted the utterances about Canadian babies. Oh yes, the hon. member has a lot to forget and plenty to cover up. The present propaganda smokescreen is specifically designed to achieve that purpose. The hon. member had good reason for hoping, as he said on April 15, that I would not come into the house and say "the Liberals did this" and "the Liberals did that." His record and the record of the Liberal party are not such that he is anxious to have them exposed to close scrutiny.

Mr. Pickersgill: I have no apology to make for it whatever.

Mrs. Fairclough: I am very pleased to hear that the hon. member still stands behind the discrimination he put into the regulations to the act.

Mr. Pickersgill: I do.

Mrs. Fairclough: The public have been led to think that this amendment established a new procedure or revoked rights and privileges which always existed under the former administration. This is not the case. With the permission of the house I should like to have inserted in *Hansard* at this point P.C.-2856 of June 9, 1950.

Mr. Pickersgill: It seems to me that the hon. lady should read this document because then it is easier to follow the argument.

Mrs. Fairclough: Very well. If you wish me to read it I will. It reads as follows:

P.C. 2856

At the Government House at Ottawa

Friday, the 9th day of June, 1950.

Present:

His Excellency the Governor General in Council:

His Excellency the Governor General in council, on the recommendation of the Minister of Citizenship and Immigration and pursuant to the powers conferred by section thirty-eight of the Immigration Act, is pleased to revoke and doth hereby revoke order in council P.C. 2743 of 2nd June, 1949, prohibiting the landing in Canada of immigrants of all classes and occupations, with certain exceptions, and is pleased to make the following order which is hereby made in substitution for the order hereby revoked:

Order

From and after the 1st July 1950, and until such time as otherwise ordered, the landing in Canada of immigrants of all classes and occupations is prohibited, except as hereinafter provided:

The immigration officer-in-charge may permit any immigrant who otherwise complies with the provisions of the Immigration Act to land in Canada, if it is shown to the satisfaction of such officer-in-charge that such immigrant is:

1. A British subject or a citizen of Ireland entering Canada, directly or indirectly, from the United Kingdom of Great Britain and Northern Ireland, Ireland, Australia, New Zealand, the Union of South Africa or the United States of America who has sufficient means to maintain himself until he has secured employment; provided that for the purpose of this regulation the term "British subject" shall mean a person born or naturalized in the United Kingdom of Great Britain and Northern Ireland, Australia, New Zealand or the Union of South Africa, or a citizen of Ireland who has become a citizen of the United Kingdom by registration under the British Nationality Act, 1948.

2. A citizen of the United States of America entering Canada from the United States of America who has sufficient means to maintain himself until he has secured employment.

3. A citizen of France, born therein, and entering Canada from France, who has sufficient means to maintain himself until he has secured employment.

4. A person who satisfied the minister, whose decision shall be final, that:

(a) he is a suitable immigrant having regard to the climatic, social, educational, industrial, labour, or other conditions or requirements of Canada; and

(b) is not undesirable owing to his peculiar customs, habits, modes of life, methods of holding property, or because of his probable inability to become readily adapted and integrated into the life of a Canadian community and to assume the duties of Canadian citizenship within a reasonable time after his entry.

5. A person who, having entered Canada as a non-immigrant, enlisted in the Canadian armed forces and having served in such forces, has been honourably discharged.

Provided that the provisions hereinabove set out shall not apply to immigrants of any Asiatic race.

An hon. Member: Who was the minister.

Mrs. Fairclough: It does not say.

Mr. Pearson: When was that order revoked?

Mrs. Fairclough: It will be noted that in this order in council there is no reference whatsoever to the admission of any classes of close relatives. In fact, this order in council revoked the previous order in council which provided for the admission of close relatives. From July, 1950 to May, 1956 there were no provisions as such in the regulations then in force for the admission of close relatives. Of course this does not mean that close relatives were not admitted any more than the recent amendment means that relatives such as brothers and sisters will be prevented from being admitted to this country. The difference between what happened in 1950, what happened in 1956 and what is being done today is that the admission of relatives under the former regulations was controlled administratively, which means that the department itself established the admissible classes of close relatives, while by the recent amendment this was done by regulation as provided in the Immigration Act.

It is interesting to note how the Liberal government curtailed the immigration of certain close relatives. In 1952, despite the fact that the administrative regulations provided for the entry of a fairly broad range of close relatives from most countries in Europe, the government of that day curtailed the entry of close relatives from Italy to such relatives as husband, wife, unmarried children under 21 years of age, father and mother. Because this change was accomplished administratively without a formal order in council there was relatively little publicity.

Judging from the sequence of events which occurred in 1956, I believe that one can properly conclude that if it had not been for the judgment of the Supreme Court of Canada in the Brent case the regulations which had been in force from July 15, 1950 would not have been changed and admission of close relatives would not have been provided for by the order in council of May, 1956 and the then government would have continued its secret policy of discrimination, "cruel, inhuman and stupid" though it was, to quote the hon. gentleman.

I come now to the next order in council and with the permission of the house I should like to have it inserted in *Hansard* at this point.

Mr. Pickersgill: Would the hon. lady read it too, please.

An hon. Member: A waste of time.

Mr. Hellyer: We lose the context otherwise.

Mrs. Fairclough: This is P.C.-785 of May 24, 1956. Since the hon. member is determined to have me use up my time by reading orders in council, I will read only the amendment to section 20 which has created the controversy. Section 20, which was then amended by this order in council, reads:

20. Landing in Canada of any person is prohibited except where the person falls within one of the following classes of persons who may be landed in Canada if such person meets the requirements of the act and of these regulations:

(a) a person who is a British subject by birth or by naturalization in the United Kingdom, Australia, New Zealand, or the Union of South Africa, a citizen of Ireland, a citizen of France born or naturalized in France or in St. Pierre and Miquelon islands, or a citizen of the United States of America if such person has sufficient means to maintain himself in Canada until he has secured employment therein;

(b) a person who is a citizen by birth or by naturalization of Austria, Belgium, Denmark, the Federal Republic of Germany, Finland, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden or Switzerland or who is a refugee from a country of Europe, if such person undertakes to come to Canada for placement under the auspices of the department or, if the department has given its approval thereto, for establishment in a business, trade or profession or in agriculture;

(c) a person who is a citizen by birth or by naturalization of Egypt, Israel, Lebanon, Turkey, or of any country of Europe or of a country of North America, Central America or South America if such person is the husband, wife, son, daughter, brother, sister, as well as the husband or wife and the unmarried children under 21 years of age of any such son, daughter, brother or sister, as the case may be, the father, the mother, the grandparent, the unmarried orphan nephew or niece under 21 years of age, the fiance or fiancee, of a Canadian citizen or of a person legally admitted to Canada for permanent residence who is residing in Canada and who has applied for any such person and is in a position to receive and care for any such person; or

(d) a person who is a citizen of a country other than a country referred to in paragraphs (a), (b), or (c) or in section 21, if such person is the husband, the wife or the unmarried child under 21 years of age, the father where he is over 65 years of age, or the mother where she is over 60 years of age, of a Canadian citizen residing in Canada who has applied for and is in a position to receive and care for any such person, but no such child shall be landed in Canada unless his father or his mother, as the case may be, is landed in Canada concurrently with him.

Mr. Speaker, I should like to draw to the attention of the members especially section 20 of this order in council which I have just read, and have them compare that order in council with the one I have previously read into *Hansard,* P.C. 2856 of June 9, 1950. I should like to invite hon. members to read carefully the text of subparagraph (c) of this section 20. A reading of this subparagraph may lead one to believe that all the classes of persons therein mentioned were admitted so long as they were of good character and in good health. Hon. members know that this was not the case. For instance, according to subparagraph (c) of the regulations of 1956, brothers and sisters from Israel were said to be admissible, but in fact a person in Canada who applied for his brother was promptly told that the department did not have the necessary facilities in Israel and therefore could not deal with such an application.

As hon. members know, this situation was corrected on August 22, 1958. Applications then on file with the department and since received have been processed or are being processed. Israel was not the only country where the facilities were not available. There are many of the countries listed in subparagraph (c) from which immigrants cannot be admitted because of lack of complete facilities. I might have time to read them. They are Spain, Malta, Cyprus, Andorra, Iceland, Monaco, San Marino, Liechtenstein, Vatican City, Israel, Lebanon, Turkey, Mexico and the countries of Central and South America.

By the wording of subparagraph (c), the country was led to believe that the former Liberal administration was generous, but persons with relatives in certain countries have learned since that notwithstanding this apparent generosity in the regulations they could not bring forward their relatives. In other words, Mr. Speaker, though the Liberal government turned on the tap, no water came out.

Mr. Pickersgill: I am rising again on a question of privilege.

Mr. Speaker: I hope it is a question of privilege and not just a question of disagreement.

Mr. Pickersgill: I suggest that the minister is misrepresenting the facts, but if the hon. lady would prefer me to reserve my remarks until she has concluded, I would be very glad to do so.

Mr. Speaker: I think it would be better if the hon. member made his statement at the end of the minister's remarks.

Mrs. Fairclough: So, the hon. member for Bonavista-Twillingate is against restrictions. I should like to ask him what he was doing when he laid the foundations for the backlog which is today so frustrating to prospective immigrants. I should like to know, and perhaps he can tell us when he makes his speech, what he was doing when he pretended there would be entry for immigrants where there were no facilities for examination? Apparently the only restriction he is against is the honest one. He does not mind restrictions if they are hidden in administrative detail and subterfuge. He does not mind the hidden, dishonest restriction.

Mr. Speaker: I hope the hon. member will withdraw that word "dishonest".

Mrs. Fairclough: I did not apply it to the hon. member, Mr. Speaker, but to the spirit of the restrictions.

Mr. Speaker: The inference was very clear. I hope the hon. member would be good enough to withdraw it.

Mrs. Fairclough: I was referring to the restrictions, but if Your Honour thinks there is an inference I can assure you and the hon. member that the inference was not directed to him, personally.

There are many things in this act that I do not like. Since this government has taken office, Mr. Speaker, we have initiated a thorough review of the Immigration Act, the regulations, the procedure and the policy. We are still hopeful that from certain countries it may be possible to facilitate the admission of relatives of persons who cannot now come to Canada, but whatever will be the result of these efforts I can assure the house that it is not the intention of the government to deceive the people of Canada by making them believe that their close relatives are admissible if, in fact, this is not possible.

When the proposals are drafted it is my intention to consult with the representatives of the various ethnic groups, with the ethnic press, which is an important line of communication to those of ethnic origin, and I hope to have the advice of the immigrant aid agencies. In fact, I have long felt that there is not a sufficiently close liaison between my department and the agencies whose help is of such inestimable value to the newcomer. I hope we will have the advice and co-operation of labour, of business and of the church and welfare groups. I think it goes without saying that close examination of the proposed revisions will be made, and also I expect that the broad experience of hon. members of this house who, themselves, are of ethnic origins will prove invaluable.

Out of all this it is my hope that we can produce a new deal in immigration matters;

positive approaches, democratic programming, raising of standards, flexible practices for selective immigration to replace rigid restrictions in the present act and regulations. In the meantime I had hoped to establish a more orderly procedure by reason of the regulation which has become so controversial. I could not see that anyone would be hurt because all applications now on hand would be dealt with in any event. If immigration is to be properly planned, and if immigrants are to be successful, it is necessary to maintain broader selection in the classes of immigrants admitted to Canada, in terms of skill, training, personal qualifications, and the needs of the country. The recent amendment was designed to make possible this broader selection without affecting the majority of those who formerly came under the sponsorship procedure.

As I said, I hoped I could achieve this. Unfortunately, I have not succeeded; not because the result would not have been achieved; not because prospective immigrants and their sponsors would not have been in a more advantageous position; but because the propagandists of the Liberal party have created an atmosphere of distrust and apprehension in which it is impossible to work.

Mr. Pickersgill: How childish can you get.

Mrs. Fairclough: It is interesting to note that the members of the Liberal party in this house think that is very funny. Since their laughter cannot be reproduced in *Hansard*, I think I must draw attention to it. This is a highly sensitive department, as hon. members know, and the reaction of human beings to any proposal is always unpredictable. Without co-operation of all concerned, no plan of procedure can be completely successful. I want to say once more how deeply I regret the misunderstanding of the intention of these regulations.

I would like to say something else of a personal nature. When I accepted the Prime Minister's (Mr. Diefenbaker) invitation to this portfolio I hoped my tenure of office would be classified as humane and sympathetic. I have no aversion to changing my mind if circumstances make such action advisable. Therefore, taking into consideration the fact that I hope to suggest revisions to the act in a few months' time in any event, I am asking my colleagues to rescind order in council 1959-310 until such time as the discriminatory section 20 placed into the regulations by those now in opposition can be replaced. I trust the revisions which I will then propose will be understood and will have the approval of all those interested in immigration.

[Mrs. Fairclough.]

Now, Mr. Speaker, I feel I should say one word about the Prime Minister's remarks in the house on April 7 last. At that time, unfortunately, I was not in the house and the Prime Minister answered for me a question which was put with regard to these regulations. Towards the end of his remarks at the top of page 2296 of *Hansard* for that date he said:

> I, for one, intend to have this looked into, because the section indicates that the one passed in 1956 had whatever objections can be raised against the present amendment.

I think that that has been amply demonstrated in the remarks I have made today and in the portions of these orders in council which I have read into *Hansard*. But I do want to take this opportunity to thank publicly those representatives of the ethnic press and the ethnic groups who got in touch with the Prime Minister, with myself and with other members of the government, and whose representations were responsible for the investigation which the Prime Minister indicated in his remarks in the house on April 7. I would just like to say that their thoughtfulness and co-operation is greatly appreciated, and I hope as time goes on we shall continue to have their help in matters affecting this department.

Mr. Pickersgill: Mr. Speaker?

Mr. Speaker: I did promise the hon. member an opportunity to make a correction, if the hon. member felt one was necessary, to correct something which had been said by the hon. minister.

Mr. Pickersgill: Mr. Speaker, I do feel there is one correction, and only one, which is necessary, but perhaps the hon. lady would permit me to say that I am very pleased she has taken my advice and rescinded the order.

Some hon. Members: Oh, oh.

Mr. Pickersgill: The hon. lady said, according to the copy of the press release I have which she gave to the press before she started to speak, that there were many of these countries specified in section 20, subsection (c) of the regulation of May 24, 1956, in which there were no facilities. Now, in a very limited, narrow, restricted sense that statement is perhaps not exactly incorrect. There are no immigration officers in those countries, but we are represented either by representatives of the Department of External Affairs or, where there are no Canadian missions, by the British consulates. I would like to express my appreciation of the help they gave me when I was minister—and I am sure they are

still giving this help today—and the hon. lady is quite wrong in saying that there were not facilities commensurate with the very small number of applications which there were from those countries.

Mrs. Fairclough: I think possibly I need only cite Israel and what has happened there to show the difference between a country in which we do have complete facilities and one in which we do not.

Mr. Pickersgill: Surely the hon. lady—

Some hon. Members: Oh, oh.

Mr. Pickersgill: The hon. lady has made an even grosser mistake, Mr. Speaker.

Mr. Speaker: This process of correction cannot be carried on to a debate. I think I should terminate it here.

(Translation):

Mr. Maurice Bourget (Levis): Mr. Speaker, before I go on with the few remarks I should like to make about the budget, I want to point out that this house made a fine gesture last night when allowing the Minister of Finance (Mr. Fleming) to leave the sitting before the end. Indeed we were thus afforded another opportunity to witness the minister's ability to answer the interesting questions tossed to him by distinguished members of the press gallery, and particularly to parry any question that proved embarrassing. On the whole, sir, he gave, as we say back home, a fine display of fancy skating.

When, on Thursday evening April 9 I listened to his review of the economic situation and heard him announce a tax boost and a third consecutive deficit, I couldn't help thinking what a disappointment it would be to Canadians in general, and particularly to those who, temporarily attracted by glittering promises, had put their trust in the Conservatives. Then too, and this is characteristic of the Minister of Finance whenever he finds it hard to introduce or to defend a case which, in his heart of hearts he knows to be wrong, he waves his arms, bangs on his desk and shouts at the top of his voice. I am making this remark in the hope that, if he takes it in good part, he will profit by it and, in future, will not let his opponents see through his game; this might help him defend his case with greater conviction, and without impairing his health considering that, as he said a while back, he has to work sixteen or eighteen hours a day.

I was just saying, Mr. Speaker, that people have been sadly diisappointed. I do not wonder, because throughout the 19 years that I have been sitting in this house, our friends now occupying the government benches and their friends regularly and solemnly promised on the hustings that, if they were elected, they would put a stop to waste and extravagance, that they would decrease taxation and extend social security, while introducing a balanced budget. Well, as in 1930, people unfortunately were taken in by those glittering Conservative promises. During the October 1957 session, taxes did come down, but only by a third of the amount promised by the Conservative party. They were increased—and the minister shakes his head in denial, but if he cares to go over the figures, he will see what was being promised at the time, when it was stated that the Liberal government of the day was overtaxing the people of Canada by 500 million dollars which, therefore, added up to $120 per family.

Now, the tax reductions in December 1957 meant only $47 or $48. That is why we are right in saying today that taxes at the time were reduced by only one third. Old age pensions, pensions for the blind and pensions for disabled persons were increased, but family allowances were not, even if Conservative speakers, particularly in the province of Quebec, and I think that nobody can deny it—

Some hon. Members: Yes, yes.

Mr. Bourget: —were out-promising one another.

Well, it was a fine thing at the time, Mr. Speaker; it was the honeymoon. The members sitting on the government side, as well as their friends, waxed vocal, proclaiming all over the place, especially during the 1958 election, that the Conservatives had done more in seven months than the Liberals in 22 years. They had finally found, they said—

Some hon. Members: And they had!

Mr. Bourget: They had? Let me finish my speech and you will see that they had not.

Their contention was that they had found the magic formula that would solve all problems, minimize all troubles. Unfortunately, Mr. Speaker, the picture today is quite different. The people now realize they were misled and that the honeymoon is over. It took the government only a year, to the day, that is from March 31, 1958 to April 9, 1959 to prove that it had misled the people.

In fact, in his budget speech of the 9th instant, the hon. Minister of Finance shattered the fine dream and, to quote his own words,—he must remember them,—it was an icy

and depressing wind that he caused to blow on the taxpayers this year. To the tax cuts he had granted in 1958, amounting to about $204 million, he now substituted new higher taxes whereby the government was going to take away from the taxpayers $245 million for this fiscal year and $352 million for a whole year. Moreover, according to the minister's forecasts, despite this tax boost, the deficit he anticipates for the end of the fiscal year will reach $393 million, which will mean another record-breaking deficit after the $617 million deficit we had last year.

Mr. Speaker, in his budget speech of April 9, the Minister of Finance made the following statement, and I quote from page 2415 of *Hansard*:

> I have already referred to the important results achieved by the government in providing increased security, including old age security and hospital insurance. These programs have been well received. They cost money and must be paid for. We have also, as I have previously indicated, spent large sums to meet the problem of unemployment.
>
> As far as I can judge our Canadian public has been well informed about the underlying facts of the situation. Evidently most people have been expecting some tax increases this year. Many may be not unpleasantly surprised that the increases I shall be proposing are as moderate as they are.

Well, sir, everybody agrees with him that those programs cost a lot of money and have to be paid for.

But what the people won't accept and what I for one do not admit, is to have him say that the underlying causes of the situation had been explained to the Canadian public. The Minister of Finance never talked along those lines during the last electoral campaign. Neither did the present Prime Minister when, in a broadcast from Vancouver on May 24 1957, he said:

> The Liberals tell you it is not possible to lower taxes and raise pensions at the same time. Give us a chance—we'll show you.

Well Mr. Speaker, the government was given that chance but we realize today that this chance served only to prove the claims of the Liberals. After a single year in office, the government takes more from the taxpayers than it gave them.

Under this budget taxes are to be increased in the following manner: first, the contributions to the old age security fund will be increased by changing the present 2-2-2 formula to 3-3-3. Incidentally, Mr. Speaker, may I say that that is a 50 per cent increase which will be paid by the commercial corporations and the individuals, regardless of their income. That increase will add $196 million to the old age security fund and you will remember that in 1957 the increases in the old age security did not cost $196 million, but some $100 million.

In the second place, there will be a 2 per cent personal income tax increase for those with a $3,000 taxable income, which, in the estimation of the Minister of Finance, will produce $54 million a year.

In the third place, the income tax rate for corporations with an income over $25,000 will be boosted from 45 per cent to 47 per cent, which will bring in $56 million.

In the fourth place, the excise tax increase on cigarettes, spirits and other items will amount to $46 million.

All those new taxes, Mr. Speaker, represent a total increase of $352 million for a full year.

In some quarters, it has been indicated that the new taxes will not affect people of small or modest income. I would be only too happy if this were the case, Mr. Speaker, but when you analyse table 8, supplied by the Minister of Finance on the evening of his budget speech, as recorded on page 2425 of *Hansard* for April 9, you find that such a statement is entirely untrue. Indeed, revenue forecasts after tax changes reach the figure of $352 million. Of this amount, over $214 million will be paid by all private taxpayers, whatever their income, because $75 million will be levied on the basis of the 3-3-3 formula for the old age security fund, while $93 million will be provided by the increase in the sales tax and $46 million by the increase in the excise tax on cigars, cigarettes and spirits.

This means, Mr. Speaker, that 60 per cent of the total tax increase will be shouldered by the general public, with the lower income class paying like everyone else. Moreover, it is known that in practice—as the Minister of Finance will recall if he refers to the speech he made in April 1954, in which he mentioned invisible taxes, or hidden taxes as they are called—such taxes are always higher than the budget indicates. Let us take cigarettes as an example. We find today, Mr. Speaker, that the tax increase on a package of cigarettes is not 2 cents, but in fact 3 cents. In my view, this shows that citizens in the low income brackets are spared no more than other classes of society.

At this point, Mr. Speaker, I would like to mention certain examples the Minister of Finance gave us in order to give the people an idea of the increase or the reduction in taxes—mostly an increase—which could be expected, I quote from page 2417 of *Hansard* for April 9:

> For purposes of comparison, let us consider the position of a typical married man who is the father of two children of family allowance age. At an income level of $3,000 a year, under the new rates this man will pay a total of income tax and social security contribution of $56, an increase of $4 from the 1958 level. He will, however, be paying $34 less—

And I wish to stress this part of his remarks, Mr. Speaker.

> He will, however, be paying $34 less than he paid before the reductions were introduced in 1957.

Mr. Speaker, I do not know if the Minister of Finance wanted the people to believe that, as a result of the new tax increases, the taxpayers would pay even less taxes in 1959 than they used to pay under the Liberal administration in 1957. However, in saying that the Canadians, even after the tax increase, would pay $34 less, he forgot to add other taxes—

Mr. Asselin: Which ones?

Mr. Bourget: Which ones? Here they are: the excise tax, the tax on cigarettes—

Mr. Asselin: Luxury.

Mr. Bourget: Luxury taxes! When you spoke of taxes during the 1957 and 1958 election, you did not talk about luxury taxes and yet, you boasted about abolishing taxes without mentioning any increase. That is what you were talking about.

Mr. Speaker, I do not want to be disturbed by the interruptions of my good friend from Charlevoix. Nevertheless, I would like to show that as a result of the tax increases, taxpayers will pay more taxes in 1959 than in 1957, and I explain. We must not forget to add here the increase in the tax on cigarettes, and I want to be conservative—not for long, however—

Mr. Denis: Shame!

Mr. Bourget: —and say that from now on, if a man buys a package of cigarettes every day, he will pay 4 cents more a day, or close to $15 in a year.

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker—

Mr. Bourget: If the hon. member would let me—

Mr. Pigeon: Mr. Speaker, I rise on a point of order. The government has not increased the price of cigarettes by 4 cents a package. The companies have taken advantage of the tax increase to raise the price by 4 cents, and the hon. member for Levis (Mr. Bourget) should be more accurate in his statements.

Mr. Habel: Why don't you say something about Mr. Duplessis' tax?

Mr. Pigeon: We are not concerned here with provincial politics.

Mr. Bourget: Mr. Speaker, in reply to the brilliant member for Joliette-l'Assomption-Montcalm (Mr. Pigeon) I would ask him to read over what I have quoted a moment ago, to read over the speech made by the Minister of Finance who, when he was in the opposition, spoke of hidden taxes. Just read over what he said, as recorded in the 1954 *Hansard*.

An hon. Member: He cannot do that, since he is spending his time preparing speeches.

Mr. Pigeon: Mr. Speaker, I rise on a point of order. The former government levied taxes to subsidize the public, to please the Americans.

Mr. Deputy Speaker: In my opinion, there are too many members speaking at the same time at present. I believe it would be preferable for hon. members to speak just one at a time. An hon. member has risen on a point of order and I would ask the house to allow him to repeat what he said. It rests with the Speaker to determine if the point of order is justified or not. For the time being, I suggest that the hon. members allow the hon. member for Levis to proceed with his remarks.

Mr. Bourget: Thank you, Mr. Speaker. I was trying to prove that we Canadians are going to pay more taxes in 1959 than in 1957.

Mr. Deputy Speaker: I am sorry to interrupt the hon. member for Levis. In fact, I allowed him to speak and he was quite justified in proceeding with his observations. But, so that we may proceed in an orderly fashion. I think that the hon. member for Joliette-L'Assomption-Montcalm had already risen on a point of order. Therefore,

it would perhaps be better to allow the hon. member to state his point of order before permitting the hon. member for Levis to proceed with his remarks. This is strictly a matter of procedure.

Mr. Pigeon: I think, Mr. Speaker, that the hon. member for Levis did not quote the exact figures.

Some hon. Members: Order.

Mr. Pigeon: The hon. member for Levis said that, because of the higher government tax, cigarettes had gone up 4 cents a package. I submit it is due mostly to the rash ambition of certain companies. In my opinion, he should have mentioned that. The responsibility for such an increase does not lie at the door of the government.

Mr. Deputy Speaker: Order. Again I point out to the hon. members that there are too many speakers in this house. In my opinion, the point of order raised by the hon. member for Joliette-L'Assomption-Montcalm is rather a matter of disagreement and, therefore, the hon. member for Levis has the floor.

Mr. Bourget: In my opinion, the hon. member for Joliette-L'Assomption-Montcalm is a little bit mixed up. I can understand his position, he is a bit jittery, since the parliamentary secretaries have not been appointed yet. At any rate, I shall go on with my remarks.

If we assume, Mr. Speaker, as I said, that a man smokes a package of cigarettes a day, he would be paying $15 a year in additional taxes.

As far as alcoholic beverages are concerned, well, I would not like to take the case of someone who overindulges, but rather the case of a man who buys two 25 ounce bottles a month. In his case, it would mean 50 cents a month, or $6 a year.

Now, the sales tax is supposed to bring in this year $93 million, which means, according to the instance I chose, an average of $18 per year. If we add up all those taxes that the minister forgot to mention in the example he gave, we realize that instead of paying $34 less in 1959, we are going to pay $5 more. In this case, the taxpayer has an annual income of $3,000.

Let us take now the other example, example No. 4. Here the taxpayer has an income of $7,500 a year and he said he would have $2 less to pay than in 1957. Well let us add, in this case too, $15 for cigarettes, $12 more for liquor, which is not excessive, since one who earns $7,500 a year can certainly afford two more bottles a month. There is also the sales tax; this taxpayer would naturally buy a lot more than the one with the $3,000 income. Let us add then a sum of $30 to be paid in 1959. Thus, owing to this increase, the taxpayer will be paying $55 more in 1959 than he had to pay in 1957.

According to *Hansard* of April 9, page 2415, the Minister of Finance says that our tax policy for 1959-1960 will be based on two principles and I quote:

> (a) To provide a broadly based source of revenues to meet the new and additional forms of universally available social welfare benefits and
>
> (b) To reduce the budgetary gap in a degree that will not interfere with the desired rate of recovery, but will hold out a prospect of a balanced budget at the appropriate time.

I believe, Mr. Speaker, that I might call the minister's attention to the fact that his principles are as unstable and varying as the weather; they change according to time, place and circumstance.

He probably remembers that, during the election, he was not speaking the same language. He and his friends, throughout the country, in the province of Quebec, as everywhere else, promised to improve social security legislation without a tax increase. They were very definite on that point, because they knew they would not get so many votes if they told honestly and frankly to the people that if they wanted increases in social security, they would then have to pay more. That is what everybody realizes following the budget introduced in April.

I remember very well, Mr. Speaker, that during the last election, the Conservatives based their publicity on the following slogan, which was reproduced in a small newspaper in my constituency in a headline which read as follows: "Let us vote Conservative for a happier Canada with lower taxes for Canadians." Well, we find now that Canada is less happy and that Canadians face heavier taxes. Canadians realize that because of the poor administration we have had since June 1957, a tax increase was necessary, but they will not forgive the government for having deceived them during the last election. As I said a few moments ago, the hon. minister stated in his speech that the increase in social security benefits had been welcome, but that we now had to pay for it. People

will generally admit, I think, particularly since the last budget, that we must logically pay for what we get. But I want to point out to the minister, and more particularly to my honourable colleagues in the Quebec Conservative party, that in this year's estimates there is an amount of $160 million for hospital insurance a large proportion of which will have to be paid for by Quebec taxpayers, while not a single one of them will benefit from it.

In fact, you no doubt heard, Mr. Speaker, that, not very long ago, our premier in Quebec stated flatly that he could not agree to participate in that program. In that case it might be a good thing to ask the honourable federal ministers from the province of Quebec to arrange a meeting with the head of the Union Nationale, i.e. the premier of our province, and ask him whether he would not change his mind so that Quebec people might benefit from this legislation when they need it. Mr. Speaker, as a member of this house, you probably have had people come to you, as they do to me, who cannot pay their hospital bills. Unfortunately, in my case I have to tell them: "Well, you know that in the province of Quebec hospital bills are paid only during election time."

In the course of his remarks, the hon. minister said the following words, as reported on page 2416 of *Hansard* of April 9. I quote:

> The measures which I propose are designed to safeguard the credit of the country—

Mr. Speaker, a lot could be said on the subject, because I think I am right in stating that the credit of our country has never been as unsteady as it is today. As I said on television on the night of the budget speech, because of his financial irresponsibility, the present Conservative administration has broken an impressive number of records that it would be advisable to have printed in *Hansard*. In fact, government expenditures have reached their highest level since Confederation. The deficit is the second highest in peacetime after last year's. It is the third consecutive deficit of the present Conservative administration. We now have the highest interest rate ever recorded in Canada. Unemployment is at its highest level since statistics were compiled. It is also, I must point out, the first time taxes have been raised in peacetime since the days of another Conservative government, that of Mr. Bennett.

With regard to Canada's credit position, allow me to quote the following article which appeared in the financial page of *Le Devoir* on April 20, 1959:

> Canada's rising interest rates make borrowing an expensive proposition.

Then we find:

> Investors reluctant.

I have been told, Mr. Speaker, that the word "investisseur" is not very good French, so I shall use the French word "acheteurs" instead. I quote:

> Is Canada ready for an increase in its money supply?
>
> The Bank of Canada discount rate has been rising for five consecutive weeks, reaching a record peak of 4.86 per cent last week, or four times the rate of 1.12 per cent recorded nine months ago. It was 4.67 per cent last week.
>
> This means that the government has to pay more to borrow money, a factor which increases the interest on the national debt. The cost of money has generally risen to such a point that a large proportion of the people and of Canada's business community now have to shoulder the heavier cost of servicing the national debt.
>
> The budget brought down last week by the Finance Minister Fleming, which involves heavier taxes, apparently has hardly led people to invest more money into government bonds.
>
> The prices of bonds, which registered a drop last year, show no evidence of recovery. An investment broker has indicated that investors feel sure the government, despite its intention to reduce the deficit for 1959-60, will need considerable funds to finance its operations this year.

Well, I hope, Mr. Speaker, that the hon. Minister of Finance, with the new measures he has proposed, will be more successful.

I see that my time is running out; I will then refrain from making certain remarks that I would have liked to make on that matter.

And yet, Mr. Speaker, I should like to refer briefly to the financial position of our municipalities. Hon. members no doubt remember that, during the last election campaign, the Prime Minister (Mr. Diefenbaker) in particular, showed fatherly compassion over the fate of municipalities. May I quote from *Le Droit* of February 25, 1958:

> Mr. Diefenbaker said that the government realizes the difficult financial position in which the municipalities of this country find themselves. "We will see—

And these words are between quotation marks.

> "We will see that they are granted a reasonable share of taxes, said the Prime Minister, so that they can meet the new needs created by their rapid growth." According to Mr. Diefenbaker, this sharing will be carefully discussed between the governments concerned. The federal government is prepared to adopt a program of assistance to municipalities based on that study and on the recommendations of the provincial governments.

That statement, sir was made during the March 1958 election campaign. It was a nice promise to make during an election campaign. But, actually, what has happened since then?

Are municipalities better off financially? Has the Conservative government increased the incomes of the municipalities across the country? I have no hesitation in saying no, because the financial situation of our municipalities today is perhaps worse than it was under the Conservative regime of Mr. Bennett in 1930.

Last October the executive of the federation of mayors and municipalities met with the Prime Minister here in Ottawa, and explained their predicament. The Prime Minister merely said: "We cannot do anything".

Such was the help given to municipalities. It will perhaps be argued that an attempt was made to do something when, in October, $15 million were voted for unemployment work projects. But, the federal government, far from helping the municipalities, was laying on their shoulders the heavy burden of expenses required to implement those projects. This has been proven. I myself have referred in this house to the case of the city of Quebec which had to pay over 100 per cent of the cost of those projects. I hope we will not be given as an example this $15 million voted to the municipalities in order to relieve unemployment.

It will be said, in any case, that the Conservative government helped the municipalities. Far from it! They have been thrown into deeper debts, to solve a problem which, according to what our friends said when they were in the opposition comes under the federal government.

What has been done about it? Municipalities were given the difficult task of solving the problem and, ran deeper into debt. That was the assistance given to municipalities.

Mr. Speaker, I wish to point out that, as far as the financial situation of our country, and more particularly its credit, are concerned, the discount rate of the Bank of Canada, which can be considered as a yardstick, has increased sharply since last year. In fact, from 1.12 per cent on July 31, 1958, it now stands at 4.86 per cent, while it is only 3.07 per cent in the United States.

It is therefore reasonable to conclude that, far from improving under the Conservative administration, the financial position of our municipalities is getting worse from day to day. Besides, I am not the only one to note this state of affairs, because I had the opportunity recently to read an article entitled "Financing Handicapped" in the Winnipeg *Free Press*. I quote:

(Text):

The criticism has attracted attention here for two reasons. In the first place, Mr. Gardiner has no party axe to grind. He is a prominent Ontario Conservative considered to be very close to Premier Leslie Frost.

(Translation):

I shall only quote the final paragraph of the article, where Mr. Gardiner refers to the present position of the greater Toronto council, and to the position of Canadian municipalities in general. This is what he said:

(Text):

But Toronto Metro is experiencing great difficulties in financing municipal projects. Federal policy, says Mr. Gardiner, has had the effect of increasing interest rates on financing while, at the same time, reducing the amount of money available for borrowing purposes. In 1954 Metro was able to borrow at 3.5 per cent. In March of this year the rate was 5.4 per cent.

(Translation):

There, sir, is further evidence of the plight of Canadian municipalities who would borrow to carry out their projects.

Mr. Speaker, I have to hasten, because my time is almost up, and I would be grateful if you allow me a few more minutes.

It has been said that the Minister of Finance has shown a lot of courage—

Mr. Deputy Speaker: I am sorry to interrupt the hon. member, but I must tell him that his time is up. I even allowed him two additional minutes.

Mr. Noel Dorion (Bellechasse): Mr. Speaker, I would like first of all to offer my humble congratulations to the Minister of Finance (Mr. Fleming). His task is both thankless and complex. In a country as varied and as diversified as ours, where finance is conditioned by a great number of factors on which the governing authorities are far from having complete control, where trade, agriculture and industry depend not only on the domestic market but also and mostly on the international market, it is not easy to hold the strings of the nation's purse. Consequently it was often and rightly said that the budget is the expression, if not the most truthful and the most accurate, at least the most tangible and the most palpable expression of the conditions prevailing in a country.

Indeed, you can trace back in the budget, through financial results everyone can see, the mistakes and errors of the past, as well as the justification of the hopes one may entertain for the future. It can be said that there

is no legislation, no institution, no event which would not have an impact on the budget, however little importance they may have in the national life.

The opposition members who took part in this debate mostly dealt with the budget as if it were a separate, artificial operation which can be isolated from its context. That may be a smart move bringing a temporary success, but it is above all a move which does not take into account the consistent and inevitable sequence of facts and events preceding it, facts and events for which they are responsible for the most part, since they took place while they themselves were entrusted with the administration of the nation's business.

Instead of the opinion of those so-called economists, who anyway have not been able to present a really positive criticism, I would rather accept the opinion of generally well-qualified and well-informed people who agree that the Minister of Finance acted with wisdom, know-how and ability. Thus, for Mr. Harvey Perry, director of the Canadian tax foundation the budget is:

Just about perfect for this period of adjustment.

Mr. David B. Archer, president of the Ontario federation of labour, said that this budget is:

Prosaic and orthodox.

Mr. John S. Proctor, president of The Imperial Bank of Canada said that this was:

A sensible budget, aiming definitely at reducing the deficit.

And Mr. Allan T. Lambert, general manager of The Bank of Toronto and M. J. R. Wadsworth, general manager of the Canadian Bank of Commerce said about the same thing.

At this stage, I would like to say a word about an argument which has particularly impressed me and which has not yet received an answer from our opponents. It was expounded very eloquently and in a very informed manner by my excellent friend, the hon. member for Rimouski (Mr. Morissette).

Comparing the economic situation in the United States and that prevailing in Canada under nearly identical conditions, he pointed out that the way we managed our affairs had brought results much more tangible and concrete than in the United States, and at less cost.

What impressed me more in the speech of the Minister of Finance is the fact that 22 per cent of the money coming from the taxpayers will be redistributed to the provinces, that is a sum of $1,212 million out of $5,660 million, which is the estimate of expenditures for 1959-60. In other words, were it not for those payments to the provinces, instead of a deficit of $393 million expected, we would have a surplus of $819 million. Those are figures which give us cause for reflection and which call for a close examination of the fiscal relations between the federal government and the provinces. Of course, out of that amount of $1,212 million, there are certain payments which the government cannot forgo, either because it is bound by the constitution or by amendments thereto, or because it has concurrent jurisdiction with the provinces, or again because it has signed agreements with most provinces for the rental of some of their taxation fields. Such payments account for a total of over $774.3 million.

In a country such as Canada, which differs so markedly from one section to another, and where natural wealth is unequally distributed, efforts must be made to ensure that the national income is spread over the various provinces, without affecting the fiscal freedom of any province, a freedom that is a requisite for the exercise of their constitutional powers. On this score, the $25 million paid to the Atlantic provinces in the form of economic adjustment subsidies, and the funds provided for tax equalization and for the financial stabilization of the less richly endowed provinces, which amount to a total of $166.7 million, are, in my view, justified. The same applies to the $22.5 million paid to municipalities in lieu of property taxes on federal properties.

There are a number of other grants that could be questioned, and indeed are so, with respect to the distribution—as defined in the constitution of 1867,—of the legislative powers as between the provinces and the central government. While some of those grants can take on a legal character on the basis of section 92 paragraph 10, which applies especially to works which are declared by the federal parliament to be to the advantage of two or more provinces or to the general advantage of Canada, there are others, such as grants to university education which, in my opinion, definitely go beyond the constitutional powers of the central government and constitute interference in an essentially provincial field.

Of course I am fully aware that the preamble of section 91 which empowers federal legislators to pass laws for peace, order and good government has developed into a blanket formula most convenient to those who would justify the craving for centralization, which tends to grow within any federal government. In this connection, let me quote an argument in point, namely the opinion stated on page 57 of the Report of the Royal Commission on Dominion-Provincial Relations, Book I. While considering this construction put on the said preamble, the commissioners remarked, and rightly so:

> The exclusive sphere ensured to the provinces by section 92 might, if the Dominion so desired, become very small indeed.
>
> ...the bare assertion by the federal parliament of a general or national aspect in the subject matter of the legislation would, of itself, justify the legislation under the "peace, order and good government" clause. That clause would then confer tremendous power on the federal parliament ... The power of the dominion parliament under the "peace, order and good government" clause would become so overwhelming that the federal character of the constitution would be open to grave doubt.
>
> Indeed, under these conditions, the constitution in its working, would approach the legislative union which some of the fathers desired but which, as they recognized, they could not secure by agreement.

Mr. Speaker, from time to time also, an argument is predicated on the power which rests with the federal government to resort to any taxation system, and the inference is made that it can, on that basis, levy monies even for purposes beyond its field of action. I had the opportunity last year to probe the matter from that particular angle and I do not want to be repetitious. No doubt, the remarks made by the commissioners I just quoted, apply to the same extent, if not to a greater extent, to this argument which is all the more specious for its failure to take into account the function of the tax which, far from being a purpose in itself, is but a means entrusted to the government to carry out the tasks in its own realm. That education, at every level, should come within the exclusive jurisdiction of the provinces; that, by inference, it should remain with them to look after it and to provide grants to that effect, that is obvious to me. In 1938, when some legislation passed by the Ontario government was referred to the Supreme Court, Hon. Justice Lyman Duff, who was unquestionably one of the most brilliant minds on the Canadian bench, said as follows:

(Text):

> It is well not to forget, in examining the constitutionality of enactments of the character of those before us, that by section 93 (subject to provisions having for their purpose the protection of religious minorities) education is committed exclusively to the responsibility of the legislatures; and that, as regards that subject, the powers of legislatures are not affected by the clause at the end of section 91. We should perhaps also recall that section 93 (as is well known) embodies one of the cardinal terms of the confederation arrangement. Education, I may add, is, as I conceive it, employed in this section in its most comprehensive sense.

(Translation):

For the information of my hon. colleagues opposite, it is interesting to note that the leading figures of the Liberal party around 1920, spoke in a similar vein. One instance will be enough: when taking part in the debate on federal grants to provinces for their technical schools, as found on page 3795 of *Hansard*, volume IV, for the year 1919, Hon. Ernest Lapointe made an argument in point, as follows:

> The question of education is a very delicate question in this country. Suppose this government does in the matter of national schools what it proposes to do in the matter of technical schools, and grants subsidies to the provinces, provided those moneys shall be spent on the establishment of national schools, would that be fair? Some of the provinces would refuse to accept the money. Would it be fair for this parliament to ask the citizens of those provinces to pay for education in other provinces, when education is a matter of exclusive provincial concern?

Now, Mr. Speaker, it should be noted that those grants to industrial and technical education came in the wake of a report made by the commission of inquiry set up in 1910 by the federal minister of labour with the explicit agreement of every province.

How this doctrine has changed as time went on. To realize it, it is enough to remember the comments made by Hon. Jean Lesage, then member for Montmagny-L'Islet, the day before the Liberal convention in January 1958. He said:

> I am positive that the Liberal party as such is prepared to endorse the principle of free education at every level.

And he went on to say:

> I think that all governments, federal, provincial and even municipal, could all together take steps to achieve this desirable objective.

As compared with grants to industrial and technical grants, grants to university education have a much more questionable background. They date back to the recommendations made by an investigation commission appointed and set up by the federal government alone, without the co-operation of the provinces.

Let us see the language used in the recommendations as found on page 355 of the report:

> We therefore recommend:

(a) That in addition to the help already given for research and other purposes the federal government make annual contributions to support the work of the universities on the basis of the population of each of the provinces of Canada.

(b) that those contributions be made after consultation between the government and the universities in each of the provinces, and that they be distributed to each university in proportion to the number of students registered.

(c) that those contributions be such as to allow universities in Canada to carry on their work according to the nation's needs.

(d) that all institutions that are members of the national conference of Canadian universities may have access to the above-mentioned federal grants.

As will be noted, Mr. Speaker, the members of the commission toned down their recommendations by making a significant reservation: the contributions were to be made only after consultation with the government of each province. Why such reservation, if it did not mean an implicit recognition, in such a serious matter, of the provinces' right to say the last word? Otherwise, what could have been the purpose of a previous consultation? Alas! That advice was to be ignored, pushed aside, and the federal government was to take action, without considering the likely results in a province like Quebec, which for reasons of an ethnical and cultural nature, looks upon its own education as the essential condition for the preservation and survival of a group that the province has the responsibility to defend and protect.

It is true, that, later on, one of the commissioners tried to justify the federal government's unilateral attitude by making a singularly specious distinction between education and culture, a distinction which might well cover every abuse of power. In 1956, in a lecture entitled "The dilemma of contemporary education", delivered before the Canadian Institute for public affairs at Ste. Adele, the French historian Irénée Maron referred in this connection to the meaning and the order of those two words: education and culture. I quote:

The problem of education cannot be separated from that of culture, culture being the purpose of education.

The fact that nine out of ten provinces have accepted those grants does not change the basic principle in any way. But some one is sure to say, by way of objection: "Why did the Conservative government persist and still persists in that course traced by the Liberal party? Why did you not yourselves, last year, voice your opposition?" To that, as far as I am concerned, I reply that, being a federal member, I could not afford to ignore the nine other provinces which had raised no objection in principle and felt no inconvenience of a regional nature in accepting the grants. I could not afford to ignore the fact that the universities and colleges of those provinces had drawn up their budget and their development projects in the light of the precedent of 1952, which has been firmly established ever since. Nor could I afford to ignore that, in those provinces and within those colleges and universities there are fellow compatriots of mine, of the same origin as my own, who have derived and still are deriving from those grants, unquestionable benefits without which their institutions of higher learning would have found it difficult to survive. Nor could I afford to ignore that, among the ten provinces of the confederation, there are some which, unfortunately, are not financially in a position to provide for the maintenance and development of their own institutions of higher learning.

I know that nothing is harder to uproot than a precedent. Let me, in that connection, quote a remark made by the Hon. Rodolphe Lemieux when, in 1917, during a debate here in the House of Commons, he recalled this page from the history of England:

The minister states, however—at least, that is what I gathered from his remarks this afternoon —that this income tax is only temporary, that when the war is over it will be either revised or wiped out. Personally, I do not share the optimism of my hon. friend on this point because as a student of history, I remember that when the first income tax was introduced in England by the younger Pitt at the time of the Napoleonic wars, a distinct pledge was given that it was only for the duration of the war, but Sir Robert Peel, Mr. Gladstone, and all the other great chancellors of England had to admit that the thin edge had been introduced into the taxation system of the United Kingdom, and the income tax was there to remain. In spite of the hopes of my hon. friend, bright as he thinks they are, I really believe that the income tax has to-day entered into the politico-economic system of Canada, to stay there for many generations.

Whatever may be the value and strength of the precedent, in a federated country such as ours, the rights and powers conferred by the constitution are not subject to prescription. They never lapse. And this tenet is all the more to the point since the province

of Quebec has never failed to abide by section 93 in its entirety. Therefore its position is absolutely unassailable and every effort of this government, in co-operation with the government of Quebec, should aim at finding as soon as possible a way to settle this thorny problem and to make it easier for the province to exercise its powers most freely in this field.

What could be that solution: to change the equalization formula so that it might include amounts meant for university education in the province? Increase the 13 per cent exemption for provinces that would like to collect on their own the amounts needed for that purpose? It is certainly not my responsibility to find a concrete and definite solution; the responsibility is solely that of the authorities concerned. However, those are proposals that could be looked into and discussed in a spirit of fairness and good will in order to insure peace and harmony, those essential conditions to sound national unity.

Soon there will be, Mr. Speaker, a federal-provincial conference of provincial and federal treasurers. In my opinion, it is an excellent way to collect data on the fiscal problem in Canada, to get a detailed knowledge of the various factors and thus, to pave the way to broader discussion. It is indeed, I believe, the first step to a conference between the Prime Minister and the provincial premiers, a conference which would be beneficial and which, we trust, would be the preliminary to a larger and more comprehensive agreement between various authorities which, under our constitution, must participate in their own fields, to the administration of the future of our country.

I wish, Mr. Speaker, that the conference will discuss every aspect of that problem of federal grants to university education. I know there can be no doubt of the right hon. Prime Minister's intention to find a solution in keeping with the spirit of the constitution. Last May, speaking to the Canadian Teachers Federation, whose members had come here to ask the federal government for additional help, he rejected their request in strong and accurate terms which deserve to be quoted:

> The sections of the British North America Act, —said the right hon. Prime Minister—which grant to the provinces the exclusive jurisdiction in the field of education must be kept unchanged. Such constitutional rights are not to be amended.

Then, in the same line of thought, he continued by giving this remarkable advice which all hon. members, of whatever party, may well follow:

> All Canadians must agree on the necessity of respecting the constitution in that field.

Those remarks are sufficiently clear and definite to eliminate any doubt on the intentions of the present chief of the government on that point. As far as his co-operation is concerned, I only have to refer to the following portion of his opening speech at the 1957 conference, which reads:

(Text):

> The purpose of each of us here today is to come together in a spirit of amity to endeavour, while maintaining the spirit of the federal and provincial governments, to discharge their respective constitutional functions. The spirit of confederation requires that provincial governments by their demands upon the federal treasury shall not undermine the strength it requires to sustain its own proper burdens, and that the dominion government shall not take advantage of the legitimate needs of the provinces to undermine the essentially federal nature of our constitution. We are here at this time primarily to listen and to learn. We want to learn about your problems, those problems that bear upon ours. We want to hear your suggestions. We, of course, know something from the public record of the past. We wish to hear directly from you of things "as they now are and as you see them."

(Translation):

Under the circumstances, it was not surprising to read in the January 1958 number of the review *Relations*, the following observations by the Reverend Father Arès, whom an opposition member quoted the other day:

> For the last fifteen years, fiscal conferences have practically all followed the same pattern: the federal government drew up a plan, called the provinces to Ottawa and submitted this plan to them, saying that, under the circumstances, it was the best for everyone. After some attempts at resistance, the provinces mostly resigned themselves to comply with the wishes of the federal government. Five years later, the same thing happens again.

Later on, the same writer, drawing conclusions from that 1957 conference, added:

> During that meeting, the government thoroughly practised the art of making friends. It was all kindness, prepared to go to any length of generosity, it kept the provinces in the limelight, treating them as equals, urging them to talk freely, to outline their grievances and submit their plans; it listened to them with sympathy, without missing any opportunity of trying to convince them of its goodwill, with the result that the conference went on in an atmosphere of utter cordiality. The first lesson to be drawn from this is that in a federative regime, the democratic methods, more concerned with men than with things, are still those that lead to the best and most lasting results.

I repeat, Mr. Speaker—and I close my remarks with that statement—that, faced with the importance of that problem of federal grants to university teaching; faced with the

conflicts of opinions which they arouse in the province of Quebec; faced with the resistance shown by the Quebec government, in order to fully retain the exercise of a right all its own; faced with the deep-seated reasons motivating its attachment to that right, its will to defend and maintain it, I do hope the problem will be on the agenda of the next federal-provincial conference; that it will be approached and discussed with frankness and in a spirit of co-operation and, above all, I do hope it will be solved through some agreement, that will take into account the very basis of federalism, which may be summed up in two words: unity in diversity.

Mr. Cardin: May I put a question to the hon. member for Bellechasse?

Mr. Dorion: Surely.

Mr. Cardin: I did not want to interrupt the hon. member during his interesting and significant speech. I believe the hon. member is probably the best qualified person to answer a question that I consider objective and quite important. Does the hon. member think that this government is justified in considering, as indicated by table No. 1 at page 2410 of *Hansard*, that the collection of direct taxes by the province of Quebec is a federal contribution to the provinces?

Mr. Dorion: Mr. Speaker, I realize that the problem put by my excellent colleague for Richelieu-Vercheres (Mr. Cardin) is complicated.

Some hon. Members: Oh, oh!

Mr. Dorion: The hon. member for Laurier (Mr. Chevrier) may laugh, but I have heard him say certain things that should have been thought over before they were said. Now, as I am in the habit of thinking before replying, I regret being unable to give an immediate and exact reply to the question asked by my good friend, particularly since I am unable to remember what the budget speech said on this particular point.

Mr. Dupuis: Mr. Speaker, I note that the hon. member for Bellechasse (Mr. Dorion) has been reading his speech throughout. Does he have to have a prepared speech in order to answer a question? Perhaps his speech has been written by Mr. Duplessis?

Mr. Johnson: Do not answer that, it is not worth answering.

Mr. Pigeon: We have no Maurice Lamontagne in our party.

(Text):

Mr. D. R. Mitchell (Sudbury): Mr. Speaker, in taking part in this debate I am not going to take up too much of the time of the house and of course you can verify that by looking at the clock. In the few moments at my disposal I should like to comment on a part of the sales and excise tax regulations which were just brought in by the Minister of Finance (Mr. Fleming) and which I feel discriminates against a group of our citizens, in this case the small retailers or small business men. In saying this, of course, I put myself in the same position because I am a small business man. Surely it was not the intention of the minister to deliberately discriminate against this group but as I understand the implications of the regulations they do just that. I propose to read from the minister's budget speech and then the actual wording of the regulations to which I have reference.

In dealing with this subject in his budget address on April 9 as reported at page 2422 of *Hansard* the minister said:

> I am proposing some technical amendments which will affect the application of the Excise Tax Act to toilet goods and pharmaceuticals. These amendments will go some way toward implementing one of the recommendations contained in the report of the sales tax committee of 1956.
>
> Briefly, they will extend the definition of manufacturing to the packaging of toilet preparations and pharmaceuticals except where this is done in a retail store for sale directly to consumers and will also extend the definition of manufacturer to any person who markets private brand toilet preparations and pharmaceuticals except a retailer who sells directly and exclusively to consumers.
>
> This amendment will apply to both the sales tax and the special 10 per cent excise tax.
>
> After careful consideration, I am convinced that a serious degree of inequity exists at present in the application of the excise tax to toilet goods and pharmaceuticals. This is why I am proposing these amendments. In some instances, one domestic manufacturer is being treated unfairly in comparison with another, merely because of the way his business is organized. In other important instances products of domestic manufacture are being taxed more stringently than comparable imported products. The amendments I am bringing forward are designed to rectify situations.

The proposed amendment to the Excise Tax Act as recorded at page 2426 of *Hansard* of April 9 is as follows:

> 4. That the definition of "producer or manufacturer" be extended to include any person who packages toilet articles, preparations, cosmetics or pharmaceuticals for sale except where they are packaged by a retailer in his retail premises for sale therefrom directly to consumers or users.
>
> 5. That the definition of "manufacturer or producer" be extended to include any person who markets, except by sale at retail directly to consumers or users, toilet articles, preparations, cosmetics or pharmaceuticals manufactured under his own brand.

I shall attempt to analyse the import of these regulations as I understand them and try to show where they work a hardship on small retailers and their customers and thus play into the hands of the large retailers to

their benefit. These regulations pertain for the most part to the cosmetic and pharmaceutical field but as I am more closely concerned with pharmaceuticals I shall deal with them more fully.

Let me take a concrete example of what I mean and show how this can take place in two different situations. A retail pharmacist could buy from a manufacturer a quantity of a pharmaceutical preparation for repackaging in his own store and for resale directly to his customers. Let us say this preparation is a vitamin formula. He would pay the sales tax at the manufacturer's level and bottle the pills in quantities of 50 or 100 for resale. According to the act he, being a retailer, would not pay this extra tax as a packager. However, very few drug retailers can afford to buy in the quantity required by the manufacturer and most prefer to buy the same preparation from the wholesale jobber already packaged in much smaller quantities. This is where the catch comes in as I shall attempt to illustrate.

The wholesaler in order to supply his many retail customers buys a larger quantity of the same preparation, bottles it in smaller quantities and then sells it to his retail outlet. The wholesaler would pay the sales tax to the manufacturer in his purchase price but as the packager he is regarded under these regulations as a manufacturer and therefore would be forced to levy a tax at his wholesale level which would be passed on to the small retailer at an increased price, due to the added tax. This, I feel, is a double tax or a tax on a tax which is a disadvantage to the small man.

Let us now take the other side of the picture to illustrate how, under somewhat different circumstances, the extra tax would not be applicable. If some large chain retail organizations with stores from coast to coast, whose names are probably familiar to all hon. members, could through their drug departments buy the same pharmaceutical preparation, repackage it either in their own warehouse or their own retail stores and sell it directly to consumers, they would not be liable to the extra tax. It would be the same organization and would have its own retail stores and therefore would not be liable for the tax which would put the merchandise in its retail outlets at a lower price than that which could be offered by the small business man. This permits them to sell at a lower price because of the lower cost to them. This would allow them to sell at a lower retail price to consumers and thereby create an advantage to the detriment of their smaller competitors.

[Mr. Mitchell.]

If I am correct in my contention I can see that this is a disadvantage to the small business. It is a cause of further concern and adds to the already large fortunes of vast businesses. I contend this is another slap at the small business man who is already faced with enough competition without further advantage being given to the already vast operators.

Even if I am only partly correct in my observations, this to me is an outstanding form of inflation. The increase in sales tax reflects not only on his buying but also on his selling price. Every article he buys now is increased by the tax and he, therefore, must pass this on to get the same profit as previously, and the consumer is the one who pays in the increased cost of merchandise which is reflected in the purchasing power of the dollar.

The hon. member for York-Humber (Miss Aitken) in an appealing speech before the budget was presented, asked for a reduction in taxes on cosmetics particularly in the field of lipsticks. I am afraid this legislation works in the opposite way from what she wanted, as it actually increases the tax on those articles instead of reducing them in price as she had requested. I do not know whether I agree with the hon. member in her remarks with respect to lipsticks but I do agree that her remarks had no effect on the Minister of Finance.

Inflation is an evil everyone is conscious of and is attempting to defeat, but the government is adding to this problem by automatically increasing costs which are at the same time increasing selling prices to the consumer. Any machinery, bottles, cartons, labels, and so forth, bought by the packager are increased by the tax and eventually this increase is passed on all along the line until it reaches the consumer at an increased cost to him. This is adding to inflation which this government says it is trying to control.

Let me deal with another subject for a few minutes. As you know, Mr. Speaker, I have spoken before and will continue to speak on the plight of small business. I hold in my hand a clipping from the St. John's *News* of January 28, 1959. I will read it in toto:

Best Solution: Employment

There is little to be gained by paying any workman unemployment insurance, or any other form of dole, for unemployment relief. The best possible solution for unemployment is employment.

Winter always brings us a peak of unemployment and the federal government annually sponsors a campaign to encourage home owners and industry to improve the employment picture by choosing the winter season for structural repairs and alterations.

In addition to this campaign, the government engages in the time-honoured practice of starting large public works projects at times of greatest unemployment.

Bridges, highways, post offices and other works are necessary and admirable yet their value to the economy often ends with their completion, when the jobs they created are terminated.

There is another way in which jobs could be created and the economy strengthened to increase and maintain employment. With only a modest financial commitment, according to the Canadian retail merchants' association, the government could implement capital expansions, totalling as much as $8 million annually, throughout Canadian communities.

For more than two years, the association and the Canadian wholesale council have been urging the government to sponsor facilities for the loans, through the chartered banks, available to small business concerns, for capital expansion and modernization made necessary by the changing times. A large number of parliamentarians have spoken strongly in favour of such a move and those engaged in the business of Canadian distribution are hoping that this session of parliament will implement the necessary action.

Many small businesses are in difficulties even though they are operated efficiently, Mr. Gilbert says. Times change quickly. Many retailers find their customers are moving away from them into the suburbs, but cannot get the finances to follow. Others face competition from large chain stores and shopping plazas and, though their personalized service may be far better, they must have refrigeration for frozen foods and other modern facilities to match those available in the larger stores if they are to compete.

The difficulty is not that these businesses are unsound or poorly operated, he says, but that store buildings and equipment, good will and demonstrated ability are not acceptable collateral for loans. And without some form of suitable loan facility, an enormous number of small retailers will be forced to vacate the field, leaving the retail trade to a few large corporations.

The retail merchants' association and supporting retail and wholesale trade associations recommend that the government set up loan facilities by guaranteeing 10 per cent of approved long-term loans with a possible limit of $25,000, repayable over five years. There would be no expensive organization to set up, and losses would be negligible —loans would be made through the chartered banks, and bankers in each community would make loans according to their own business judgment.

The idea is not new, for similar assistance already is available for home improvement, national housing, farm improvement, fisheries improvement, and some other activities.

Small business is the backbone of Canadian economy, employing approximately 700,000 persons in 250,000 establishments and accounting for a turnover in dollar sales of more than $14 billions each year. They guarantee the competition on which our economy is based and are essential to smaller communities, where the turnover is not sufficient to attract the larger companies.

Statistics indicate that more than 14,500 retailers and more than 8,000 service stores in Canada need capital assistance. Taking an average of $15,000 with approximately 550 loans a year, an annual amount of $8 million would be involved. Over a five-year period loans would total $20 million, with government involvement at $2 million.

I might add to this statement that the Department of Labour could well include this idea of guaranteed loans in their "Do It Now" program which they advertised during the winter months. So far this has applied only to the renovating or repairing of homes, but, in view of what I have just read, many a storekeeper would take advantage of this loan arrangement and do much remodelling in the winter months, which would further employ this type of labour when the slack season is in evidence. Also, if the Department of National Revenue would approve, these renovations could be allowed accelerated depreciation which would permit the retailer to save a few more tax dollars which he could deduct from his annual return.

In an address in Vancouver on June 10 last, the Minister of Justice (Mr. Fulton) had this to say in speaking to the retail merchants' association of Canada:

The federal government is proceeding at once to set up a small business section in government aimed at helping small businesses solve their problems, Justice Minister Fulton said tonight.

He said his department's combines branch is carrying out investigations in two fields: an inquiry into loss-leader selling in cigarettes, electrical appliances and the hardware and jewelry trades, and a study of whether some types of grocery stores receive unfair price preferences from suppliers.

In an address to the retail merchants association of Canada, Mr. Fulton said these steps are being taken to remove artificial obstacles to small business in Canada.

The small business section mentioned by the minister was promised by the Progressive Conservative party in 1957 and 1958 election campaigns, and was announced in the speech from the throne.

Mr. Fulton said the section will study problems of small business, provide a government-business liaison and recommend measures to help small business including the terms of a loan fund.

He urged retail merchants to co-operate in presenting their case, bolstered with plenty of facts. "One of the problems is the insufficiency of accurate information at the moment on which to base policies."

The government wanted to know how a small business should be defined, and whether there should be variations in the definition for various types of business. About half of Canada's entire domestic trade is in the small business field, he said. "A segment of the economy of this size and importance should not be dealt with on the basis of inadequate information or snap decisions."

Mr. Fulton's speech indicated the government is considering possible changes in the law against loss-leader selling and discrimination among businesses in the supply of goods. There have been repeated complaints to the government against loss-leader selling of goods, especially cigarettes, to attract customers, and claims that large retail grocery outlets get preferential price treatment from food suppliers.

Mr. Fulton said the law against loss-leader selling forbids selling goods at unreasonably low prices with the aim of substantially lessening competition or eliminating competitors. But there were difficulties in determining whether a certain price is unreasonably low and what its effect is on competitors. He said he hopes the current investigations will show whether the present law is an effective weapon or whether other remedies must be sought.

"In the latter event, I may say, we have one or two alternatives under study."

He goes as far as to say that a loan fund should be established for this purpose. In the speech from the throne this sort of study and assistance was announced but I am sorry to say that the committee set up has not made any momentous decision to date and cannot be expected to function very efficiently when just $30,000 was allotted to it. I should like to see more action from the government in this direction as the small retailers are appealing for help.

Hon. members will also have noticed that in the report I just read the Minister of Justice mentioned legislation to prevent loss-leader selling, which is very prevalent at present and becoming more so, and he has assured the house that this legislation will come down this session. It is certainly not the intention of his combines branch to allow such haphazard merchandising which in turn is causing unlimited concern to small business. I urge the Minister of Justice to implement this legislation as soon as possible and try to bring about some form of orderly merchandising for the benefit of all concerned. Yesterday, Mr. Speaker, I was pleased to hear the Prime Minister (Mr. Diefenbaker) outline the legislation he intends to introduce this session, one item of which is amendments to the Combines Investigation Act. I hope these include loss-leader selling and will cure this evil.

Mr. D. R. Gundlock (Lethbridge): Mr. Speaker, it is with great humility that I rise to take part in the debate on the budget, fully aware of the great privilege that has been accorded me by the citizens of Lethbridge constituency, and at this time I wish to put my thanks to them on the record of the house. I am a farmer, Mr. Speaker, and I may say that to be rising to speak in the house for the first time amid such a goodly company is, as I stated before, a wonderful feeling. Suddenly to climb off a tractor as I did last spring and come to Ottawa as a member of parliament was almost unnerving, and now I find my first opportunity to speak. If I may, I should like to take a moment to say how much I have appreciated the help you and other members of the house have given me, particularly the older members, some of whom have gone on before us.

To take advantage of this opportunity I must at this time bring before hon. members some of the hopes and prayers of the people of Lethbridge constituency as well as the rest of Canada. I will be brief, Mr. Speaker, but I feel that in order for hon. members to understand some of the problems I wish to mention I must describe the area to some extent. Lethbridge constituency encompasses Waterton lakes national park, nestling in the southwest corner of the province amid the matchless beauty of the Canadian rockies, adjoining the wonderful Glacier park of Montana and combining to form the international Waterton-Glacier peace park.

We have the Blood Indian reserve with a population of some 2,500 of our first citizens of the highest order and, I might add, also with problems of the first magnitude. The Indians on the Blood reserve are a very fine and proud people, particularly proud of one of their own, Senator James Gladstone. This appointment did a great deal for the Indians of Canada, giving them a renewed interest in the government of Canada and a new zeal to become more useful, better informed and respected members of the Canadian family.

The Indians of the Blood reserve have many problems, as I mentioned before, and I should like to take a moment to point out some of the troubles of this band. With these people, as with most of us, the chief social interest, of course, is the education of their young people and the need of increased facilities for improvement and refinement in the manner in which this is carried out. In my maiden speech in the House of Commons I should like to point out something that is now and has been for some time of great concern to our friends on the reservations in Canada, namely that educational standards are almost completely and entirely those of the white man, neglecting to consider the fact that these people on the reservations have a certain culture and way of life that is very important to them to retain, and for us to aid them to do so would be most welcome.

We also have the greatest concentration of Hutterian Brethren, commonly known as Hutterites, in the province and probably in Canada. It is one of the few groups in Canada with special privileges allowed by a written contract with the Dominion of Canada. Some hon. members may wonder why I make mention of the Hutterian Brethren in my area. I do so simply because these Hutterite communities have become a problem in Alberta and I wish to mention the problem here and call the attention of the house to the matter. Twelve years ago, some of you will recall, the province of Alberta enacted legislation making it mandatory that a new colony must be set up no closer than 40 miles from another colony and, furthermore, may not have more than an established number of acres in certain areas. This was necessary to preserve certain small communities in southern Alberta, and needless to say there has been much resistance from some sources, the sect itself in particular.

If hon. members will visualize for a moment a map of Alberta showing a large concentration of colonies in the southwestern portion, which was the case only a few years ago and, incidentally, the land was undoubtedly the best land in Alberta and probably in Canada, and then look again at the map of today showing the same concentration plus the added colonies that saturate the provincial map at the 40-mile intervals, you can see what the map would look like in our area if the 40-mile restriction had not been put in effect. You can very well see that our small communities just would not be there. There would not be room.

You may ask, "Why, is anything wrong with that?" This is a free country and there are many objections to regulation of minority groups. But I must say, as I have on many occasions, that this is necessary to preserve our small communities and some of our best land for ourselves. We cannot meet the competition that the colonies give for several reasons, some of which I wish to mention at this time.

The Hutterites enjoy almost if not complete freedom from income tax because of their many exemptions and, believe me, they love and cultivate their exemptions. They contribute no time, and almost no financial aid to community enterprises such as the Elks club, the Lions, Kiwanis, Rotary and many other organizations that devote a great deal of time and energy to improvements within their community. The Hutterites sacrifice almost no time or effort toward educating their young people to take any part in our society in the capacity of teacher, doctor, lawyer, dentist, councillor, M.L.A. or M.P. There is not one of these people sharing these responsibilities of maintaining our Canadian way of life, either outside or inside a colony, for that matter.

Now, Mr. Speaker, if we have to live that sort of life to accumulate enough money to look after our young people and start them on the road in their chosen life work, I shudder to think to what our nation would revert. In the opinion of a great many people, a point it would be well to consider is this: When the Canadian government accepted these people many years ago it was expected, generally speaking, that these people would become Canadians in every sense of the word. However, after 60 years it is apparent they have little intention of doing so. I do not believe, therefore, that a method of zoning, if you like, to allow us to save at least some of the land we love and cherish is out of line.

In my constituency, too, will be found one of the oldest, if not the oldest, irrigation companies in Canada, founded by the early Mormon settlers. Our immense ranches and farms are located in probably one of the richest agricultural areas in Canada. In the heart of this district we have the fair city of Lethbridge, which is well known as the irrigation capital of Canada.

The great sugar beet area of Lethbridge and Medicine Hat constituencies contains three large sugar factories and nearly half a million acres of the finest irrigated land in Canada. These two constituencies, I might add, are the only two constituencies in Canada that are primarily interested in irrigated agricultural industry. I will not at this time try to describe the many ramifications of irrigated farming as compared to dry land farming, because I know you will shortly interrupt me, Mr. Speaker. I hope I may have permission to continue discussion of this subject at another time.

Mr. Speaker: I am sorry to interrupt the hon. member, particularly on his maiden speech. I hope he will have an opportunity of concluding his remarks at another time.

It being 5.45 o'clock, it is my duty, pursuant to section 6 of standing order 58, to interrupt these proceedings and put forthwith the question on the main motion.

The house divided on the motion (Mr. Fleming), which was agreed to on the following division:

YEAS

Messrs:

Aiken	Chambers
Aitken, Miss	Chown
Allard	Churchill
Allmark	Clancy
Anderson	Coates
Asselin	Comtois
Balcer	Cooper
Baldwin	Creaghan
Barrington	Crouse
Baskin	Danforth
Bell (Carleton)	Diefenbaker
Bell (Saint John-Albert)	Dorion
Belzile	Doucett
Best	Drouin
Bigg	Drysdale
Bissonnette	Dubois
Bourbonnais	English
Bourdages	Fairclough, Mrs.
Brassard (Chicoutimi)	Fairfield
Brooks	Fane
Broome	Fleming (Eglinton)
Browne (St. John's West)	Fleming (Okanagan-Revelstoke)
Browne (Vancouver-Kingsway)	Fortin
Bruchesi	Fraser
Cadieu	Frechette
Campbell (Lambton-Kent)	Fulton
Campbell (Stormont)	Green
Cardiff	Grenier
Casselman, Mrs.	Gundlock
Cathers	Hales
	Halpenny

Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Harkness
Hees
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Howe
Johnson
Jones
Jorgenson
Jung
Keays
Kindt
Knowles
Korchinski
Kucherepa
Lafreniere
Lahaye
Lambert
LaRue
Latour
Legere
Lennard
Macdonnell
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
MacRae
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McGregor
McIntosh
McLennan
McPhillips
McQuillan
Maloney
Mandziuk
Martel
Martineau
Martini
Matthews
Milligan
Monteith (Perth)
Monteith (Verdun)
Montgomery
More
Morissette
Morris
Morton
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nasserden
Nesbitt
Nielsen
Noble
Nowlan
Nugent
O'Hurley
O'Leary
Ormiston
Pallett
Parizeau
Pascoe
Paul
Payne
Pearkes
Phillips
Pigeon
Pugh
Rapp
Rea
Regnier
Ricard
Richard (Kamouraska)
Robinson
Rogers
Rompre
Rowe
Rynard
Simpson
Skoreyko
Small
Smallwood
Smith (Calgary South)
Smith (Lincoln)
Smith (Simcoe North)
Southam
Speakman
Spencer
Stanton
Starr
Stearns
Stefanson
Stinson
Tassé
Taylor
Thomas
Thompson
Tremblay
Villeneuve
Walker
Webster
Weichel
White
Winkler
Woolliams
Wratten—180.

NAYS

Messrs:

Argue
Badanai
Batten
Benidickson
Boivin
Bourget
Bourque
Brassard (Lapointe)
Cardin
Caron
Carter
Chevrier
Denis
Dumas
Dupuis
Eudes
Fisher
Forgie
Garland
Godin
Granger
Habel
Hellyer
Herridge
Howard
Leduc
Lessard
Loiselle
Macnaughton
McIlraith
McMillan
McWilliam
Martin (Timmins)
Meunier
Michaud
Mitchell
Nixon
Pearson
Pickersgill
Racine
Ratelle
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Tucker
Winch—47.

WAYS AND MEANS

The house in committee of ways and means, Mr. Rea in the chair.

The Deputy Chairman: It being after six o'clock, shall I rise, report progress and request leave to sit again at the next sitting of this house?

Some hon. Members: Agreed.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire what the business is to be for the rest of the week?

Mr. Green: Tomorrow we shall resume consideration of the estimates of the Department of Agriculture and then take the estimates of the Department of Transport.

It being 6.05 p.m. the house adjourned, without question put, pursuant to standing order.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

U.S. DEFENCE PRODUCTION CONTRACTS IN CANADA

Question No. 189—**Mr. McIlraith:**

1. What is the total value of defence production contracts placed by the United States in Canada during the year 1958?

2. What was the nature and value of each contract comprising such total?

Answer by: **Hon. Raymond O'Hurley (Minister of Defence Production):**

1. The net value of United States prime defence contracts placed in Canada through the Canadian Commercial Corporation and Defence Construction (1951) Limited in 1958 was $68,180,000. This value includes increasing and decreasing amendments to contracts placed prior to 1958 as well as new contracts issued in 1958.

2. A large number of these contracts fall in the classified and restricted categories. Regarding the remainder, it is not the practice to make public the details of such contracts, but the breakdown of the over-all total, by programs, is as follows:

Questions

Aircraft	$26,990,000.
Ammunition and explosives	757,000.
Electronics and communication equipment	12,756,000.
Construction	25,631,000.
Other	2,045,000.
	$68,180,000.

AVRO LIMITED, TORONTO—CONTRACTS AWARDED

Question No. 233—**Mr. Rouleau:**

1. Have any contracts been awarded to Avro Aircraft Limited, Toronto, Ontario, since August 10, 1953?

2. If so, how many, what is the nature of each contract and what was the amount of each such contract?

Answer by: **Hon. Raymond O'Hurley (Minister of Defence Production):**

1. Yes. Prior to August 1, 1954, Avro Aircraft Limited was the aircraft division of A. V. Roe (Canada) Limited.

2. The Department of Defence Production awarded 209 contracts having a value of $317,705,442.46 from August 10, 1953, to February 28, 1959. The nature and value of each contract of $10,000 or more are shown in the attached lists.

Formerly Classified Procurement Contracts for $10,000 or more awarded to Avro Aircraft Limited (formerly the Aircraft Division of A. V. Roe Canada Limited) Toronto, Ontario, by the Department of Defence Production from August 10, 1953, to February 28, 1959.

Date of Contract	Item	Value (per latest amendment)
Feb. 26, 1954	Modification of aircraft instruments	$ 16,747.50
May 3, 1954	Design study of vertical take-off aircraft	212,508.57
July 7, 1954	Wing tip rocket pods	2,861,500.00
Sept. 15, 1954	Engineering evaluation, etc., of armament and ancillary installations on CF-100 Mk.4 aircraft	2,177,250.00
Mar. 29, 1955	Production of CF-105 aircraft, spares, ground handling equipment and publications	56,056,278.00*
Mar. 30, 1955	Tooling for CF-105 aircraft	29,136,350.00*
May 30, 1955	Wing tip rocket pods for CF-100 aircraft	949,522.00
Aug. 17, 1955	Design and development of CF-105 aircraft	57,723,368.00*
Mar. 29, 1956	Production of CF-100 Mk.5 aircraft	50,000,000.00
Aug. 7, 1956	Publications for CF-100 Mk.5 aircraft	42,637.75
Dec. 10, 1956	CF-100 Mk.5 aircraft spares	3,500,000.00
Feb. 19, 1957	CF-100 engineering program in support of development and evaluation of Sparrow II for CF-105 aircraft	20,000,000.00†
May 15, 1957	Wing tip rocket pods, training type	2,268,800.00
Oct. 28, 1957	Wing tip rocket pods	721,098.00
Dec. 3, 1957	Wing tip rocket pods	88,704.00
Feb. 4, 1958	Technical assistance for project "K"	10,000.00
Mar. 25, 1958	Production of CF-105 Mk.II aircraft	33,933,894.00*
July 4, 1958	Wing tip rocket pods for CF-100 aircraft	105,446.00
Sept. 18, 1958	Wing tip rocket pods for CF-100 aircraft	1,248,750.00
Dec. 4, 1958	Engineering assistants for office of assistant arrow weapon system (DND)	26,972.42*

* contracts terminated February 20, 1959.
† contracts terminated September 23, 1958.

Questions

Unclassified procurement contracts for $10,000 or more awarded to Avro Aircraft Limited (formerly The Aircraft Division of A. V. Roe Canada Limited), Toronto, Ontario, by the Department of Defence Production from August 10, 1953, to February 28, 1959

Date of Contract	Item	Value (per latest amendment)
Sept. 21, 1953	CF-100 Mk.4 aircraft systems training units	$ 1,950,000.00
Oct. 6, 1953	Lancaster airframe spares	82,490.70
Aug. 12, 1954	Repair and overhaul of CF-100 airframe spares	938,281.00
Jan. 6, 1955	CF-100 airframe spares	126,292.91
Feb. 16, 1955	Airframe spares for CF-100 Mk.4 aircraft	7,250,000.00
Mar. 3, 1955	CF-100 modification kits	403,135.89
Aug. 28, 1955	Aircraft modification kits	1,351,000.00
Aug. 31, 1955	CF-100 airframe spares	900,000.00
Aug. 31, 1955	CF-100 airframe spares	196,882.00
Dec. 21, 1955	Aircraft ground handling equipment	12,001.34
Jan. 3, 1956	Power supply for gun bomb rocket sight	56,857.90
Mar. 29, 1956	CF-100 airframe spares	2,000,000.00
Mar. 29, 1956	CF-100 airframe spares	625,000.00
Apr. 1, 1956	Repair and overhaul of CF-100 airframes	18,003,000.00
May 11, 1956	Field service representatives	310,000.00
June 18, 1956	Repair and overhaul of CF-100 airframes	1,895,000.00
July 10, 1956	Modification kits for CF-100 aircraft	1,123,000.00
Aug. 7, 1956	Airframe hardware and accessories	85,000.00
Sept. 26, 1956	Pressure switches for CF-100 aircraft	21,938.60
Dec. 6, 1956	CF-100 airframe spares and tooling	1,681,000.00
Jan. 22, 1957	Wing tip rocket pods for CF-100 aircraft	403,760.00
Jan. 23, 1957	Wing tip rocket pods for CF-100 aircraft	26,164.82
Feb. 13, 1957	CF-100 airframe spares	650,000.00
Mar. 13, 1957	Capital equipment for CF-100 and CF-105 aircraft programs	504,219.00
May 15, 1957	Aircraft publications	575,000.00
May 29, 1957	CF-100 airframe spares	70,000.00
Aug. 19, 1957	Wing tip rocket pod launchers	18,200.00
Aug. 29, 1957	Target launcher adapters	16,800.00
Nov. 29, 1957	Wing tip rocket pods	524,000.00
Jan. 3, 1958	Field service representatives	$ 25,197.50
Jan. 14, 1958	Technical publications	16,949.00
Mar. 14, 1958	Technical assistance	230,000.00
Mar. 14, 1958	Technical assistance	150,000.00
May 13, 1958	Miscellaneous aircraft spares	40,000.00
May 13, 1958	CF-100 airframe spares	250,000.00
May 21, 1958	Aircraft armament equipment	16,978.53
May 23, 1958	Spares for wing tip rocket pods	10,833.17
May 26, 1958	Field service representatives	18,732.00
May 27, 1958	CF-100 retrofit modification kits	1,000,000.00
May 27, 1958	Repair and overhaul of CF-100 and misc. airframe spares	797,000.00
June 11, 1958	Wing tip rocket pods	62,706.00
June 11, 1958	CF-100 aircraft spares	250,000.00‡
June 11, 1958	CF-100 airframe spares	563,695.00
June 11, 1958	Aircraft test equipment	15,629.90
June 18, 1958	CF-100 airframe spares	600,692.00
June 18, 1958	Repair and overhaul of CF-100 airframes and airframe components	3,650,000.00
June 23, 1958	CF-100 aircraft spares	311,601.00
June 25, 1958	CF-100 aircraft mobile repair parties	590,000.00
July 8, 1958	CF-100 aircraft accessories and components	103,000.00
July 8, 1958	Aircraft ground handling and test equipment	16,404.02
July 8, 1958	Aircraft ground handling and test equipment	11,888.49
July 15, 1958	Publications re CF-100 aircraft	450,000.00
July 21, 1958	Repair and overhaul of CF-105 airframe components	400,000.00
Aug. 7, 1958	Repair and overhaul of CF-105 airframes & components	500,000.00‡

Questions

Date of Contract	Item	Value (per latest amendment)
Aug. 15, 1958	CF-100 airframe components	$3,200,000.00
Aug. 29, 1958	Field service representatives	102,960.00
Sept. 24, 1958	Technical assistance	142,502,00
Sept. 24, 1958	Technical assistance	135,451.00
Dec. 10, 1958	CF-105 airframe components	500,000.00
Feb. 17, 1958	CF-100 airframe components	470,960.14

‡Contracts terminated February 20, 1959.

ACCIDENTS, ST. LAWRENCE SEAWAY CONSTRUCTION

Question No. 297—**Mr. Argue:**

1. Has there been more than one accident at the same place on construction sites of the St. Lawrence seaway at Beauharnois, Cote Ste. Catherine and St. Lambert, caused by the same or similar hazards, since work started on the seaway?
2. If so, who were the persons involved in each accident?
3. What steps were taken in the interval between each accident to eliminate the hazards involved at the accident location and at other locations where similar hazards existed?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The St. Lawrence seaway authority advises as follows:

1. Yes.

2. Information regarding contractors' and St. Lawrence seaway authority employees is only available in respect to accidents which resulted in grave or fatal injuries.

The following are the persons who received grave or fatal injuries in accidents caused by the same or similar hazards:

(i) G. Lippe and L. Laflamme fell into openings on the Cote Ste. Catherine lock.

(ii) W. Bedard and Howard Roach were drowned at St. Lambert. F. Belanger and J. Bilodeau were drowned at Cote Ste. Catherine.

(iii) The following persons were crushed by either a truck, tractor or bulldozer while working at St. Lambert: G. Sauvageau, P. Dumaine, R. Decarie, V. Ferracane.

(iv) Armand Leduc and G. Labonte fell from heights of over 75 feet while working at Beauharnois.

3. Remedial action was taken to protect the lock openings at Cote Ste. Catherine, St. Lambert and Beauharnois. The openings were either covered or a form of guards was placed around the openings.

ACCIDENTS, SOUTH SHORE CONSTRUCTION, ST. LAWRENCE SEAWAY

Question No. 298—**Mr. Argue:**

1. Have there been any fatal accidents at south shore construction sites of the St. Lawrence Seaway since work started on the seaway?
2. If so, what are the names of the men killed, and the site of the accident?
3. Was an inquest held in any of these cases?
4. If so, (a) in which cases? (b) on what date was each held and where? (c) what were the findings reported at the inquest in each case?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The St. Lawrence seaway authority advises as follows:

1. Yes.

2. W. Bedard, St. Lambert; V. Ferracane, St. Lambert; G. Sauvageau, St. Lambert; R. Decarie, St. Lambert; P. Dumaine, St. Lambert; K. Wallace, St. Lambert; H. Roach, St. Lambert; F. Belanger, Cote Ste. Catherine; F. Tremblay, Cote Ste. Catherine; R. Gourioux, Cote Ste. Catherine; J. Bilodeau, Cote Ste. Catherine; G. Hemlock (child), Cote Ste. Catherine; G. Lippe, Cote Ste. Catharine; A. Leduc, Beauharnois; G. Labonte, Beauharnois; Y. Ethier, Missing in lake St. Louis.

3. Yes.

4.

Questions

Cases	Date and Location	Findings
W. Bedard	Sept. 23/55 Montreal	Accidental drowning
V. Ferracane	Sept. 29/55 Montreal	Accidental death crushed by bulldozer
G. Sauvageau	June 6/56 Montreal	Accidental death crushed by tractor
F. Belanger	July 11/56 Montreal	Accidental death by drowning
R. Decarie	October 24/56 Montreal	Accidental death crushed by truck
F. Tremblay	December 15/56 Montreal	Accidental death crushed by truck
P. Dumaine	May 18/57 Montreal	Accidental death crushed by truck
R. Gourioux	August 29/57 Montreal	Accidental death by electrocution
A. Leduc	August 13/57 Beauharnois	Accidental death by falling 75 ft.
J. Bilodeau	October 29/57 Montreal	Accidental death by drowning
K. Wallace	August 1/58 Montreal	Accidental death by falling 75 ft.
G. Hemlock	September 8/58 Montreal	Accidental death by falling 100 ft.
G. Labonte	February 6/59 Valleyfield	Accidental death by falling 80 ft.
H. Roach	February 1/57 Montreal	Accidental death by drowning
G. Lippe	October 3/58 Montreal	Accidental death by falling in opening in locks

---

AMBULANCE SERVICE, SOUTH SHORE, ST. LAWRENCE SEAWAY

Question No. 301—**Mr. Argue:**

1. Were specific arrangements ever made since the start of work on the St. Lawrence seaway for ambulance service at south shore locations in case of serious accidents?

2. If so, what was the nature of the arrangements, and on what dates were they made?

3. Were ambulance services required at any time since the start of work on the seaway as a result of accidents at the south shore location?

4. If so, (a) what was the date on which each such service was requested? (b) at what specific site was each ambulance required? (c) what was the nature of the accident and the name of the man injured, and the extent of injuries? (d) from what place did the ambulance have to come to reach the site and how many miles? (e) what length of time elapsed between the occurrence of the accident, the time the ambulance was ordered, and the time it actually arrived at the scene of the accident?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The St. Lawrence seaway authority advises as follows:—

1. No.

2. Answered by 1.

3. Yes.

4. Information is only available in respect to accidents which involved authority employees as follows:—

(i) (a) 6th August 1956 (b) St. Lambert (c) fall—T. Parks—fracture of left leg and left elbow and a back injury (d) Montreal—7.5 miles (e) The ambulance arrived at the scene approximately one half hour from the time of the accidents.

(ii) (a) 8th July 1958 (b) St. Lambert (c) explosion — M. Arsenault — second degree burns (d) Montreal South—3 miles (e) The ambulance arrived at the scene approximately one half hour after the accident occurred.

(iii) (a) 18th August 1958 (b) Cote Ste. Catherine (c) fall—L. Laflamme—back injury, broken leg and lacerations (d) Montreal—21 miles (e) The ambulance arrived at the scene approximately one hour after the accident occurred.

(iv) (a) 3rd October 1958 (b) Cote Ste. Catherine (c) death—G. Lippe (d) unknown (e) The ambulance arrived one hour and ten minutes after the time of the accident.

(v) (a) 1st November 1958 (b) Beauharnois (c) fall—R. MacLean—fractured pelvis (d) Beauharnois—2 miles (e) The ambulance arrived at the scene approximately 15 minutes after the time of the accident.

INJURIES AND FATALITIES, ST. LAWRENCE SEAWAY

Question No. 302—**Mr. Argue:**

1. Have any men employed on construction work on the St. Lawrence seaway been injured or killed by falls into unprotected openings at Beauharnois, Cote Ste. Catherine and St. Lambert since work started on the seaway?

2. If so: (a) what was the name of each man? (b) what position did he hold? (c) at what place did the accident happen and on what date? (d) what was the nature of the hazard which caused the accident? (e) what was the extent of each man's injuries? (f) which men have returned to work? (g) which men are still incapacitated and what medical treatment are they receiving? (h) which men are receiving workmen's compensation, and what is the amount awarded to each? (i) how long will it be before each of these men will be able to resume work?

3. Are any of the men involved in any of these accidents so badly injured that it is expected they will be unable to work again?

4. If so, which of the men are so affected?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The St. Lawrence seaway authority advises as follows:

Questions

1. Yes.

2. (a) Lippe, G. (b) electrician foreman (c) Cote Ste. Catherine lock, October 3, 1958 (d) hatch opening in top lock wall (e) death (f) (g) (h) (i) answered by (e).

(a) Laflamme, L. (b) instrument man (c) Cote Ste. Catherine lock August 18, 1958 (d) hatch opening in top lock wall (e) has not returned to work (g) still incapacitated (h) full salary paid to January 31, 1959. Workman's compensation payments are 75 per cent of salary from that time. (i) Unknown. Not stated by attending physician.

3. No medical opinion available.

4. Answered by 3.

IMMIGRATION STATISTICS, 1949-59

Question No. 331—**Mr. Denis:**

1. How many immigrants entered Canada, and from what countries, during each of the last ten years?

2. How many, by countries, during each of these years?

Answer by: **Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration):**

1 and 2. See table.

COUNTRY OF LAST PERMANENT RESIDENCE OF IMMIGRANTS

CALENDAR YEARS 1949 TO 1958

	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	Total
Albania	51	24	45	11	2	—	1	1	—	—	135
Algeria	(1)								483	132	615
Arabia, Saudi	—	—	2	—	4	3	2	5	4	12	32
Australia	354	352	465	761	1,013	1,365	1,400	1,578	2,772	1,898	11,958
Austria	775	619	4,315	3,878	6,842	5,967	2,871	4,330	5,714	4,544	39,855
Belgium	863	956	5,783	2,848	2,286	2,177	1,751	3,080	3,909	1,776	25,429
Bermuda	44	52	54	64	65	66	78	118	157	68	766
Bulgaria	83	86	325	47	7	5	6	12	23	10	604
Ceylon	(3)					3	28	65	12	39	147
China	855	1,814	2,994	2,678	1,901	1,754	1,918	1,516	856	894	17,189
Czechoslovakia	2,815	1,698	3,385	514	27	16	30	30	20	42	8,577
Denmark	884	932	4,737	2,004	1,519	1,395	1,339	3,573	7,683	1,746	25,812
Egypt	(2)						68	194	421	116	799
Estonia	2,484	1,630	3,871	397	19	11	6	5	4	4	8,431
Finland	182	445	3,877	2,199	1,179	632	581	1,031	2,684	1,177	13,987
France	1,163	1,399	8,279	5,395	4,045	3,672	2,869	3,809	5,869	2,727	39,227
Germany	2,941	3,815	29,196	25,716	34,193	28,479	17,630	26,061	28,430	13,888	210,349
Greece	680	815	2,745	1,521	1,954	2,819	2,856	4,986	5,460	5,190	29,026
Hong Kong	182	117	99	89	167	283	710	615	866	1,752	4,880
Hungary	2,006	1,777	4,129	722	56	42	187	4,010	31,643	2,362	46,934
Iceland	8	17	33	42	52	29	27	40	59	54	361
India	113	97	120	226	169	208	224	254	186	325	1,922
Iran	(2)							2	16	5	23
Ireland (Republic)	927	452	640	947	2,121	2,059	1,038	2,229	5,358	1,226	16,997
Israel	67	147	901	2,616	1,927	374	233	309	482	531	7,587
Italy	7,728	8,993	23,426	20,651	23,704	23,780	19,139	27,939	27,740	27,043	210,143
Japan	18	14	15	25	81	91	120	155	223	199	941
Latvia	2,711	1,629	2,300	702	15	5	2	2	11	—	7,377
Lebanon	(2)						335	454	401	312	1,502
Lithuania	2,077	900	1,097	367	7	2	4	4	6	1	4,465
Luxemburg	(2)						61	245	205	56	567
Malta	251	856	1,595	671	724	892	336	363	586	447	6,721
Mexico	42	16	43	115	125	92	78	71	124	104	810
Morocco	(1)								920	414	1,334
Netherlands, The	6,828	7,169	19,266	21,068	20,341	16,182	6,759	7,792	11,934	7,420	124,759
New Zealand	232	201	203	196	255	344	300	346	573	446	3,096
Norway	355	234	920	1,205	925	1,040	714	839	1,340	482	8,054
Pakistan	(3)					67	50	50	83	62	312
Poland	20,091	9,747	14,245	3,358	136	45	113	186	690	2,292	50,903
Portugal	16	16	18	57	238	546	1,136	1,697	4,423	1,938	10,085
Rhodesia and Nyasaland	(2)								139	103	242
Roumania	1,344	1,034	1,842	347	24	3	21	53	49	53	4,770
St. Pierre and Miquelon	31	16	20	44	14	12	37	9	24	31	238
Spain	14	20	426	80	51	69	116	214	613	318	1,921

Sweden	742	589	1,839	884	982	627	464	605	1,093	442	8,267
Switzerland	403	533	1,388	1,706	1,120	1,235	879	1,514	1,800	1,024	11,602
Syria	106	90	245	256	183	98	23	13	18	11	1,043
Tunisia (1)									109	123	232
Turkey	6	13	41	56	27	19	17	40	129	227	575
United Kingdom	20,780	12,695	31,652	45,255	46,789	43,381	29,382	50,390	108,989	24,777	414,090
England	14,414	9,077	21,155	31,776	31,929	29,618	21,813	36,422	79,811	18,011	294,026
Ireland, Northern	1,058	626	1,154	2,671	4,253	2,889	1,397	2,967	4,988	1,140	23,143
Scotland	4,926	2,802	8,885	10,025	9,683	9,919	5,472	10,055	22,180	5,060	89,007
Wales	339	164	365	588	707	694	546	802	1,724	456	6,385
Lesser British Isles	43	26	93	195	217	261	154	144	286	110	1,529
Union of South Africa (2)									464	367	831
U.S.S.R.	2,306	1,308	2,884	483	3	6	4	14	19	18	7,045
United States	7,756	7,821	7,755	9,333	9,407	10,131	10,395	9,777	11,008	10,846	94,229
Yugoslavia	2,110	1,489	4,908	1,617	472	447	367	453	1,048	984	13,895
Africa, Br. n.e.s.	150	128	162	460	685	636	410	461	80	70	3,242
Africa, not Br. n.e.s.	82	85	151	238	217	119	70	424	354	30	1,770
Asia, n.e.s.	10	—	3	98	113	175	64	65	97	81	706
Central America	23	25	42	36	36	14	31	21	24	24	276
Europe, n.e.s.	38	40	100	85	41	111	5	5	9	7	441
South America	474	498	875	1,266	1,327	1,133	1,654	1,354	2,376	2,168	13,125
West Indies, Br. n.e.s.	404	364	661	710	896	849	793	1,058	1,162	1,192	8,089
West Indies, not Br. n.e.s.	59	83	141	141	109	83	85	69	95	100	965
Other Countries, Br.	526	18	42	101	47	57	46	283	53	65	1,238
Other Countries, not Br.	27	43	87	212	215	574	83	39	41	55	1,376
Born at Sea	—	1	4	—	2	3	—	—	1	1	12
TOTAL	95,217	73,912	194,391	164,498	168,868	154,227	109,946	164,857	282,164	124,851	1,532,931

(1) Before 1957 Algeria, Morocco, Tunisia were included with "Africa not British".

(2) Before 1955 Egypt was included with "Africa not British"; Iran with "Asia"; Rhodesia and Nyasaland, Union of South Africa with "Africa British"; Lebanon with "Syria"; Luxemburg with "Europe not British".

(3) Before 1954 Ceylon was included with "Other Countries British"; Pakistan with "India".

Questions

JEAN GABUS

Question No. 347—**Mr. Argue:**

1. For what purpose was Mr. Jean Gabus employed by the Department of Northern Affairs and National Resources between March 25, 1958 and March 24, 1959?

2. Has Mr. Gabus yet submitted a final report on his recommendations?

3. If so, on what date was this submitted and to whom was it presented?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. See report tabled in response to motion No. 71.

2. No.

3. Not applicable.

HOUSE OF COMMONS

Thursday, April 23, 1959

The house met at 2.30 p.m.

HOUSE OF COMMONS

CONGRATULATIONS TO LEADER OF THE OPPOSITION ON ANNIVERSARY OF BIRTHDAY

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, while roses are usually associated with St. George's day, I rise, I hope with the unanimous consent of the house, to express to the Leader of the Opposition the warmest of felicitations coupled with the hope that health and happiness will be his during the years ahead.

(Translation):

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I trust hon. members will allow me to associate myself with the right hon. Prime Minister (Mr. Diefenbaker) in extending to the Leader of the Opposition (Mr. Pearson) not only our congratulations but our best wishes on his birthday. On behalf of the members of this party—and I am sure all hon. members will want to join with me in doing so—I should like to wish him good health and many happy returns of the day. May I also express the hope that the youthful look that always seems to light up his face, will remain with him for a long time to come. I also add the usual wish: *Ad multos annos.*

(Text):

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we in the C.C.F. are very happy to make the appropriate words of the Prime Minister and the hon. member for Laurier the unanimous expression of our best wishes to the Leader of the Opposition at this time.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am touched and very grateful to the Prime Minister, the leader of the C.C.F. party and my friend and colleague the member for Laurier, for their kind good wishes on this occasion. It is another evidence, Mr. Speaker, of the fact that personal friendships transcend party differences in this house. I am conscious of the fact—if I were not the Prime Minister reminded me—that this is also St. George's day, and I am also aware of the fact that St. George in his time killed the dragon.

Of course, Mr. Speaker, these anniversaries have their gloomy significance. This one reminds me that I am now only three years away from the normal date of retirement on pension. If I were inclined, however, to get too gloomy over this reminiscence I am encouraged by the fact that the Prime Minister is even closer to that date.

AGRICULTURE

DAIRY PRODUCTS—STATEMENT ON PRICE STABILIZATION PROGRAM

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I should like to make a statement on the price stabilization program for dairy products for the coming year.

A relatively small surplus in the production of milk in Canada has been going chiefly into the manufacture of skim milk powder. The result has been that a very considerable amount has accumulated in the hands of the stabilization board. During the last calendar year, 1958, production of this product totalled approximately 187 million pounds, of which 103.3 million pounds was surplus to domestic requirements and purchased by the stabilization board. Present board holdings approximate 62 million pounds. The useful life of skim milk powder is limited; thus it is a product which cannot be stored and held indefinitely.

There have been only two means of disposal open to us during the past year, sale as feed and turning over as gifts to international relief agencies. From time to time we sold as feed our older powder as it became apparent that if we did not do so the powder would soon deteriorate and become unusable. The disposal of surplus dry skim milk powder has created very serious problems, particularly in international trade. We offered 30 million pounds of this powder as gifts to international relief agencies in January of 1958. To date only 18.8 million pounds of this have been taken.

In view of the impossibility of selling any considerable quantities of skim milk powder on foreign markets and of the limited amount which can be disposed of as gifts, it is apparent that our production of skim milk powder must be reduced. The support program for dairy products for the dairy year commencing May 1 has been designed to cut down production of skim milk powder and increase production and consumption of cheese and the production of other dairy products such as casein.

The agriculture stabilization board has been authorized to support dairy products

for the 12-month period commencing May 1, 1959, on the following basis:

The support price on butter will continue at 64 cents per pound Canada first grade basis delivery Montreal and Toronto.

The support price on cheese will be 32 cents per pound first grade f.o.b. warehouse in Ontario, 31½ cents per pound delivered Montreal for Quebec cheese. In addition, cheese producers will receive a payment of 25 cents per 100 pounds of milk delivered for the manufacture of cheese on the same basis as other milk delivered for manufacturing purposes. The support price, plus 25 cents per 100 pounds for milk, will provide an effective support price for cheese of 34.8 cents, that is, eight-tenths of a cent higher than the present support price.

The support price on skim milk powder will be reduced from 15 cents per pound to 10 cents per pound for the period May 1 to September 30, after which date the support price for powder will be discontinued. In lieu of the reduction in the support price for powder the stabilization board will make a payment to producers of 25 cents per 100 pounds of milk for all milk delivered for manufacturing purposes, with the exception that no payments will be made to producers who sell a portion of their milk within the fluid milk market. The net result will be to reduce producers' returns by approximately 15 cents per 100 pounds on milk used for manufacturing purposes.

Price support on skim milk powder is being continued for the five-month period to the end of September to provide the dairy industry with a period of readjustment so the diversion of milk now used for the manufacture of powder to the production of cheese, casein and other manufactured dairy products may go forward without serious dislocation in the dairy industry and loss to individual producers.

The total effect of the change in the dairy price support program will be:

1. The farmer who delivers cream for butter only will get the same return as last year.

2. The farmer who delivers milk for cheese-making will receive a small increase in his return.

3. The farmer who delivers milk for manufacturing into products other than cheese will receive a small decrease, about 15 cents per 100 pounds less than in 1958.

4. The farmer who delivers to the fluid milk market and who has been receiving a price in some cases of up to $5 per 100 pounds for this milk, will not be paid any subsidy for the milk which he diverts into manufacturing. Thus the returns to the dairy farmers who have been delivering to different types of markets will be brought closer together than they have been in the past.

5. The Canadian consumer of cheese and dry skim milk will be able to secure these products at reduced prices.

Hon. Paul Martin (Essex East): Mr. Speaker, the Minister of Agriculture will have an opportunity, I presume, when his estimates come before the committee very shortly, to amplify this statement; likewise those of us on this side will have an opportunity to make comment in greater detail than I now propose to do. But it is noteworthy that the announcement of the minister today does not fully meet the representations made, for instance, by the Ontario milk producers' co-ordinating board and other farm organizations, such as the dairy farmers of Canada and the Canadian Federation of Agriculture, who made representations with regard to this matter during the course of the last few months.

At that time these organizations asked for a support price of not less than 64 cents per pound for butter; a support price of 15 cents a pound for spray processed milk powder; a support price for roller processed milk powder of 13 cents per pound, and a floor price of 35 cents per pound for No. 1 cheddar cheese.

To the extent that the government has increased some support prices to meet the request of the milk producers of Ontario, a possible Ontario election undoubtedly has served to supplement the representations made by the dairy farmers.

Mr. Hazen Argue (Assiniboia): The government announcement this afternoon shows that it has no effective method of dealing with surplus agricultural products other than to cut prices. I think the Minister of Agriculture will find out that merely reducing prices for farm products is not going to move the growing surpluses of many agricultural products into the market. There is a disturbing trend in the government's whole policy, and this announcement has further underlined it, to cut prices rather than implement well known election promises to provide support prices based on parity.

We do not feel that this proposal will meet the representations that have been made by the milk producers' association. We feel that the government support prices in general should not be reduced, and that effective steps should be taken to move these products into markets both at home and abroad.

[*Later:*]

DISTRIBUTION OF STATEMENT ON DAIRY SUPPORT PRICES

On the orders of the day:

Mr. Gabriel Roberge (Megantic): Mr. Speaker, I would like to ask a question of the Minister of Agriculture. In view of the statement he just made to the house with regard to support prices, does the minister think it proper, or is it possible, for him to have copies of this statement distributed to all members of this house before his estimates come up this afternoon for study?

Hon. D. S. Harkness (Minister of Agriculture): I made the statement, Mr. Speaker, and I should have thought hon. members would be able to take down any figures they wanted in connection with it. I certainly have not taken steps to have this reproduced so I could give a statement to every member of the house, particularly as the statement will appear in *Hansard*. I do not think there is any necessity for this.

Hon. Paul Martin (Essex East): A supplementary question. Does the minister not think, in view of the fact that he will be dealing with his estimates today, and as this is a matter of great importance, that he ought to furnish the members of this house with as many copies as he has available? If not, we will have them run off by the national Liberal federation.

[*Later:*]

Mr. Roberge: Mr. Speaker, I wish to direct a question to the Minister of Agriculture arising out of previous questions put to him. Do we understand from what the minister said that his estimates are not going through this afternoon?

Mr. Speaker: Order. I think the hon. member is rather seeking to enter into a controversy over this subject instead of seeking information.

Mr. Martin (Essex East): No, Mr. Speaker. Hon. gentlemen opposite, I know, wish to accommodate the opposition just as the previous administration accommodated them. The question raised by the hon. member for Megantic is a legitimate one. I ask the Minister of Agriculture if he will not—

Some hon. Members: Order.

Mr. Speaker: If the hon. member for Essex East is dealing with the question of the hon. member for Megantic as a point of order I will hear him on that, but if he wants to ask a question himself it is a different matter.

Mr. Martin (Essex East): I submit with great respect, Mr. Speaker, that the hon. member was not looking for an argument when he asked an important question as an hon. member of this house. We are about to have the agricultural estimates before us. The announcement made by the Minister of Agriculture today deals with an important aspect of agricultural policy. Hon. members who did not have any notice of this statement cannot be expected to appreciate all of its implications. We are simply asking the minister if he will not accommodate us by letting us have available copies so that today when these estimates are before us, and not tomorrow, we might be prepared to examine very carefully his statements on price supports as they affect dairy products.

Mr. Speaker: If that is the question I have no objection to it being asked. We have been over the ground before.

Mr. Harkness: Mr. Speaker, I might say that immediately upon the request being made I sent a note to my private secretary asking him to send two copies to the Liberal party and one to the C.C.F. party, if available, or more copies if they could be obtained.

Mr. Martin (Essex East): Thank you very much.

[*Later:*]

Mr. Harkness: Mr. Speaker, with reference to the request a few minutes ago for copies of the statement on dairy products, may I say that I think members of the opposition have six or seven copies now, and here are about 20 more which I will put on the clerk's table.

Mr. Martin (Essex East): I want to thank the minister but the national Liberal federation has already reproduced it.

NATIONAL ENERGY BOARD

PROVISION FOR ESTABLISHMENT AND OPERATION, APPOINTMENT OF MEMBERS, ETC.

Hon. Gordon Churchill (Minister of Trade and Commerce) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to provide for the establishment and operation of a national energy board and the appointment of its members and staff, to define its duties, to authorize it to exercise certain powers and to provide for other related and incidental matters.

Motion agreed to.

Inquiries of the Ministry

DEFENCE SERVICES PENSION ACT

AMENDMENT TO REVISE AND CONSOLIDATE CERTAIN PROVISIONS

Hon. G. R. Pearkes (Minister of National Defence) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to provide for the revision and consolidation of certain of the pension provisions of the Defence Services Pension Act, for the payment out of the consolidated revenue fund of superannuation and other benefits to members of the Canadian forces and their dependants and for matters incidental thereto, and to provide further for certain administrative changes in connection therewith.

Motion agreed to.

ROYAL CANADIAN MOUNTED POLICE ACT

AMENDMENT TO REVISE AND CONSOLIDATE CERTAIN PENSION PROVISIONS, ETC.

Hon. E. D. Fulton (Minister of Justice) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to provide for the revision and consolidation of certain of the pension provisions of the Royal Canadian Mounted Police Act, for the payment out of the consolidated revenue fund of superannuation and other benefits to members of the Royal Canadian Mounted Police and their dependants and for matters incidental thereto, and to provide further for certain administrative changes in connection therewith.

Motion agreed to.

EXTERNAL AFFAIRS

INVITATION TO CUBAN PRIME MINISTER TO VISIT OTTAWA

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Prime Minister whether the government has invited the Prime Minister of Cuba, Dr. Fidel Castro, to come to Ottawa during his visit to Montreal and Toronto, which according to press reports he is to make next week?

Right Hon. J. G. Diefenbaker (Prime Minister): Dr. Castro found it necessary to return to Havana earlier than had been anticipated. His visit to Montreal will therefore be greatly curtailed, and the arrangements for Ottawa and Toronto will be entirely cancelled.

The Prime Minister of Cuba offered to come to Ottawa to meet with me on Sunday, April 26, but unfortunately it was impossible for me to find a mutually convenient time. He was informed yesterday that it was hoped that it would be possible for him to come to Ottawa at some time in the future for a visit in respect of which plans could be made in advance and which would permit a full discussion on matters of interest to Cuba and Canada.

I am informed that Dr. Castro has acknowledged the invitation and that he looks forward to an opportunity to come to Canada at some date in the future.

WEST BERLIN—STATEMENT ON HIGH ALTITUDE FLIGHTS BY U.S. AIR FORCE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, yesterday the Leader of the Opposition asked me the following question:

May I ask the Prime Minister if in view of the fact that Canada as a member of NATO is now sharing responsibility for the defence of West Berlin, Canada was consulted by the United States government before the decision was taken in Washington to use the Berlin air corridor above the ceiling of 10,000 feet?

The first of these flights took place on March 27. The second, on April 4, resulted from the necessity of the aircraft to go higher to avoid bad weather. The third was on April 15. In so far as the first flight was concerned, there was no knowledge by Canada in advance. In so far as the flight on April 15 was concerned, we were advised a few hours in advance.

WATER RESOURCES

CHICAGO DIVERSION—MEETING BETWEEN PRIME MINISTER AND MEMBERS OF U.S. CONGRESS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Prime Minister. Will the Prime Minister be good enough to tell the house whether he received Senator Paul Douglas of Illinois this morning in order to discuss with him the question of the diversion of water from the great lakes basin into the Chicago drainage canal; and would the Prime Minister say, if he met the senator, what was the result of the interview?

Right Hon. J. G. Diefenbaker (Prime Minister): The hon. member for Essex West also intended to ask this question. Some few days ago the United States ambassador suggested that it might be possible for me to meet with United States Senator Douglas and Congressman Yates, one a member of the Senate from Illinois and the other a member of the House of Representatives, from the same state. They were here this morning and I met with them, though they were not here in any sense as an official delegation, because the suggestion had been made

that the meeting might provide an opportunity for them to place before the government the views which they hold respecting the bill which would provide for an additional diversion of water from lake Michigan at Chicago.

I listened to the expression of their views and we had a very interesting talk together, but I may say without any equivocation that I was unable to offer them any hope that as a result of the expression of their views the known opposition of the government of Canada to the bill would in any way be diminished.

That is clear enough, I think, to make it understandable to all that while I was very happy to meet with these gentlemen, their views did not alter the views expressed in the message to the acting secretary of state of the United States, sent by this government on April 9.

GRAIN

WHEAT—INQUIRY AS TO FINAL PAYMENT ON 1957-58 CROP

On the orders of the day:

Mr. Albert Horner (The Battlefords): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce. Is the minister now in a position to advise this house when the final payment will be made on the 1957-58 wheat crop?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I find that our members from Saskatchewan, Alberta and Manitoba are very keenly interested in this problem and continually ask me questions about it. I am pleased to answer this one in the house. I have talked to the Canadian wheat board with regard to this matter and have been advised that the 1957-58 wheat pool account will be closed during the course of the next few weeks, and the house will be advised immediately the pool is closed and of the amount of the final payment.

NATIONAL DEFENCE

RUSSIA—INQUIRY AS TO PRODUCTION OF LONG RANGE JET BOMBER

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, may I direct a question to the Minister of National Defence. Does the Soviet union have a long range jet bomber known by the code name "Bounder"?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I have seen press reports referring to an aircraft supposed to be under development in the U.S.S.R. and going by that code name.

Mr. Hellyer: A supplementary question, Mr. Speaker. Does the minister believe from the most recent intelligence reports that this airplane is actually under manufacture at the present time by the Soviet union?

Mr. Pearkes: Mr. Speaker, surely the hon. member is not so naive as to expect me to confirm or deny such a press report from intelligence reports received by the Department of National Defence.

Mr. Hellyer: Mr. Speaker, perhaps a further supplementary question. Does the minister credit the statements of high ranking officers of the United States air force, who say there is such an aircraft and that it is in fact under production at present?

Mr. Pearkes: I have no further comment to make.

REPORTED STATEMENT OF U.S. AIR FORCE GENERAL

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, may I direct another question to the Minister of National Defence, notice of which I have given him. Will the minister comment on an article which appeared in last night's Ottawa *Citizen* reporting United States air force General Curtis E. LeMay as stating that the U.S.A.F. is clinging to manned bombers and fighters for a common sense reason because, and I quote, "Our ballistic missiles have not yet demonstrated the type of reliability or accuracy which is required to ensure the most effective use of the relatively small yield warheads which they carry"?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I have seen the article to which reference was made, which alleged that certain statements were made by the United States air force officer, General Curtis E. LeMay. I do not think it would be at all appropriate for me to make any comment on an alleged statement made outside this country by an officer of a foreign service concerning equipment which is maintained as part of the weapon inventory of that country.

Mr. Hellyer: A supplementary question. In view of the fact that our defence policy, as announced by the Prime Minister, is now so closely integrated with that of the United States, will the minister get a copy of General LeMay's speech and peruse it before his estimates are brought before the house in order that we may be able to discuss the relative implications of the statement?

Mr. Pearkes: Mr. Speaker, Canada has no bombers, and while I may be shown a copy of the speech, or may be able to obtain a copy, I have no intention of making comments, as I said before, on a speech made

by a United States officer regarding equipment of the United States air force.

AVRO ARROW MARK II—REQUEST FOR TEST FLIGHT

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Will the minister arrange that the Avro Arrow mark II be test-flown in order to allow it, should its tests prove out as anticipated, to capture for Canada the world speed title?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I am sorry to have been so unhelpful to the hon. member today, but the disposition of the Avro Arrows was announced by the Minister of Defence Production yesterday and there are no mark II Avro Arrows in the first five which remain intact. I am afraid I cannot consent to the request.

FINANCE

INQUIRY AS TO TREASURY BILL AND BANK INTEREST RATES

On the orders of the day:

Mr. W. H. McMillan (Welland): Mr. Speaker, I would like to direct a question to the Minister of Finance. Is it true that the new treasury bill rate is now 4.72 per cent, and that the bank rate has reached another unprecedented record high of close to 5 per cent?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I have not the precise figure for this week's rates, but I would say that the movement in the rate on treasury bills lately has been attributable directly to the tremendous demands for commercial loans which are being made at this time on the chartered banks, reflecting the very great expansion in the economy of this country which is under way at present.

INQUIRY AS TO MEETING TO INDUCE MORTGAGE LENDING

On the orders of the day:

Mr. W. H. McMillan (Welland): Mr. Speaker, I should like to direct a further question to the Minister of Finance. Has a meeting been held or been called by the Department of Finance or the Bank of Canada calling in the life insurance companies and other financial institutions to urge them—and I hope "urge" is the right word—to buy more government securities and make more mortgage money available?

[Mr. Pearkes.]

Mr. Fleming (Eglinton): Mr. Speaker, I know of no such meeting of the insurance companies. My colleague the Minister of Public Works answered a similar question a couple of days ago as it applied to loans for housing purposes under the National Housing Act.

SMALL BUSINESSMEN—INQUIRY RESPECTING PROTESTS AGAINST HIGH INTEREST RATES

On the orders of the day:

Mr. W. H. McMillan (Welland): Mr. Speaker, I should like to direct a question to the Minister without Portfolio from Toronto. In the light of his statements in this house on March 19, 1957, I should like to ask him whether he has received any protests from small businessmen or anyone else complaining about the high interest rates prevailing in our country.

Mr. Speaker: Order. This question is in the order of the question which was dealt with yesterday, and which was asked of the Minister without Portfolio from Newfoundland. It would seem to me it could be more correctly directed to the Minister of Finance, whose responsibility it is.

Hon. E. D. Fulton (Minister of Justice): On the point of order, I am sure Your Honour will also have noted that the question, in the terms in which it was asked, was based on a statement alleged to have been made by the Minister without Portfolio in March of 1957. It does seem to me that hon. members opposite are getting pretty far away from the rule of urgency with respect to the asking of questions. I can understand that their memories may go back to 1957, but several changes have taken place since that time.

Mr. Speaker: I have already ruled the question out of order.

ST. LAWRENCE SEAWAY

SUGGESTED CONTROL OF SHIPS BY NATIONAL HARBOURS BOARD

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Transport. In view of the congestion as well as the confusion which is likely to arise with ships entering the seaway because some are under the control of the Montreal harbour and others are under the control of the St. Lawrence seaway authority, is the minister giving consideration to placing the whole of the harbour of Montreal, including the south shore, under the jurisdiction of the

national harbours board so that all ships using the seaway will be under the control of one body?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to thank the hon. member for sending me notice of his intention to ask this question. I have been in constant touch with the St. Lawrence seaway authority and the harbours board regarding preparation for the opening of navigation on Saturday in the Montreal area. I am glad to assure the hon. member that both the harbours board and the seaway authority are working very closely together, in complete co-operation. We do not believe there is any need for the move the hon. member has suggested.

Mr. Chevrier: May I ask a supplementary question, Mr. Speaker. My question was not directed so much to the opening of the seaway which is to take place on Saturday. My question was directed at future operations. I wondered whether the minister was not giving consideration to taking the south shore under the jurisdiction of the harbours board.

Mr. Hees: No, Mr. Speaker, we do not see any need for such a move.

SHIPPING

GREAT LAKES—INQUIRY AS TO PILOTAGE ARRANGEMENTS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the minister if in relation to the seaway opening and the difficulties experienced last year between the seaway authority and the great lakes pilots association in Canada an agreement with the United States has been reached and confirmed in the interim period.

Hon. George H. Hees (Minister of Transport): Although the hon. member did not send me notice of his intention to ask this question, Mr. Speaker, I anticipated that such a question might be asked and I am pleased to give an answer.

It had earlier been my hope that the amendments to the Canada Shipping Act would have been approved by parliament prior to the opening of navigation on the great lakes, and that a full scale system of pilotage in Canadian waters could have been established in accordance with the provisions of the legislation.

However, as soon as it became apparent that the legislation would not be in effect at the beginning of the navigation season, we took emergency steps to try and establish a pilotage system which could at least operate on a voluntary basis, so that pilots would be available to those ships which wished to use them.

We have been carrying out an emergency program of recruiting a number of great lakes pilots as federal employees for this purpose and arranging for a dispatch system, also to operate on a voluntary basis. Our primary objective at this time is to try and have in operation by next week a voluntary scheme of this sort which will take care of pilotage requirements in the most difficult area involved, namely from the beginning of the Welland canal at Port Weller, through that canal to lake Erie and onward, through the Detroit and St. Clair rivers to the beginning of lake Huron.

Mr. Fisher: A supplementary question, Mr. Speaker. Could the minister give any indication as to the relative numbers taken on from the two pilotage groups that have been in conflict, the great lakes and the Port Weller-Sarnia pilots?

Mr. Hees: No, I do not have those figures.

POST OFFICE DEPARTMENT

ROYAL VISIT COMMEMORATIVE STAMP—SELECTION OF ARTIST

On the orders of the day:

Mr. Azellus Denis (St. Denis): Mr. Speaker, may I direct a question to the Postmaster General. Did the Postmaster General give consideration to the selection of a Canadian to do the design for the stamp to commemorate Her Majesty's visit to Canada? If so, what prevented such a selection?

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, there are only a comparatively few portraits of the Queen which have been approved by the palace for publication or use in such a way as on a stamp. The selection was made of the Annigoni portrait, which is the one which appears on the commemorative stamp to be issued in June commemorating Her Majesty's visit, because it was one of the few available, and was then and now considered an extremely fine representation of the Queen.

Mr. Denis: A supplementary question, Mr. Speaker. The Postmaster General said there were only a few portraits of Her Majesty available for this purpose. How many portraits are required to produce one stamp?

Mr. Hamilton (Notre Dame de Grace): Perhaps it might be well, Mr. Speaker, if the hon. member sought out my predecessor on this point, because it was under the Liberal administration that this portrait was chosen and the plate prepared.

Mr. Pearson: The portrait was painted only two years ago. You will have to correct that answer tomorrow.

REPENTIGNY, QUE.—STATEMENT ON REPORTED THEFT

On the orders of the day:

Mr. Azellus Denis (St. Denis): Mr. Speaker, I should like to direct a question to the Postmaster General. A few weeks ago I asked him if a burglar alarm was installed in the post office at Repentigny where a theft occurred, and he told me that he would get the information and give it to the house. As a few weeks have passed I hope he now has the information. Second, I also asked the Postmaster General if he intended to have the Royal Canadian Mounted Police inquire into the theft. He could not answer at that time, but I suppose he now has an answer to give to the house.

Hon. W. M. Hamilton (Postmaster General): I am sorry for the delay. I brought the answer with me into the house on two or three succeeding days, but I missed the hon. member in his seat and it slipped my mind. The post office, which by the way is not at Repentigny but at Le Gardeur, is a small one with a total revenue over the entire year of perhaps $1,500. It is located in a private building for which the proprietor is responsible, and under these circumstances we do not instal burglar alarms.

I might say that when the robbery took place the people who operate the post office were in the building, came downstairs and disturbed the thieves at their work, which rather proves that a burglar alarm would have served no useful purpose, with the possible exception that it might have saved the husband of the postmistress from being knocked over the head. There were two thieves at work and when he entered the room he was attracted by one of them escaping through a window. He attempted to stop him and was hit over the head by the other. Both men escaped.

Under the circumstances, and in view of the fact that the Quebec provincial police accept responsibility in such cases, the Royal Canadian Mounted Police have not been called in.

Mr. Denis: On a question of privilege, the Postmaster General has been good enough to give me an answer but at the same time he insinuated that he tried to reach me in the house and I was not here. May I add that I miss the Postmaster General more often than he misses me.

Mr. Speaker: Order. It may be a matter of privilege but it is a relatively minor one, almost as minor as the question and answer with which we have just been spending time.

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

A.V. ROE COMPANY

REPORTED EMPLOYMENT OF FORMER SCIENTIFIC PERSONNEL IN U.S.

On the orders of the day:

Mr. W. H. McMillan (Welland): Mr. Speaker, I should like to direct a question to the Minister of Defence Production. According to today's *Globe and Mail* 25 Canadian scientists, all formerly with the A.V. Roe Company in Toronto on the Avro project, have been assigned to the Mercury man in space project at Langley Field, Virginia. My question is, are these scientists proceeding there at any expense to the government of Canada?

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, in reply to the hon. member's question, I have not seen this article and I will have to check on it. We are keeping a nucleus of engineers and technicians at the Avro plant. Some of this nucleus of technicians are making studies in the United States on different projects, and it might be one or the other; but I will get the information and let the hon. member know.

[*Later:*]

Mr. O'Hurley: Mr. Speaker, I should like to supplement my reply to the hon. member for Welland. I have been informed that the engineers who are working on the Mercury project are paid 100 per cent by the United States national advanced space agency, and not by Canada.

IMMIGRATION

ITALY—INQUIRY AS TO OPENING OF SECOND OFFICE TO CLEAR BACKLOG

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct a question to the Minister of Citizenship and Immigration. In view of the regrettably huge backlog of would-be immigrants in Italy, the onus for which the minister yesterday so ably pinned upon the hon. member for Bonavista-Twillingate (Mr. Pickersgill), is the minister giving any consideration to opening a second office in Italy, perhaps in the south in Naples, in order to clear the backlog?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, what steps may be taken to deal with the backlog will be made known to the house when the matter has come to a finality.

TRADE

URANIUM—REPORTED STATEMENT BY U.S. ATOMIC ENERGY OFFICIAL

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Following up the question which I asked the Prime Minister on the subject on April 20, has the Minister of Trade and Commerce any comment to make on a speech made by the director of the division of raw materials, United States atomic energy commission, on April 17, shortly after the minister visited Washington, in which Mr. Johnson said that 84 per cent of the uranium which the commission is committed to buy for the period June 30, 1962 to December 31, 1966 will come from United States sources, and that there is no commitment to take up the Canadian options which expire on March 31, 1961?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, yes; I would be very glad to answer this question, because in the course of his remarks the other night the Leader of the Opposition got the whole matter twisted around and gave an incorrect impression of what was said on that occasion. In the course of his speech he talked about requirements during that period, and Mr. Johnson who made this speech in the United States was talking about commitments. He indicated in his speech, with a chart which accompanied it, the commitments of the atomic energy commission of the United States with respect to supplies they are getting from United States uranium mines, supplies they are getting from Canadian sources, and supplies they are getting from other countries. All he indicated in that speech was the nature of their commitments running up to 1966. He showed that the firm commitments in so far as Canada was concerned ran to 1962, with a small portion going to 1963. Firm commitments with the United States uranium mines run to 1966. He did not indicate in that speech the requirements that might be needed by the United States authorities in the period 1962 to 1966, but he did show that the commitments to buy from United States sources amount to about one half the present requirements.

He also stated that no commitments had been made to exercise at this time the options which expire on March 31, 1961. There is plenty of opportunity for discussion during the course of this year with regard to those options, and there will be plenty of time to discuss—if the information can be obtained —the requirements for the period 1962 to 1966.

The picture is not as gloomy as the Leader of the Opposition attempted to show in his speech the other night, or as he is perhaps attempting to convey by means of this question. Negotiations will be going on with the authorities in the United States with regard to the entire uranium supply and uranium requirements in the course of the next few years. It is a vital matter to Canada, because our exports of uranium in the course of this year will reach or exceed the figure of $300 million, and we are very much interested in arranging for or having some consideration given to our sources of supply following the time when the present contracts run out.

On the basis of—I think the Leader of the Opposition mentioned this in the course of his speech the other day—the special efforts that were made by Canada in a period when uranium was in very short supply, and on the basis of joint defence, I think Canada will deserve the most serious consideration on the part of the United States authorities with regard to their sources of supply of uranium and when they are discussing their requirements in the future.

Mr. Pearson: A supplementary question, Mr. Speaker. I certainly hope the minister is right in his optimistic conclusion in this matter. Will the minister comment on the other statement I made, which Mr. Johnson made in his speech, that there was no commitment legally or morally—and the "legally or morally" are my words—to exercise these options that expire on March 31, 1961?

Mr. Churchill: Mr. Speaker, I mentioned this just a moment ago. These options expire on March 31, 1961. Mr. Johnson said in the course of his speech that at this moment no commitments had been given to take up these options as of March 31, 1961.

ARTS, LETTERS AND SCIENCES

DELEGATION FROM NATIONAL FEDERATION OF CANADIAN UNIVERSITY STUDENTS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I direct a question to the Minister without Portfolio from Toronto. Did he receive a short time ago a delegation from the national federation of Canadian university students, who submitted a brief on aid to education? If so, what was the result of that meeting?

Hon. J. M. Macdonnell (Minister without Portfolio): I received the brief, and I am in communication with the students as well. I am still expecting to hear further from them.

Inquiries of the Ministry

CANADIAN RADIO PATENTS LIMITED

INQUIRY AS TO PROTEST AGAINST U.S. ANTI-TRUST SUIT

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Prime Minister if he is in a position to answer the question I put to him Monday last namely, if a formal protest had been made by the government of Canada regarding the anti-trust suit involving Canadian radio and television manufacturers?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I took the hon. member's question as notice. I find that on February 4 motion No. 8 was agreed to, that motion calling for the production of all correspondence between the federal government and officials of the United States concerning the action in United States courts in this regard. Included among the papers was note No. 836, dated December 19, 1958, which the Canadian charge d'affaires delivered to the acting secretary of state on that date expressing the Canadian government's concern over the action taken by the United States department of justice. Since that time no other formal protests have been made.

Mr. Martin (Essex East): Is the Prime Minister aware that The Netherlands' government has since made a formal protest in so far as infringement of its jurisdiction is concerned?

Mr. Diefenbaker: Mr. Speaker, I have pointed out the entire situation.

INQUIRY FOR RETURN

R.C.M.P. REINFORCEMENTS, NFLD.—PROTESTS OVER FEDERAL ACTION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, before the orders of the day are called I wonder whether I could ask the Prime Minister how soon he hopes to be in a position to comply with the order of the house adopted on March 25, four weeks ago, requesting the production of communications protesting the refusal of the government to reinforce the R.C.M.P. in Newfoundland.

Right Hon. J. G. Diefenbaker (Prime Minister): I shall certainly have that looked into, Mr. Speaker.

SUPPLY

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

[Mr. Macdonnell.]

DEPARTMENT OF AGRICULTURE

Administration branch—

1. Departmental administration, including advisory committee on agricultural services, $747,531.

Mr. Argue: I believe I have about five minutes of my time remaining and I want to use that time to comment on the announcement made by the minister this afternoon and also to comment further on the question of deficiency payments on western grain.

The announcement made by the Minister of Agriculture this afternoon as to the government's policy with regard to dairy products does not meet the requests submitted to the government by the Canadian Federation of Agriculture and by the Ontario milk producers board. The Canadian Federation of Agriculture, in its presentation to the Prime Minister and members of the cabinet on February 24, requested the maintenance on the spray powder support price at 15 cents and an increase from 12 cents to 13 cents in the roller powder support price, to bring it into proper relationship with spray powder. The government has gone completely contrary to this request and has announced today that within a few months the support price on skim milk powder will be removed completely. This announcement almost certainly will be greeted with keen disappointment by the dairy industry all across this country.

This announcement demonstrates that the government has no policy to deal with the tremendous agricultural surpluses that are beginning to pile up in this country. Although the minister has not stated so, I welcome the fact that there will be no reduction in the support price for butter; yet the government seems at a loss to be able to deal with the very large surplus stocks of butter that are on hand. Figures given to me in a return showed that on December 31, 1958, the agricultural stabilization board held over 79 million pounds of butter. The government may, by this policy, as it is endeavouring to do, direct dairy production into channels other than skim milk powder, but in the absence of any over-all agricultural policy to move surpluses it will be transferring one problem in one particular branch of the dairy industry to another branch.

Although the agriculture estimates have been before this committee for five days, we are still waiting for a statement from the government on its position so far as the request of the farm delegation for deficiency payments is concerned. The Minister of Agriculture, speaking on this item the last day it was before the committee, April 10, placed on the record a very long letter he had received from an individual farmer in Saskatchewan. This man, according to the submission quoted by the minister, said he had

had an annual net worth gain of approximately $6,700. This man farms a section, and if he had 600 acres cultivated and if he were able to market a 7-bushel quota for wheat, he would be able to market 4,500 bushels, the return from which would total less than $6,000. Obviously, therefore, there is some gross error in the submission this gentleman has made.

Now, Mr. Speaker, we have waited for the government to place its position on deficiency payments before this committee. We have waited for an announcement by the government as well on the presentation made by the mass delegation. We have not had an announcement from the government as to what its position will be. However, we have had some very disturbing statements in this house and over the radio by members of parliament representing prairie constituencies. The Conservative members representing prairie constituencies have been saying that they are opposed to deficiency payments. They are now holding up their hands.

Mr. Horner (Acadia): That is not true at all.

Mr. Argue: We are hearing from the Horner brothers now. I hold in my hand a copy of the *Western Producer* for April 23, containing a very sharp castigation of the hon. member for Jasper-Edson for the ill-conceived and inaccurate speech he made in this chamber some time ago.

Mr. Horner (Acadia): And inaccurately reported.

Mr. Argue: Western Canada today is being betrayed by members of parliament of the Conservative party who represent them, in that they are opposed to the legitimate requests that have been made by the mass delegation.

The Deputy Chairman: Order. I am sorry to interrupt the hon. member, but I must advise him that his time has expired.

Mr. Nasserden: In rising to take part in this debate today I will speak on that most controversial issue, how best to take care of the delicate situation which has been presented to those engaged in the grain growing industry in western Canada during the past several years. In doing so I should like to make a comment on what has been said concerning the conduct of members of this house from western Canada. No one has betrayed the western farmer more than those who during the years, not only this session but in past parliaments for the last 10 or 12 years, have taken stands in parliament that were so far from what the western Canadian farmer wanted that they engendered ill-will from the other parts of this nation.

Now, in approaching this situation I should like to take you back to a statement made by the late Right Hon. William Lyon Mackenzie King toward the end of the last war, to the effect that if the new order that was to emerge was not already well on the way before the cessation of hostilities, we might well look for it in vain. Those words were often repeated by the late Mr. King and by Liberal members in the House of Commons in order to set them above all others in their appreciation of the need for action. These words, spoken by the late revered leader of those who now form the opposition in parliament, are eloquent of the position in which the western Canadian farmer found himself prior to the election of 1957.

The Liberal party not only failed to recognize the increasing spread between costs and returns to farmers in the grain growing area, but they even went so far as to lower the initial price of oats by about 5 cents a bushel at a time when farm costs in western Canada were rising as they had never risen before. They took this action notwithstanding the fact that they had given lip service to a price support program under the old prices support legislation. They were so blind to the problems of the western grain grower that even during the election of 1958 they tried to bribe the grain grower with 10 cents of his own money by promising to raise the initial price of wheat by 10 cents per bushel. Anyone who wants to talk about insults can remember that one.

Last year this government moved to recognize the difficult income position of western grain growers. The provision of the acreage payment plan was not the result of neglect, nor was it the result of an unsympathetic consideration of that problem. Indeed, its very terms gave emphasis to the immediate needs of those to whom this government pledged to provide long term legislation. If I may be permitted to say that the $200 payment was not regarded as sufficient to meet the losses of prairie grain growers, I hope western Canadian grain growers will remember that if the former government had been alive to their needs, as was this government, they would have received something like $1,000 since 1953 when the situation was first actively recognized.

I took the stand last year, and I see no reason to change it now, that the people of my constituency want a policy that will last into the future. They know, as do the members of this house, that if we, as the governing party, were to go back and endeavour to rectify by cash grants or payments all the

inequities that have resulted from Liberal shortcomings we would have neither the time nor the money to build the sound national policies that those engaged in agriculture request and need for the future.

Last month a delegation of people from the prairie provinces presented a brief requesting deficiency payments on wheat, oats and barley for the past three crop years. Their spokesmen, and members of that delegation, rejected the acreage payment plan. However, correspondence from my constituency indicates that there are many people who really believe the acreage plan to have been a good one. Most of these people point out, however, that $200 does not equal the losses they feel they have been taking in producing grain.

I attended the annual meeting of the farmers' union in Saskatchewan last fall, and after listening to the deliberations I came away with the conclusion that this organization appreciated the benefits of the acreage payment plan. The efforts of this government to stabilize wheat production in those areas must not be forgotten. The long range plans of the government, including credit legislation, crop insurance, and trade and marketing programs, together with the benefits available under the stabilization act, should all contribute to a speedy transition from a straight grain economy to a more stable, diversified farm program in many parts of the prairies.

To assist in this process I believe the acreage payment plan has proven to be worthy of being continued. There is room for some improvements, gained from the experience of last year. There should be a floor on the amount paid to farmers with very small acreage, and this is a fair request when one considers that there is also a ceiling on the amount which can be received. I would also suggest that a payment based on a farm of average size should raise the maximum payment above the $200 level of last year.

This action alone cannot satisfy the legitimate demands of grain growers who see livestock producers and producers of other commodities protected by the umbrella of the farm price stabilization legislation. Grain growers in the wheat board area are the only Canadian producers excluded from these benefits. They remember the Prime Minister during the election campaign as he went about championing the elimination of the inequities that might exist, or come to exist, as between one segment of the economy and another.

I am one who believes that this government has sought to follow this through in the legislation it has brought before parliament. Indeed, I believe that for the first time in the history of this country western members of parliament were willing and able to support the measures taken during the last session designed to assure Canadian labour and Canadian industry of the Canadian market in so far as it required their production. On that same premise, people in the grain growing areas look for an equal measure of protection in the domestic market with regard to their sales of wheat to Canadian consumers. And while it might be argued that a two price system for wheat sold on the domestic market might be inequitable to the producers of oats and barley, I am satisfied that the grain growers in the Rosthern constituency, the grain growers of Saskatchewan and the grain growers in all western Canada would accept it as an act of good faith on the part of the government.

Then there is the matter of the subsidy on the export of flour, which is presently being absorbed by the Canadian wheat board and deducted from the final returns to producers of wheat. Surely there is no need for argument against a situation such as this continuing. Of course these measures would not have been necessary had wheat, oats and barley been placed under the stabilization legislation in 1957. Those who ask for deficiency payments still want these grains dealt with separately, and on the face of it these producers have every moral right to request these deficiency payments under the stabilization act. I was one of those who questioned their stand in asking that wheat, oats and barley be excluded. However, in the light of experience I am convinced that the government was thus given the leeway necessary to make the consideration of acreage payments possible and to make possible the two price system for wheat consumed in Canada.

When the farm delegation was recently in Ottawa, Jack Wesson, president of the Saskatchewan wheat pool, presented the brief outlining the economic problem, and he was followed by a number of people who outlined the social problem in the grain growing areas. It seemed to me that they gave the answer, and what must be the answer of any responsible government.

For the greater part of the last 12 years, the last eight of those years, anyway, grain was the only commodity in Canada which had the benefit of a stable price, namely an initial price and the final price paid through the pool formed under the Canadian wheat board. If we were so bold as to grant the requests put forward in the western brief it would only add fuel to the fires which have

threatened community life in the prairies. Indeed, I would not be surprised if the very people who presented this petition and brief should find it necessary to come back in less than 10 years and beg us to solve the problems created by bigger and bigger grain farms. The preservation of the family farm and of the unit of average size is good for the community. A diversified program on such farms deserves encouragement, just as much encouragement as straight grain growing.

This difference of opinion, which I understand is torturing the minds of thinking people on the prairies, is a good thing at this time. For this reason the campaign for signatures, and the coming of the delegation, can be justified. No one need feel embarrassed unless he deserves to feel embarrassed. That goes for those who sponsored this delegation as well as for those of us who serve here in parliament. Each of us has responsibilities to our people, and under our democratic system of government we will be called to account by those who sent us here.

For my part, I am satisfied that we placed before parliament our program pledged to protect the people just as soon as it was humanly and physically possible to interpret those pledges into measures worthy of the people and worthy of our future as a nation. The name of our Minister of Agriculture will go down in the annals of agricultural history because of his achievement in bringing before parliament agricultural stabilization bill No. 237. This is the bill the C.C.F. and the Liberals fear more than anything else this government has done. For the first time agricultural people in all parts of Canada have a common interest that serves to strengthen their understanding of each other's problems. The eyes of every farmer, and of many other people as well, follow the day to day administration of this act of parliament; and I venture the opinion, Mr. Chairman, that the stabilization bill will be recorded as one of those acts which brought Canadians closer to that spirit of unity which has been the cornerstone upon which farm people have built from the very earliest times.

On a number of occasions there has been reference to the delegation of people from western Canada to Ottawa. During the course of these remarks some compliments were paid to Saskatchewan people and Saskatchewan institutions. There was the hon. member who thought the Saskatchewan wheat pool was to blame for the Liberals not having a sound agricultural policy. I have heard some fantastic reasons for their not having an agricultural policy, but I certainly do not think, sir, that the farmers of Saskatchewan deserve such an atrocious charge. Was it not the same Saskatchewan wheat pool that organized the delegation to Ottawa in 1942? If my memory serves me correctly, the prime minister of that day was Right Hon. William Lyon Mackenzie King, and the minister of agriculture was none other than Saskatchewan's own Right Hon. James Garfield Gardiner.

That delegation met that most Liberal of Liberal governments. The membership of the Saskatchewan wheat pool is composed of many people, and when the delegation was down here we saw former members of parliament, former members of the legislative assembly, members of all political parties and affiliations, and these people reserve the right, as do other like organizations, to meet the government regardless of the party in power. I recall one hon. member who thought the western farmers would be whipped into a frenzy. I attended the mass meeting at Saskatoon where over 2,000 people tried to crowd into the lobby and ballroom of the hotel Bessborough. I did not see any soap box orators. I did not see any wild gesturing. I did not hear any wild condemnation of this government or its policies. What I did hear was what I considered a well reasoned plea for unity in presenting the income problem of the western grain grower to parliament and the nation.

The platform on that occasion was graced by leaders of various religious denominations. Members of all parties were represented, even the member who formerly sat in this house for Rosthern constituency. His colleagues here in the opposition will be interested to know that he went to the platform with a smile, anticipating the embarrassment that the coming of the delegation and the holding of the meeting would cause the present government and the present member for Rosthern constituency. I need not remind hon. members of the opposition, whose faces were red, that the president of the Saskatchewan wheat pool traced the events that led to the sending of a delegation in 1942, and followed that presentation with a recital of the conditions that had existed in the interval since then which had placed grain growing in its greatest hour of challenge. The mayor of Saskatoon presided. The committee in charge invited me to sit on the platform but I declined that invitation, sir, with the assertion that I would remain with those among whom I number myself.

And who were these people who had come many miles on a winter day to hear the leaders of farm unions and wheat pools? Well, someone has said that they were the C.C.F. and the Liberals, and I must confess that there were those who would gladly cut our political throats if and when the opportunity presented

itself. But the ones who interested me were those who had come from Rosthern constituency, those who had manned the polls in the March 31 election. They were almost a constituency convention in themselves. I remember seeing many of those who supported the hon. member for The Battlefords, the hon. member for Moose Jaw-Lake Centre, the hon. member for Rosetown-Biggar, and last but not least the hon. member for the city of Saskatoon. At Prince Albert on January 10 the situation was much the same. The chairman, Mr. L. A. Boileau, director of the Saskatchewan wheat pool, introduced me from the floor of the meeting; and I am happy to assure you, sir, and to assure the members on the government side of this house that there was a wealth of good will in the applause, not for me personally but for our dynamic leader and for this party as well.

In the earlier debates mention was made of Charlie Gibbings. The Charlie Gibbings I know is the second vice-president of the Saskatchewan wheat pool. The Charlie Gibbings I know will some day be president of that organization. There are many who say he should be president at this time. That is a decision which the directors, 16 of them, will make. I imagine they have found it difficult to overlook the experience acquired in the 23 years their present president has served in that capacity. When Charlie Gibbings speaks, he speaks for over 90,000 farm families in the province of Saskatchewan. He speaks for over 1,100 farm committees in the province of Saskatchewan. He speaks for the five to eleven men and women who comprise these committees scattered throughout the settled areas of the province of Saskatchewan.

You may be sure that these people are alive to protect the non-political status of their organization. Any man who took his politics as such into the organization and into the office would not last very long. I make no apology for coming to the defence of the Saskatchewan people and institutions. If, however, I have said today some things that shatter the sensitivity of some of those whom I am proud to call my colleagues, I make this apology for so doing.

I believe, as I am sure the Prime Minister does, as the Minister of Agriculture does, and as the majority of our members do, that the measure of achievement in regard to agricultural policy, as evidenced by actions taken or now in the process of being taken, do not commit our defence of those policies to the level of attacking personalities. Both the hon. member for Essex East and the hon. member for Assiniboia have indicated during the earlier proceedings of this house that the coming of this delegation held out the prospect of political advantage for their parties. Indeed, I got the impression that they hoped that as a result they might indeed save their parties from utter extinction in the agricultural west. The hon. member for Essex East will hate to hear this, but he cannot possibly make political hay out of the coming of this delegation.

Mr. Martin (Essex East): No one is trying to.

Mr. Nasserden: The farm people of western Canada remember all too well how Liberal members of the House of Commons returned to their ridings pleading for patience and asserting that they had to humour their colleagues from other parts of Canada to get even the meagre consideration for which they had fought down through the years.

Nor need the C.C.F. members lift up their heads in anticipation, for it is a known fact that both the C.C.F. and Social Credit candidates of years gone by never failed to appeal except on the basis of a regional cry. The C.C.F. slogan in the last three general elections in grain growing areas was, "Fight for the west." What it was in other parts of Canada I do not know but I am aware that thinking people in Saskatchewan and particularly farm people acknowledged with the dynamic power of their ballots that there was not room for this kind of representation here in the House of Commons.

It is noteworthy that the delegation of western farmers as such came to Ottawa without any banners, placards or other trademarks of irresponsible organization. It remained for the C.C.F. to meet them with these things and to provide them with C.C.F. literature. It was indeed the cheapest type of tactic they could have devised.

Mr. Argue: Mr. Chairman, would the hon. gentleman permit a question?

Mr. Nasserden: As soon as I am finished.

Mr. Argue: Very well.

Mr. Nasserden: It is for these various reasons that I have been deeply disturbed at the outright rejection of the acreage payment plan by both opposition parties and by the delegation in their presentation. In effect they are saying that we should forget the needs of the small farmer and of the average size farmer. They are asking us to ignore the trend toward larger and larger grain farms and the detrimental effects this trend is causing on community life on the prairies. They are asking us to forget our responsibility to those who need help most by virtue of the inequitable share of farm income that they are presently receiving. They are asking us to turn away from a program aimed at the building of a diversified family farm

wherever possible to the end that those areas and farmers who of necessity must and can produce wheat on an economic basis will be assured of the free movement of their product to market.

There are a number of other things to which I would like to refer briefly, one of them being the unfairness of the present freight rate structure on rapeseed going into commercial channels. This is an important crop and one that has helped to reduce in a very direct way the acreage seeded to wheat. This matter has been before the responsible officials for some time now and to this date no effective or legitimate excuse has been offered for the discriminatory rate now being charged the producer of rapeseed. The Minister of Agriculture, the Minister of Trade and Commerce and the Minister of Transport all have an interest in this matter and I urge them to get together and work out a solution that will eliminate the present excessive rate in favour of one comparable to that for flax which is handled in a comparative manner.

I believe there should be some revision concerning assistance under the Prairie Farm Rehabilitation Act and there is a need for an upward revision of the grants to farmers for the construction of dugouts and earth dam work undertaken by them under the assistance program established through the Prairie Farm Rehabilitation Act.

The Prime Minister and many of those about him are dedicated to national policies not only for agriculture but for other industries and callings in this country. The principle so clearly enunciated by the Prime Minister and his colleagues during the election campaign championed the elimination of those inequities that might exist or that might come to exist between one segment of the economy and another. We who come from Saskatchewan uphold the wisdom of that approach in dealing with the problems of grain growing. Our policies, as I see them, have been designed to help the small farmer lift himself out of a depressed condition and bring himself into that group of average size farmers with better income who are able to show some progress over a period of years. I must say that our policies have been and can be of benefit to the larger operator as well. The larger operator is better able to take care of himself, a fact which is borne out by his income tax return.

In conclusion I would say I would be remiss in my duties as the hon. member for Rosthern were I to forget the people in my constituency whose prayers go with the Prime Minister in his daily task to which they attach such importance. To have been told by people, many of them in humble circumstances, of their intense belief in his sense of mission have certainly added to the privilege of being associated with the right hon. Prime Minister in this parliament.

Mr. Argue: Mr. Chairman, when the hon. member for Rosthern was speaking I interrupted to ask whether I might direct a question to him. At that time he said he would be pleased to answer my question if I would wait till the conclusion of his remarks. With your permission, Mr. Chairman, I should like to ask the hon. member for Rosthern the following question based on that part of his speech wherein he criticized the welcome that was given to the mass delegation as they arrived at the station in Ottawa. I am wondering if the hon. member is aware of the fact that the mass delegation in meeting the C.C.F. in the railway committee room not only had no criticism of the kind of welcome which we had given them but moved a unanimous vote of thanks to C.C.F. members of parliament for what they described as the tremendous welcome afforded them at the station?

Mr. Horner (Acadia): Of course, they were all members of the C.C.F.

Mr. Nasserden: May I answer the hon. gentleman's question?

The Chairman: Order. I must ask the hon. member to resume his seat when the Chairman is standing. This is not actually a question but more in the nature of a statement and must be considered as such by the Chairman. I must also inform the hon. member for Rosthern that his time has expired.

Mr. Argue: Mr. Chairman, on the point of order that has been raised I consider it a very proper question. Not only is it proper but I had the permission of the hon. member to ask the question.

Mr. Horner (Acadia): It was a statement.

The Chairman: Order.

Mr. Argue: It is a long standing practice of this house that when an hon. member is speaking he may be interrupted by another hon. member to ask if he will yield the floor in order that a question may be put. When hon. members interrupt me I have without exception immediately yielded the floor and dealt with the questions when asked unless of course they were too numerous. The hon. member for Rosthern was very fair. He asked me to wait until he concluded his remarks. I asked him if he were aware of this fact. I believe this is an important question and that he would consider it as such.

Mr. Korchinski: How would he know? He was not at your C.C.F. meeting.

Mr. Grafftey: That is tantamount to asking someone if he has stopped beating his wife.

(Translation):

Mr. Roberge: Mr. Chairman, I do not want to let this opportunity slip by without saying a few words on the estimates of the Minister of Agriculture (Mr. Harkness). The brief remarks I propose to make concern mainly dairy products.

Mr. Chairman, this morning, while reading *Le Devoir*, I was somewhat surprised to find a report announcing a probable change in support prices within a few days. I was still more surprised, of course, to hear the Minister of Agriculture announce early today, certain changes in respect of support prices—and I wonder why he chose the 23rd of April to do so.

The minister obviously knew that his estimates would come up today, and for his sake I wish they will not be again taken up tomorrow—

Mr. Martin (Essex East): I am very much afraid they will be.

Mr. Roberge: —but I have great doubts, as the hon. member for Essex East (Mr. Martin) just said, that the minister will be able to get through with them today.

At any rate, I think the minister would have been well advised to wait until his estimates had been considered before making that statement. Hon. members would thus have been able to express their views, not only on support prices, but on other issues connected with his department, because it has been recognized that members of this house must be the spokesmen of the people in their ridings and, in fact, of all Canadians.

Now, it appears that many organizations in this country do not in the least approve this afternoon's statement made by the minister in this house, and I shall, to this effect, refer to the brief submitted on March 18, 1959 by the Ontario Milk Producers Co-ordinating Board. On looking over this brief we find that it does not at all agree with the minister's statement. As a matter of fact, the Ontario producers' brief asked, amongst other things, for a support price, and this is what it said:

(Text):

A support price of 15 cents per pound for spray process powder be retained and that the support price for roller process powder be 13 cents per pound.

[Mr. Argue.]

(Translation):

We now find that the Minister of Agriculture ignored the request of those producers, as he did the remarks made here by hon. members.

I understand the government has announced that the support price for dry spray processed milk is to be reduced from 15 to 10 cents a pound, and that the support price on any roller processed milk will be reduced from 10 to 8 cents a pound. Unfortunately, Mr. Chairman, time did not allow full consideration of the hon. minister's statement, for the simple reason that he did not send copy of it to the hon. members of this house, as he did to newspapermen.

Also, if I am not mistaken, the hon. minister's statement announces a lower support price on cheese.

The Ontario farmers' council asked that the support prices established last year be extended for at least another year. However, that body was not the only one concerned with hog prices; in fact, when those delegates came to Ottawa, they were also supported by several other associations.

I also remember that when we met with a farmers' delegation in our caucus chamber, Quebec farm representatives were in full agreement with the suggestions made by those of Ontario.

It is noteworthy, Mr. Chairman, that I have received from a single parish in my constituency—and I do not mean to say that others could not have done likewise—a petition signed by 75 farmers urging the government to continue support prices from May 1, 1959 to May 1, 1960, at the same level as those of 1958-1959. Those farmers asked, more specifically, that support prices for milk, hogs, butter and milk powder be maintained at the same level as those of last year.

Why is the government changing its position at this time? I wonder also if that decision is not in line with a speech made by the hon. Minister of Agriculture last September or October to a group of farmers, when he told them that they should reduce their production because they probably would not receive any government help in the way of price support. Besides there might well be a certain connection between the round the world trip undertaken by the Right Hon. Prime Minister (Mr. Diefenbaker) and the support prices that the Minister of Agriculture has announced today.

If I remember rightly, according to press reports dealing with the Prime Minister's journey, he was said to have offered, among other things, to the countries of south-east Asia our surplus of milk powder. Moreover, if I rightly remember those press reports, those countries were not too anxious to accept that milk powder surplus, but preferred the money that the democratic countries were making available to them, to help them organize their own economy and their own industry.

If, last year, there was overproduction of those products, particularly of milk powder, it is probably due to the lack of foresight of the government which let the farmers produce too large a quantity of milk powder in the hope that the countries of south-east Asia would become a good market for that product. But their hopes were frustrated, because those countries of south-east Asia preferred the money offered to them by the democracies. Obviously, we are involved; everybody knows that we, on this side of the house, have always advocated this development of south-east Asia, but not to the extent of increasing production in our country and creating a surplus for our farmers.

Mr. Chairman, I will not extend my remarks because I know that other members wish to deal with this matter, but, nevertheless, I will ask the Minister of Agriculture to reconsider the decision he announced today in the house, in order to enable farmers engaged in dairy production to secure a price equivalent to that obtained by producers in other fields of our national economy.

(Text):

Mr. Rogers: Mr. Chairman, at the outset I should like to refer to the western farm delegation. I must admit that prior to their coming to Ottawa, as a westerner, I was somewhat disturbed at a delegation of this size coming to the government. I can say now that as a westerner it was with a deep sense of pride that I watched this delegation in action and their performance throughout their stay here in Ottawa. I might say too that I was proud of the Prime Minister and the reception he gave the delegation. His sincerity and the pattern he set were followed by all concerned. In essence I would say that the farm delegation made a favourable impression on the government, all members of the house and certainly Canada as a whole.

Let us not have any misunderstanding. The agricultural industry has a problem and a big one. Agriculturists have been sitting right in the middle of the price squeeze watching wages and machinery costs pyramid year by year and they simply are not able to do anything about it. As a matter of fact, it seems to be an established fact that farm prices are the first to go down and the last to go up. So I say there is a problem.

The problem did not just come about two years ago when the government took office. The problem stems back to surpluses and to the time the quota system was initiated. What did this mean? The terminals were filled, the elevators were filled and the producers had to put out money to provide granary space or dump the grain on the ground. What happened? Thousands upon thousands of bushels were sold at fire sale prices ranging from 55 to 85 cents a bushel to feed mills and feeders. Grain was traded for cars and machinery. It stands to reason that if a farmer cannot make out today at present prices he certainly could not make out at those prices.

The point I want to make is that there is a problem, in the business world, using good business sense, vision and forethought, the only time to rectify the situation and solve the problem is before it gets too big. I suggest that the government at that time did nothing about the problem. On the other hand, when the present government took office they did bring in a number of corrective measures which have been referred to here before.

I wish to discuss two corrective measures at this time. The first is interest free advances on stored grain and the second is the stabilization board. Let us look at the first, interest free advances on stored grain. I submit that if the government at that time had had any vision and initiative we would not have the problem we have today because the farmers would have had interest free advances at very little cost to the taxpayers of the country. However, the result was that grain was sold at ridiculously low prices and the effect is being felt today by many farmers whereas with interest free advances they would have had enough money to take care of their operating costs.

As to the second point, I do not think we need say too much about the stabilization board. It has sold itself right across the country. When it was initiated it was not supposed to be perfect although it was made as workable as the government could make it. However, you have to learn by experience

and there is one thing I should like to mention today. As a matter of fact I brought it up in a campaign speech. When the government raised the support price on hogs I said at the time I did not think it was a good policy and I still think that is so. It is easy to look back but experience simply shows that if the method the Minister of Agriculture is using today, deficiency payments, had been used instead of raising the support price the situation we now have probably would not have come about. The raising of the support price allowed the big feeders to get into the business. After all, the big feeder who feeds 3,000 hogs and makes $5 each is getting a lot of money. On the other hand, the ordinary farmer who is feeding 100 hogs only makes $500.

I come back to the point I have tried to make, that if the government then in power had had the vision to tackle the problem and establish interest free advances on stored grain I doubt if we would have had these big feeders in operation. I doubt that we would have had to do away with support prices and establish deficiency payments on hogs. It is quite easy, Mr. Chairman, to look back. The question arises, how are we going to solve this problem. When we look into the future and consider the potential of the communist countries our export picture is not too bright. Every Canadian has been taught to believe that exports are the lifeblood of our country. I do not think there are too many who would quarrel with that concept up to the present time but I submit we have got to look a bit further than that. In my opinion our most important market is our home market.

That brings up the matter of getting more people into this country. Having regard to our export situation in the years to come, I think it is most important that we take a very serious look at the immigration situation. We have to build up our home market. With the unemployment situation as it is today there are people who will say that to do so would simply create more unemployment. I doubt that very much. I have had a lot of experience with new people coming into the country because I have helped to establish quite a number of them. These people are eager. They see opportunities that we do not see because we are too close to the situation. They start small businesses and make work. In addition, it costs money to raise a Canadian from childhood to the point where he is capable of looking after himself and ready to enter the labour market. These new immigrants are ready to go to work, and I think we would be well advised to spend a little money in this regard.

[Mr. Rogers.]

Australia is certainly doing just that. They have adopted a plan whereby immigrants up to 4 per cent of their population may enter their country in a year. I think we have to do somehting like that too in the light of the fact that Russia's exports were considerable last year. Russia has more acreage under cultivation than United States and Canada combined so the potential is there. The Russians do not have to worry about prices. We know something of the cold war and we will certainly know something about the economic war.

With respect to the western grain grower, I think we will have to go to the two price system. After all, why should the people of Canada consume farm products purchased at prices giving a return to the farmer below his production costs? So far as I can ascertain we do consume about 45 million or 50 million bushels a year. If we add a dollar a bushel it would only mean about two cents per loaf to the consumer of local bread. This $45 million to $50 million, spread amongst the wheat growers, would contribute considerably.

I have no intention of taking up too much time. However, I know that patience is a virtue, so perhaps if I did take up time it would be good for the Minister of Agriculture. I expect to speak again on supervised farm credit, which is another solution to our pressing problems.

Mr. Michaud: Mr. Chairman, I should like to avail myself of the opportunity which is now afforded to the committee of this house, to make a few observations relating to agriculture, as applied more particularly to the province of New Brunswick and the maritime provinces. Bearing in mind that the dairy industry has been the backbone of agriculture in New Brunswick, as well as in the rest of the maritimes, I should like at this time to quote from the annual report of the department of agriculture of New Brunswick for the year ended March 31, 1958, which was the last available report. Under the chapter headed "Dairy Branch" here is what is stated, in part, at pages 50 and 51 of that report:

> The price received for butterfat for manufactured dairy products was slightly higher than the previous year, but was not sufficient incentive to increase production to any extent...
>
> The figures attached to this report on production, volume and value of dairy products manufactured are for the calendar year 1957. The figures reveal that creamery butter production decreased about 500,000 pounds, while the cheese output was about 231,000 pounds greater. Ice cream production was also down about 50,000 gallons owing to the very cool weather prevailing throughout the summer months. Despite the lower production of butter and ice cream, the total value of dairy products totalled $7,000,323, an increase of $106,756 over the previous year...

The Canada agricultural prices support board, which was later changed to the name of the agricultural prices stabilization board, continued to apply a floor price of 58 cents per pound to first grade butter in solids delivered to Moncton and Saint John cold storages. To some extent this price regulated the butter prices throughout the year. However, the threatened shortage of butter had the effect of prices increasing considerably above the floor early in the month of August, and continued to improve, and accelerated still more, when the selling price of solids to the trade during the fall and winter months was set at 63 cents per pound in solids delivered to the distributor. Very little butter was sold to the stabilization board during the year, but about 70 carloads were required to supplement winter production...

At the time of writing, the agricultural prices stabilization board has announced that the floor price on creamery butter in solids for the year 1958 will be 64 cents per pound delivered to cold storages, which is six cents per pound higher than for the year 1957.

What is the general inference then, Mr. Chairman, to be drawn from that report? It clearly indicates that while prices for dairy products for the last fiscal year were generally higher in New Brunswick, yet that was not sufficient incentive to increase production to any extent. It would indicate also that an increasing number of our rural population, year after year, are abandoning farms. Some might be tempted to say that in the light of these circumstances this is a desirable situation. I submit, Mr. Chairman, that any situation favouring any disproportionate dislocation of our rural population toward the industrialized centres of the country is not economically sound. Such a situation entails the disintegration of our rural community which should remain a vital part of the whole economic structure of the country.

Here is one strange aspect of the true economic picture in the maritimes. While we have the largest relative number of unemployed on the one hand, on the other hand we have a deficient agricultural production in almost every field, with an ever-increasing acreage of fertile land lying idle. A comprehensive study of local market conditions was published in 1957 by the Canadian Department of Agriculture, which is entitled "Atlantic Provinces Agriculture". I should like to give some of the findings and recommendations which resulted from that study. In 1950 there were 10,000 farms in Prince Edward Island; 23,000 farms in Nova Scotia; 26,000 farms in New Brunswick. Fifty-two per cent of the farms in Prince Edward Island had produced in 1950 which sold for over $1,200, while in Nova Scotia just over 28 per cent of all farms were in this category, and only 29 per cent in New Brunswick. Almost 90 per cent of the farms in Newfoundland produced less than $1,200 in produce in 1950.

Maritime agriculture produces insufficient crops and livestock for the needs of the people of the region, and for the Atlantic provinces in general. During 1955 only potatoes, some animal products such as hides, wool and by-products, apples and live cattle were a net export. During 1955 a net of 85,000 tons of canned goods were also imported. Of the major crops and products grown in the maritimes, potatoes, apples and blueberries were considered surplus; wool, strawberries, eggs and ice cream were almost in equilibrium with the total consumption. Milk and butter were in a deficit position, while poultry meat, cheese, honey, concentrated milk and red meats were markedly deficit. Two of the three maritime provinces are deficit areas with respect to red meat production in relation to consumption. Prince Edward Island produces double its needs; New Brunswick is 47 per cent self-sufficient and Nova Scotia only 37 per cent.

The dairy industry has been the backbone of agriculture in the maritimes. The production of a major portion of the beef has been as a by-product of dairying. This has resulted in the lower than average quality of beef. The aim of dairy farms should be toward marked expansion of milk cows, and for all livestock farming in general it would seem desirable to institute more research designed to determine the best rotation crop methods for beef and for dairy production on each of the major soil types in the Atlantic provinces. Hogs and poultry have been very useful as major sources of supplementary income, and in expanding total output on a limited land basis they should be expanded only to the point where the Atlantic provinces' needs are satisfied.

There is the situation, Mr. Chairman, concerning the general economic picture of the maritimes and the relative position of agriculture in that picture. That situation is a challenge, a challenge to the responsibility of both federal and provincial authorities, and a challenge to the initiative of the people themselves. We speak with great emphasis at this time of the urgency of developing industry in our part of the country. With that I fully agree. While proceeding in this direction, however, we should make sure that our efforts show balance and co-ordination. A more highly developed agricultural production in accordance with the domestic needs of our local population should be of the essence of a vigorous program toward the goal I have mentioned.

I urge the federal government, through the extended facilities of the Department of Agriculture, to take the lead in giving to the maritime provinces a prosperous and self-sufficient agriculture to meet the needs of the

population. When this is achieved I can assure the government that we will have gone a long way toward solving one of the most crucial economic problems of the maritime provinces, namely, unemployment.

I think we can already point to certain successful enterprises in the agricultural field in the maritimes where there has been a departure from traditional farm practices. In the co-operative field, for instance, the maritime co-operative services is proving a distinct success, while in the field of private endeavour there are Canada Foods Limited at Kentville, Nova Scotia, and Groves Limited at Berwick, Nova Scotia, which are operating important fruit and vegetable canning businesses. At Hartland, New Brunswick, there is the McCairn Foods Limited which is operating a successful fruit and vegetable processing plant. I think there are also similar plants in operation in other parts of the maritime provinces. We have also heard in the maritimes of the co-operative enterprise by Nova Scotia farmers to build an abattoir at Halifax. As a distinct result of that project, farmers in that province have already been urged to increase their hog production.

This is but an indication of what could result in every other field of farm production if facilities were made available on a more general basis to maritime farm people. Let us therefore put our heads together with a view to contriving more intensive and more flexible farming practices in order to attain an agricultural production in the maritime provinces which will at least be sufficient to meet the needs of our local population.

(Translation):

Mr. Chairman, I listened very attentively to the statement made earlier this afternoon by the Minister of Agriculture (Mr. Harkness) regarding support prices on dairy products. That statement is of great interest to farmers in the maritimes because, as I have indicated, dairying is the very backbone of agriculture in the maritimes. And I am sure that dairy farmers will be pleased to hear that the government intends to maintain at 64 cents a pound the support price on butter production.

A certain amount of cheese is also produced in the maritimes. So the minister's statement should cause no trouble in the cheese industry.

However I hardly expect milk powder producers to be as enthusiastic over the statement made by the minister this afternoon. I know that certain plants have just completed large alterations and expanded their facilities for the production of milk powder; and I am sure the minister's statement will be quite a blow to those people.

[Mr. Michaud]

It seems to me that when the Department of Agriculture or the government are contemplating a move such as was announced this afternoon, they should give advance notice to interested parties so as to spare them the difficulties they will now have to face.

(Text):

Mr. Smallwood: Mr. Chairman, at this time I should like to spend a few moments referring to the remarks made by the hon. member for Assiniboia about the way in which western members had betrayed western Canada. I am sorry that the hon. member is not in his seat, but if his colleague would care to go up and get him I would be glad to repeat my remarks while he is in the chamber, because I would prefer he was in the house at the time I am making them.

I can assure the committee that I have not betrayed either my constituents or western Canada. I still live on my farm and in my constituency. I did not leave my people and move to Ottawa. I am still living there with my people. But it seems to me that ever since we came into this house we have had to listen to irresponsible remarks by the hon. member for Assiniboia.

We have only been in power for one year. During that period, however, this government has enacted the Agricultural Stabilization Act. It has amended the Animal Contagious Diseases Act and the Canadian Farm Loan Act. It has also amended the Prairie Farm Rehabilitation Act, made a start on the South Saskatchewan dam project, has amended the P.F.A.A. and authorized subsidiary payments to western grain growers. Prairie farm assistance amounted to $25 million; acreage payments amounted to $41,300,000; the surplus disposal plan for wheat, to $35 million; interest on cash advances, $1 million, and storage charges, $37 million; a total of $139,300,000. And yet we have these irresponsible people in the C.C.F. group getting up and saying we have done nothing. I wonder why they do not take the trouble to look over the figures.

We have today a Prime Minister who knows more about the troubles of western Canada than any previous prime minister. He has representatives here from the farms of western Canada working together with him. We do not meet the press every day with a bunch of irresponsible remarks, but we are working, together with the Prime Minister, for the betterment of agriculture and for the betterment of this country. It is time the people

realized what is going on instead of listening to the bunch of rubbish put out by the C.C.F. along the lines of what we hear every day.

The C.C.F. group supports deficiency payments. They are in favour of everything. If we were to give agriculture $5,000, they would give $10,000. If we were to give $5 million, they would give $25 million. They are irresponsible. They have no responsibility to Canada, and they never will have. It is time they realized this themselves. The hon. member for Bow River suggested that the C.C.F. and the C.L.C. would be married off. That would be a sad thing to take place, because if it did it would be too bad for the farmers of western Canada; they would be playing the role of the unwilling bride in that marriage.

Now with regard to deficiency payments. They say we are against it. I am not against deficiency payments. Nobody would be better off than myself because I would get a cheque for $4,500 and my neighbour probably one for $500 or $600. That would be a great sin, would it not? We got last year $41 million to take out west and if we divided it up like a deficiency payment, how much would the small farmer get? Twenty-five per cent of the producers would get 75 per cent of the money. Then they brought down a brief and they want us to go back to 1955, 1956, 1957. Is that the responsibility of this government when the Liberals were in power and the C.C.F. from the western provinces were down here? It is not our responsibility to rectify those mistakes made by the representatives of the people of western Canada in those years.

Then there was talk of betrayal, that we betrayed western Canada. I will tell you who betrayed western Canada. It was Jack Wesson and the Saskatchewan wheat pool. In 1946, Wesson and the Saskatchewan wheat pool put pressure on the government to sign the British wheat agreement. The C.C.F. and the worthy member for Assiniboia were in favour of signing that agreement. When my colleague, the minister of northern affairs, accused them of this the other day, finally the member for Assiniboia said that was not true. Let us go back to the 1946 *Hansard* when they were discussing the British wheat agreement, and we see the hon. member for Assiniboia speaking, as reported on page 4839 of *Hansard* of August 15, 1946. He said:

> I agree with the leader of this group (Mr. Coldwell) who stated that we in this party welcome the agreement.

Then we turn over the page and see the member for Assiniboia again speaking. He said as reported on page 4841:

> I welcome the wheat agreement.

That wheat agreement cost the western farmers over $600 million, and now they want this government to give it all back in one year.

We had the march on Ottawa which was carried out very respectably. Why did they not march in 1955 or 1956? It was a different government then and there were a lot of C.C.F. members from Saskatchewan who were interested. No, they said they would wait. Then this year they decided to come down here. They said, "This Diefenbaker government is bringing in a lot of legislation and things will look tough for us, so let's get down there." We are supposed to believe that every member of that delegation was in agreement with deficiency payments. They were not. They came to present to the government and the people of this country the troubles of the farmers of western Canada, and a good 50 per cent of them were satisfied with the acreage payments if only we would pay just a little more. The payment last year was rather small. I had over 21 delegates from my constituency, and out of those 21 there was only one delegate who demanded deficiency payments. But he left, and he left in good spirits and in agreement with me. The rest of my delegates said that they were fairly well satisfied with what we were doing but they were still in trouble. I know they are in trouble in the west, because I am a farmer. They do not need to tell me that. I know we are in trouble because I am a farmer myself.

Then what happened? The march ended in Ottawa; they got off at the station and the member for Rosthern mentioned the greeting they had. Well, Mr. Chairman, my good friend the other night mentioned that there was an eight-ring circus down there. If you, sir, had been down at the station that morning you would have seen it in full force. The Minister of Agriculture was there; the Minister of Northern Affairs and National Resources was there; the Minister of Trade and Commerce was there; and a lot of western members were there. But we were standing back in the station not to embarrass these farmers coming to Ottawa. However, this eight-ring circus was going on. The member for Assiniboia was down by the door; the fat man was there, the thin man was there and they were carrying big C.C.F. signs. I watched those farmers come from the station and a lot of them dropped their heads to get by the ring leader at the door because they were ashamed of any political affiliation with their march on Ottawa. They did not want that. Then we got reports in the newspapers next day about how the C.C.F. met

them at the station and it looked like a C.C.F. delegation all the way. Those farmers from western Canada did not want publicity like that. The hon. member for Assiniboia told us how they were pleased about this reception in the committee room. I met a great number of the delegates, and I am telling you, sir, that they were ashamed of that performance at the station, every one of them.

This is some of the publicity. This is what took place. This is from Victor Mackie, the Ottawa correspondent for the Winnipeg *Free Press*. He had this to say:

> A C.C.F.-hired brass band played Happy Days Are Here Again.
>
> As delegates began to enter the station from the first train. C.C.F. members of parliament also outjockeyed the cabinet ministers for positions in what amounted to an informal receiving line.
>
> C.C.F. house leader Hazen Argue commented to a reporter.
>
> "It's all good clean fun."

Mr. Chairman, that march was not fun. That march was business. Those farmers from western Canada had come down to Ottawa to present to parliament their problems. They were not down for fun but on business. I had a very good meeting with all my delegates. But what happened when they got home? You can see what happened from the papers. Such paper reports as that we need to educate the western members; that eastern members are all right; but I would like to put on record for my own constituency, with your permission, a letter from the Vermilion Board of Trade which says:

> Dear Mr. Smallwood:
>
> Mr. Karl Marklund, one of the farmer delegates from this district who visited Ottawa recently, addressed our board of trade at its meeting on the 25th of March and gave a very interesting account of the reception the delegates received at Ottawa.
>
> Mr. Marklund was particularly warm in his praise of the cordial reception you gave to the members of the delegation from this district and others from the west. He stated you "went all out" to assist them to meet various members of the government and they felt you were a good man for the west.
>
> At the conclusion of Mr. Marklund's remarks our board passed a resolution of appreciation to you, which I hereby convey in this letter.

From another part of my constituency, the F.U.A. wrote me this letter:

> Dear Mr. Smallwood:
>
> I wish to inform you of a motion passed at our last F.U.A. meeting..... The motion expressed our appreciation for your continued efforts to put forward legislation beneficial to "western agriculture".
>
> Yours truly,
> Mrs. George N. Osness,
> Secretary.

That is what our farmers in Alberta think of the members down here, yet we have to read all this rubbish which appears in the press because the press are misinformed.

[Mr. Smallwood.]

Mr. Chairman, I did miss one point I wanted to make. The C.C.F. agree with everything in the brief. We agree with deficiency payments and the brief, and I would like to ask you, Mr. Chairman, to go back to what the C.C.F. member from Port Arthur said. As I say, we agree with everything in this brief. We agree; oh, yes, we agree with everything in the brief. The hon. member for Rosthern who recently participated in this debate referred to the payment of $4,500. But let us examine what was said by the hon. member for Port Arthur as reported at page 2732 of *Hansard* of April 15, 1959:

> As I understand it, we supported the position taken in the brief, which would be a maximum of $1,500.

The hon. member is apparently under the impression that there is a maximum payment of $1,500. But that was for one year and must be multiplied by three which gives a total of $4,500. That illustrates the kind of thinking of which C.C.F. members are guilty of.

I have in my hand a publication called *The Western Producer*. In my opinion it would be more appropriately entitled, "The Wesson Producer". It is interesting to note that this publication suffered a deficit last year of nearly $160,000. The Saskatchewan wheat pool owns it and this illustrates how they run their business. I am prepared to make another prediction. If hon. gentlemen pick up a copy of this publication next week they will see that it contains an editorial about me.

I am down here working for the family farmer. I am a grain farmer and a mixed farmer. I am in Ottawa to work for the farmer of Canada and of the west.

I should now like to turn to a problem of great concern to the farmer of western Canada. The government expended $139 million on agriculture last year putting it in the hands of western farmers but we still find ourselves caught in a cost price squeeze. Let me place some comparative figures on the record. A combine which cost $5,600 in 1953 cost $9,000 in 1958. An Ontario farmer friend of mine bought a manure spreader for $350 in 1953 and in 1958 the same unit cost $700. A tractor which cost $4,600 in 1953, cost $6,500 in 1958. Freight charges on a tractor in 1948 were $96.47, in 1957 $201.78 and in 1959, $235.41. These examples serve to illustrate the difficulty the farmer experiences in equipping himself for his operation and it must be observed that throughout the period to which I referred during which prices continued to climb, the farmer's income constantly decreased.

The price of grain has not increased. Last year it might have gone up 10 cents a bushel due to better grades but since 1953 it has shown no substantial increase and in fact it has been continually declining. Western farmers are caught in the grip of a vicious cost price squeeze. Western farmers are told that they do not need to buy new machinery. How can we repair our old machinery in view of increasing costs and dwindling returns? I have not many examples of increased prices of repairs to machinery but I might state that a Massey-Harris disc spool which cost $2.25 in 1953 cost $4.35 in 1958. That is what the western farmer is up against today. The price of everything we require is increasing due to freight rates and other things but our products have not increased in price.

I would define a family farmer as a man with a small section of land. Let me give an illustration concerning a farm family on one section of land with 500 acres under cultivation. The farmer is allowed to sell on a 6 bushel quota and would therefore sell 3,000 bushels. For this he would receive a price of perhaps $1.20 per bushel, or $3,600. As against this he must make the following expenditures in round figures: taxes, $600; fuel, $500; casual help, $200; seed and fertilizer, $500; the payment on his farm, $1,200; and estimated repairs on machinery, $600, giving a total of $3,400. If $3,400 is subtracted from $3,600 it is evident that the farmer has only $200 left. That represents his profit on his grain farming for the year. Although it is necessary for a farmer today to raise this grain and to engage in mixed farming, I feel it is unfair that he should be expected to produce this grain with so little return on his operation. In giving the illustration above I did not take into consideration the many small items on which a grain farmer would be required to spend money. The only way a farmer can exist in the west is to go into mixed farming but he should get a greater return on producing grain. These are problems for which adequate solutions must be found.

We must also protect the farm family from contract farming. This is gaining popularity in the pig industry and others. In my constituency last year I would say between 700 and 800 turkeys were raised in the entire area. When I left to come to Ottawa there were four farmers who had 8,000 turkeys. That is just an example of what is taking place. It is the responsibility of this government to find solutions to these difficulties.

In both the east and west I know there are farmers who are becoming too old to remain engaged in active farming and who would like to turn over their farms to younger people. There are many young men coming along who are eager to engage in farming but who have not sufficient capital to acquire a farm. I urge this government to consider the possibility of introducing legislation under which extended credit and long term loans would be made to young farmers to assist them in becoming established in farming. I hope this government will continue the acreage payment the same as last year. It was of some assistance but it was not large enough last year.

It is a sad situation in western Canada today to observe that on a loaf of bread costing 20 cents or 22 cents, that western farmer receives only 3.2 cents. In Alberta a year ago we had bread being shipped by train. One day one of the bakers decided to start something new and so he sent the bread on a truck and put it on the road. Another baker and then another decided to follow suit and so the trend developed. Not being satisfied with that they decided to put large trucks on the road and they hired additional men to drive the trucks. At the first of this year they decided they could not make enough money doing that so the price of bread was increased by 2 cents a loaf in Alberta. The western farmer received no benefit from this increase. I request that the government conduct an inquiry into bakery combines in Canada with a view to exploring their operations and having the western farmer receive a fair return on his grain growing operation to assist him to overcome the cost price squeeze in which he is caught, in other words a two price system.

Mr. Howard: Mr. Chairman, after listening to the hon. member who just resumed his seat and who classified himself as a mixed up farmer, I cannot resist commenting that if one had a fairly weak stomach one might have had some difficulty in keeping the contents down during the course of his remarks. I do not intend to make any comment on the references made by the hon. member to my good friend the hon. member for Assiniboia. I will let him answer the vilifying remarks and character assassination in which the hon. member engaged in the last few moments. I feel that the personal integrity of the member for Assiniboia has been slandered.

Some hon. Members: Oh, oh.

Mr. Howard: Hon. gentlemen opposite treat that as a joke. I expect that they look upon most other serious matters as a joke, too, and especially problems concerning farmers.

Mr. Horner (Acadia): You tell them all about it; you are a big farmer.

Mr. Lambert: You know so much about it, of course.

Mr. Howard: About what?

Mr. Lambert: The problems of farmers.

Mr. Argue: When are you going to make your speech?

Mr. Horner (Acadia): Did the hon. member for Assiniboia write your speech?

Mr. Howard: The difficulty at moments like this is that hon. gentlemen opposite are so eager to snatch an opportunity to say something that they jump all at once and it is impossible to make sense of their remarks and determine if any are deserving of comment. They all jump at a chance to speak and it is impossible to sort out the confused chorus that results.

We have been discussing the first item of the estimates of the Minister of Agriculture for approximately four or five days. It would seem to me that the length of the debate would certainly indicate that there is something basically wrong with the attitude of the government toward the farming people. We have had references to the farming problems of the people of the maritime provinces, of Ontario and the prairie provinces, and some reference to the farming people of the province of British Columbia. Many members have entered into the debate. That itself should indicate that everything had not been solved by the Minister of Agriculture and by his friend the Prime Minister.

We have heard some reference to the delegation of farmers who were here recently from the prairie provinces and the reason why the farm delegation was here. I would suggest that the basic difficulty is that they require and need for their own sustenance a fair share of the national wealth. That is primarily what they were interested in. Hon. members on the government side can confuse it as to which way is the best way of doing it, by deficiency payments, by dollar payments per acre on a handout basis, or in other ways, but the basic problem is that they have not sufficient income to maintain themselves, their families and their farms and to keep them up. Obviously, something is wrong or 1,100 to 1,200 farming people from the prairie provinces would not have come here carrying with them a petition signed by over 300,000 people. Surely, they could not have just come down for the trip, as has been indicated by some hon. members.

These complaints that we hear, Mr. Chairman, about the participation of the C.C.F. in providing some sort of welcome for them as they got off the train are very amusing. I suggest it is nothing more than jealousy and sour grapes on the part of hon. members who are evincing nothing today but old Toryism. How many Conservative members were there? I know no one will admit it, of course, but the Conservative members expressed this thought the following morning —and I heard some of them say it—"Gee, I wish we had thought of something like that".

Some hon. Members: Oh, oh.

Mr. Howard: All right.

Mr. Ricard: Imagination.

Mr. Howard: Perhaps my friends the Conservatives wished they were like the Liberals who did not have anybody there at all.

Mr. Pearson: That is not true.

Mr. Howard: I will say this. The C.C.F. were there, certainly, out in the open with placards, in a sincere, warm way—

An hon. Member: With bands.

Mr. Howard: My hon. friend says "with bands" but what we did not do was put on a booze party for them.

Mr. Ricard: You had no money.

Mr. Howard: Neither did you give them anything else, and you do not intend to. We did not pour out the liquor; we did not cart them into a back room and try to push aside their complaints and say, "Never mind about the problems of the farmers; have another drink; have another shot of scotch or rye", or whatever it was they had, no sir.

Mr. Henderson: Pretty cheap.

Mr. Howard: My hon. friend says, "cheap politics". He ought to know about cheap politics; he is sitting in a government with over 200 cheap politicians.

The Deputy Chairman: Order. Perhaps the hon. member might reconsider that remark.

Mr. Howard: Yes, Mr. Chairman, I will reconsider it. I thank you for suggesting it and I hope that your suggestion that I reconsider it will be applied to the hon. member who made the interjection in the first instance; for I am sure that rulings of the Chair must be equally applicable to all members in the house.

An hon. Member: Shame.

Mr. Argue: Shame on an equal ruling?

Mr. Howard: That is Toryism for you. They want this ruling to apply to one hon. member but not to somebody else. To those people who raise complaints about the farm delegation and about the participation by the C.C.F., I say again it is nothing but sour grapes and jealousy, and they are promoting this day after day, that farmers did not come down here wanting anything. They did not

have any problems when they came here. That is what they are telling us. They do not want any fair share of the national wealth of the country. This is what the Tories tell us. They came down, the 1,100 or 1,200 farmers, on some sort of a holiday with a petition signed by over 300,000 people. This sour grapes and jealousy attitude is in my opinion merely designed to cover up their own inadequacies.

I spoke to a number of people who were here. I suppose every hon. member did. Apparently they broke up into small subcommittees of half a dozen, or something of that nature, and visited every member of parliament and discussed their problems with them. I would say that the general attitude that I obtained from them by the expressions of the ones to whom I spoke indicated that they were utterly disgusted with the Tories who came from the prairie provinces. They were of the opinion that a great number—I am not saying all, naturally it does not apply to all—of the Conservative members of parliament from the prairie provinces are nothing more than apologists for the Minister of Agriculture, the Prime Minister and the Minister of Trade and Commerce, with no great desire to do anything concrete about it, but merely to raise all those side issues about the delegation that came here not wanting something, confusing the issue and hoping that the people will forget about it and John will not have to live up to his promises.

Mr. Horner (Acadia): That is nothing but a bunch of lies.

Mr. Howard: Did you hear that, Mr. Chairman? As I understood the comment, it was that it was nothing but a bunch of lies.

The Deputy Chairman: Order. I agree with the hon. member for Skeena that that is not a parliamentary expression. I would not like to hear it again in the house.

Mr. Horner (Acadia): On a question of privilege, Mr. Chairman—

The Deputy Chairman: I do not think the remark is on *Hansard* but if it is, the hon. member should withdraw the remark.

Mr. Horner (Acadia): I will withdraw the remark if it is on *Hansard*; but the hon. member stated that the majority of the delegation were amazed at the opinions of the western members and at what they were doing down here. He implied that they were doing nothing for western Canada, which is not true.

The Deputy Chairman: Hon. members can have their points of view, of course.

Mr. Howard: I did not want to insist that the hon. member withdraw the remark. I merely drew it to your attention; but even if he withdraws it he still thinks it, and what is the difference? Whether he is made to withdraw it because of the rules he still carries the same misapprehension in his mind. Calling someone a liar is no substitute for a desire to resolve differences of opinion.

I should like to deal with another matter confronting agricultural people. This matter has gained a considerable amount of prominence both here and in the United States in recent years. It is commonly referred to as vertical integration or contract farming. We have seen substantially this same process develop over the years in other phases of our economy. It is something that is not confined to the agricultural industry or to farmers. For instance, we have seen it develop on the west coast in the fishing industry. I am sure, because of my talks with people from the maritimes, that the same condition exists there. We have seen the same process of vertical integration developing substantially in the logging industry on the west coast where slowly and slowly the small entrepreneur, the small logger, the small operator, had less and less chance to participate in running his own affairs, in running his own business, which was slowly and slowly gobbled up and more control exercised over the operations by larger and larger concerns. This is substantially, I say, what is happening in vertical integration in the agricultural section of our economy.

Slowly these forces, in my opinion, will put many farmers in substantially the same position, although probably not to the same degree and with the same humiliation, as were the sharecroppers in the cotton fields of the United States. There is this slow loss of control over their own destiny, a slow loss of control over the farmer's own right to produce what he thinks should be produced and what he is able to market, a slow loss of control over free marketing and eventually the possibility of loss of ownership of his own buildings and his own land. If this process of vertical integration is allowed to continue unabated the farmer could very easily find himself in the same position as the wage earner, possessing only his own muscular and mental ability but having no ownership of property, land, buildings and equipment.

I hear more smart aleck remarks. I would rather they were made in a loud enough voice for me to hear them although at the same time I know that when hon. members

make them they are violating the rules. The government's policy in this respect apparently is to let this process continue, to allow the farmer slowly to lose control over the things he has held dear to him for so many years and to allow the farmer's control of his right to produce what he wants, control of his right to market as he wants, control of his own destiny to filter into the hands of a few small groups of people, many of whom are not even resident in Canada and have no intention of becoming residents of Canada.

I am of the opinion that this can be overcome to a degree in the same way it has been overcome in other sections of the economy. It can be overcome to a degree through the development of co-operatives whereby the farmer will have control over his own vertical integration system, control over his own contract and farming arrangements. Another way is through regulation of private financial and industrial concerns to ensure, in so far as farmers are affected by the activities of such concerns, that the farmers will get the squarest possible deal and will not be placed under the control of somebody else.

Mr. Woolliams: Mr. Chairman, in taking part in this debate I should like to say a few words about the Minister of Agriculture himself. His constituency adjoins mine, and no matter what side of the house we may be on I think that as members of parliament and representatives of the people of Canada we will all agree that the portfolio of agriculture is not an easy one. The big trouble in dealing with agriculture is that it is like the seven blind men feeling various parts of the elephant which all feel different to them. Agriculture covers so many different items, so many different crops, so many different phases that when you cure one problem you may aggravate something else.

I certainly do not want to get into an argument with the last speaker but he mentioned that there had been a lot said in this debate and he thought there must be something wrong. I would say there is nothing wrong and as a member from western Canada I say there should be a lot of words spoken about agriculture because that is our primary industry. That is how all of us make a living because when the farmer in western Canada does well the businessmen of western Canada also do well.

I should like to deal with a few things that concern my province and constituency having to do with a phase of agriculture called ranching. Sometimes Albertans are accused of being a lot like Texans but they can boast about having some of the finest ranches in Canada. I can tell members who have not visited the area that in the foothhills of the Rocky mountains they will find some of the finest herds of cattle you will see anywhere in Canada and a pound of beef can probably be produced cheaper there than anywhere else in Canada because in many places the cattle can graze all year round.

Therefore, when legislation is brought in or a program is suggested with reference to the production of cattle, what may apply to one section of the country may not apply to another. In many places in Canada, even in some sections of Alberta, cattle have to be barn fed for six or seven months of the year. The people who have to barn feed their cattle are faced with tough competition from the rancher because the rancher's cattle can graze for most of the year.

There is one matter that is of considerable concern to Alberta ranchers at this time, and that is what may happen as a result of diversification in farming. I have discussed the matter with ranchers and many members have suggested that the farmers of western Canada should diversify their production. In the process of diversification many of them have gone into raising cattle. In the last two years at least we have been very fortunate to have a good market for our cattle in the United States. This means, of course, that every ranch is producing every pound of beef possible and where there has been diversification on farms there is also a lot of beef being produced.

There is always a danger when there is overproduction and there is the problem of what will happen if the United States market is cut off. The hon. member for Dufferin-Simcoe referred to the situation when our market for cattle in the United States was cut off in 1920 and 1930. We know exactly what happened to cattle prices in Canada. It is a source of anxiety to the ranchers and other cattle producers of Canada to know that if this market is cut off they will be faced with an immediate problem. However, it bears repeating to refer again to the stabilization legislation. It is sometimes underemphasized that under that legislation there are two price levels. One price is written right into the act and cannot be changed except by act of parliament. It is provided right in the act that the price will never fall below 80 per cent of a 10-year moving average. That

is a matter of law and cannot be changed. Then there is the other level which comes into effect when a price level is set for a product by the stabilization board. That has given the ranchers and other cattle producers of Alberta stability and security in their industry and it is something that I think should be mentioned.

There is one thing that I should like to suggest to the Minister of Agriculture and also to the Minister of Trade and Commerce. Members of parliament will have read about the recent case in British Columbia, I believe, in which the wheat board act and the regulations were interpreted to mean that wheat could not be sold by one farmer in one province to another farmer in another province. This has worked certain hardship, particularly in the case of those farmers who live near the border between Saskatchewan and Alberta. Some of the wheat which cannot be sold under the quota system is sold for feed and bought by feeders of cattle and in that way the surplus is being depleted. But under the wheat board regulations it is legally impossible to sell wheat from one province to another without at least the consent of the wheat board or rather through the wheat board. That is one of the big problems and I think it should be looked into because it does seem that when we provide certain protection for an industry by legislation problems always arise.

The wheat board is not new, of course, because the board was created by this party the last time it was in power, but I always think that new legislation is like a new baby. There are certain changes that must take place. I should like to make this suggestion in respect of this legislation without wanting in any way to harm the sytsem itself whereby the wheat farmer is protected. Perhaps some system could be worked out whereby the law and these regulations could be amended to enable a farmer in one province to sell grain to a farmer in another province. I know of a case in which a man in Saskatchewan wanted to sell wheat to his brother-in-law in Alberta who was producing beef. These regulations made such a transaction impossible. This is one suggestion I make, that the law and the regulations should be amended so that they would not work a hardship on anyone.

Now, returning to my constituency, I would say that when we leave the ranching district we move into the grain producing area. We then meet the problems that have been discussed here. Hundreds of words have been said about wheat. I think George Brittnel, a professor at Saskatchewan, wrote a book on wheat, called "More about Wheat". Perhaps if everyone read it there would not be so many words said about wheat. I should like to say, when dealing with the wheat farmer, that the main problem is moving the surplus wheat from the farm to the markets themselves. It does not matter how you pay out the subsidies. After all, the most important thing is to be able to market the commodity at reasonable prices.

I think I have the honour of representing the district in which the two master farmers of Alberta reside. This part of the Bow River constituency is a great wheat producing area. One of the big problems is to get the grain off the farm into the market. One of the problems the farmers have met in this connection is the distribution of box cars. This particular government set up a commission to investigate the distribution of box cars. I have always been amazed by the fact that one of the largest crops western Canada produced in 1928—there were only two other crops to compete with that record—which was between 500 million and 600 million bushels, was transported to market without too much difficulty. There seemed to be plenty of box cars in 1928 to take the whole crop. It seems to me that today there is some aspect of this problem which we have been overlooking. Surely there is sufficient railway equipment today to enable us to get all the wheat off the farms quicker than we have been doing in the past few years.

If these large farmers could get their wheat to market, even if they could fill their quotas on time, then they would have the necessary capital with which to finance their farm operations. I feel that whatever findings this commission makes, the distribution of box cars is a very important item and that is why I have mentioned it. The supply of box cars to the country sidings should be speeded up.

I have heard a lot of members say a lot of things about agriculture, but it does seem to me that the crux of the whole problem can be set forth in a simple formula. How much will a bushel of wheat or a pound of beef buy? One of the big problems today is the cost of production. I wrote one of the farmers in the Bow River constituency for a list of the equipment which he has on the

farm. He is farming 1,500 acres of land and he has equipment which was purchased anywhere from 1947 up to the present. He uses all this equipment because he is a very efficient farmer; he is one of the master farmers in Alberta. The cost of the equipment he has, based on the cost price at the time of purchase, amounts to $37,493.40. If he went to the market today to buy that same equipment it would cost him $57,500. This illustrates one of the problems. If you consider the cost of that equipment at 1953 prices you will find the cost would be about $30,000, whereas in 1958 the cost would jump to $57,000. The cost of farm machinery has almost doubled, and this seems to be one of the problems.

When I was in the library this morning I was interested in looking back over the records and found that a commission was set up by this house in 1937 to inquire into the price of farm machinery. It may be that the time has arrived when this situation should be reviewed. The cost of farm machinery in Canada seems to be out of all proportion. I want to show hon. members, especially those who do not come from western Canada, how the cost of some of these machines has increased. I am one of those who believe that when the farmer is prosperous the whole economy of the country is in a healthy state. I am not one of those people who play one section of the country against the other section, as has been done by some political parties.

As an example let us consider a 14-foot combine. In 1953 it cost $5,750 and today it would cost $9,800. Then, take a swather; in 1953 it cost $948 and today it will cost $1,149, an increase of about $200. I think one of the most startling examples is that of a Caterpillar D-4 diesel bulldozer with a hydraulic lift. It cost about $5,000 in 1940 and today it costs $15,000. These are just typical examples of the increased cost of farm equipment. It seems to me the time has arrived when we should review the prices of farm machinery in order to keep agriculture in a healthy condition. I should like to know, as a member of parliament, how many dollars worth of labour goes into the construction of this Caterpillar D-4. I should like to know how many dollars of profit result from the sale of this item. The cost of this item would have to be worked right back to the cost of the steel. However, I think that could be done and it is time such an investigation by a new commission was undertaken. We need to know the reason for such increases in farm machinery.

There is one other thing I should mention. I believe the purchasers of farm machinery should keep in mind the fact that there is no tariff on farm machinery entering Canada. I ascertained this fact today. This means that a combine has no duty imposed on it. There is no duty imposed on farm machinery entering Canada from the United States. I discussed this question with a member of the customs branch, and he was kind enough to review the list of items I gave him. He said that there were no duties imposed on the list of machines, except two of them. I refer to the list of equipment used on the 1,500-acre farm in Alberta. I have heard many times from political platforms references to the tariff protection given farm machinery, but that just does not exist.

There is one thing about which I am not sure, and I should like to hear an answer to this question if it can be answered. Why does the machinery in the United States cost less? Why does it cost more when it comes into Canada and yet there is no duty imposed upon it? I have heard no answer to this question as yet. I should like, with the permission of the house, to put on *Hansard* the list of machinery to which I have referred. This shows the list of equiment used on the 1,500-acre farm and also the prices of that equipment in 1953. There are two pages, Mr. Chairman.

The Deputy Chairman: May I ask the hon. member the source of his information?

Mr. Woolliams: This information came direct from the farmer who purchased the equipment, and from an agent in Calgary.

The Deputy Chairman: Is the committee agreed that this table should be placed on *Hansard*?

Some hon. Members: Agreed.

Mr. Woolliams: The tables are as follows:

INTERNATIONAL HARVESTER COMPANY

March 3, 1959

	1953 Price	Price F.O.B. Calgary	Approximate increase
	$	$	$
14 ft. #181 combine ...	5,750	9,800	4,000
10 ft. #101 combine ...	2,301	6,040	3,700
120 Swather power take-off	948	1,149	200
Self propelled swather	was none ($2,010 when first came out)	2,800	790 (in four years)
I.H.C. 660 diesel tractor	4,758	6,475	1,700
I.H.C. 460 diesel tractor	4,099	4,863	800
15 ft. diskall	789	1,497	710
15 ft. diskall with seed attachment	1,100	1,697	597
#50 Chissel plow	735	977	240
2-K6 24 x 6 press drills complete	1,820	2,390	570
No. 46 P.T.O. baler	1,571	1,866	280

Machine	1953 Price	Price F.O.B. Calgary	Approximate increase
	$	$	$
Motor baler	1,875	2,467	580
#15 Side rake	325.45	637	310
c32 6' power mower	309.80	485	176
Forage harvester	1,625	1,900	275
Grain auger	356	450	98
Manure spreader	436.70	560	124
#37 tandem disc	374	986	612
6 flexible harrows	146	250	104
2 rod weeders	465.30	660	195
Farm wagon	234	340	105
	30,009.95	48,309	16,166

On our own farm of 1,500 acres, we have the following machinery:

Machine	Year	Purchase Price	Today's Price
		$	$
Oliver gas model #99 tractor	1947	2,050	—
Replaced by Oliver diesel #99 tractor	1958	6,020	6,320
Caterpillar D-4 diesel bulldozer and hydraulic unit	1939	4,750	15,181
New Holland baler	1956	2,127	2,575
Bale elevator	1955	242.10	320
16 ft. swather	1954	2,100	2,750
Massey Harris 102 tractor	1946	2,200	3,500
Massey Harris 30 tractor	1948	1,900	2,700
Massey Harris self propelled combine No. 27	1952	5,662 #92	8,350
Massey Harris self propelled combine No. 27	1952	5,662 #92	8,350
Grain loader	1952	505	720
10' tandem disc	1947	475	986
Manure spreader	1951	435.31	560
Side delivery rake	1951	451	637
Hay wagon	1951	210	340
Power mower	1950	288.99	485
Graham home plow	1949	315	720
Graham home plow	1949	315	720
8 section flexible harrow	1948	151	250
24' rod weeders	1949	490	660
15' seeder tiller	1951	1,178	1,700
		37,493.40	57,524

F.O.B. CALGARY March 3, 1959.

I think when we talk about the cost price squeeze that probably the real squeeze on the farmer is coming from this cost of machinery. This is a squeeze which the farmer feels as a result of the strife between management and labour. I am taking no sides on this question because I am not one who has ever taken part in negotiations between management and labour. I am certainly not going to hold myself out as an expert. We know that the leaders of both parties, Liberal and Conservative, have exhorted management and labour to keep prices down and try to stop this escalator from forever climbing. The farmer is one person who is caught in the squeeze because he cannot pass on the additional cost to the consumer. When the cost of a combine increases by $4,000 in five years, there is no way for him to pass on that increased cost so that he can get back that extra capital expenditure.

I hope the time will never come when control regulations are necessary. I am not one of those who would like to see compulsion introduced because there is something about a free economy which is typical of our Canadian way of life. But it may be that if a farmer has to continue to pay double the price for his machinery every five years there is something to be said for the answer which Senator Kennedy gave to a question which he was asked at a press conference. Senator Kennedy, as no doubt members of this committee know, is a United States democratic senator who is aspiring to the presidency of the United States. This is the question he was asked:

> But you would have the people pay more taxes to help India. President Eisenhower exhorts businessmen not to raise prices and labour not to demand higher wages. Isn't this asking people to go against their selfish interests?

And the answer he gave was:

> I never thought exhortations did much good. I don't think it fair to expect businessmen and labour people to control themselves just because you have made a general request. Unions are in the business of getting more for their people and management is in the business of getting more for itself, and I think government intervention has to be more precise and stronger.

It would seem to me that if this strife between management and labour cannot be brought to an end we may in future have to impose some kind of control, and I know that every hon. member, no matter on what side he sits, would prefer to continue with a free economy. However, agriculture cannot continue to function with prosperity if it is caught in this squeeze, because it is all a question, as I said before, of what a bushel of wheat will buy and what a pound of beef will buy.

Now I should like to say a few words with reference to the remarks made by the leader of the C.C.F. party to the effect that the western Conservative members have betrayed the western farmer. I was fortunate enough to have six men from Bow River forming a part of the farm delegation. One was the master farmer from that area. They knew the problem, and we discussed the problem together as I have discussed it with you, Mr. Chairman, this afternoon. They know that the big problem concerns what a bushel of wheat will buy and what a pound of beef will buy. If we could get costs down, then the price of a bushel of wheat would not be out of line, but it is out of line today in the light of the prices which a farmer has to pay for his machinery and what he has to pay for all the other things he needs to purchase.

When the hon. member for Assiniboia talks about betrayal, I never know whether he is talking about the betrayal of the Regina manifesto or of the Winnipeg manifesto or the Knowles manifesto or the Argue manifesto. I think the western farmer will know where the real betrayal lies when that marriage referred to in the Knowles manifesto is brought about between the C.C.F. party and certain labour groups in this country. Then the farmer will know when his machinery increases in cost just where the betrayal of western Canada took place. I am quite confident that when that marriage of the C.C.F. takes place the C.C.F. members from the four western constituencies will be defeated and the Conservative members who sit on the rump side of the house will be all back in their places.

Mr. McMillan: We have heard some discussion today about wheat farmers, both in western Canada and in Ontario. I think the western wheat farmer, like the farmer in any other part of Canada, is a realist and I do not think his opinions can be changed by a drink of liquor. If they were so entertained by some members of the Conservative party as has been said I do not think it is the business of any of the rest of us.

I have every sympathy for the western farmer, as I have for farmers in all other parts of Canada and certainly unless he is farming on a large scale with modern machinery he is facing considerable difficulties at the present time. After listening to the previous speaker this afternoon I have all the greater sympathy with him, because the hon. member for Bow River has brought home to us the high prices which must be paid for implements and machinery.

I do not intend, however, to discuss western farming. I want to refer to a special type of farming in the Niagara district. I want to refer to fruit farming in Ontario and, more particularly, to peaches. The peach crop in 1958 exceeded the peach crop of 1957 by about 15 per cent. The annual meeting of the Ontario peach growers marketing board was held about eight weeks ago at Grimsby and the secretary of that board reported that last year's peach crop was good and that it had exceeded the 1957 crop by something like 15 per cent. Purchases of peaches by processors in 1958 amounted, however, only to 27,444 tons compared with 30,027 tons in 1957. This was a decrease of 10 per cent. The total value of the crop amounted to $2,227,000, and when one includes the $13 a ton paid by the government under the stabilization plan, this amounts to $605,000 less than in 1957. And even with this $13 taken into account the price obtained for peaches last year was the lowest obtained in years. The same applied to asparagus.

Now previous to 1957 the asparagus crop had been at 23 to 22 cents per pound. In 1957 it fell to 22 cents and 21½ cents. When this government came into power I think they set a deficiency payment of three cents below the 18 cent floor price and the farmers never got any more than 15 cents from the processor after that. They got the 15 cents plus the three cents.

In 1958, the number of peach growers selling to processors in the Niagara district declined by nearly 12½ per cent, from 1,362 in 1957 to 1,195 in 1958. One reason, of course, was the high cost of production and the low price received for peaches. Another reason this year was the closing down of processing plants. Some of these plants were bought out by United States interests and were not opened. In some cases it was not known whether or not these plants would open, and unless peach producers had made other arrangements for selling their crops, in cases where the plants did not open they could not get rid of them and the peaches rotted on the trees.

I think our two governments should cooperate in helping the fruit farmers to build processing plants. The money would not be lost; it could be amortized over a number of years and the fruit and vegetable farmers would be able to sell their products. Moreover, the money would be spent in Canada and avoid the importation of a lot of fruit from the United States and some other countries, fruit which, I think, is of an inferior quality. What I have said with regard to peaches applies in varying degrees to other fruits and to some vegetables. These processing plants could be used for other fruits and for some vegetables, apart from peaches.

I believe that the main problem which faces the farmer is the obtaining of long and short term credit. This applies to vegetable and fruit farmers as well as to farmers in Ontario generally. The fruit and vegetable growers need short term credit for fertilizer spraying, baskets and so on. At the present time they must pay at least 6 per cent for their money. They also need long term credit for the erection of storage facilities, packing sheds and other buildings. And I am sure they would appreciate it if this government would provide them with processing plants. I am sure this money would be returned. I realize that interest rates must be reasonable and that the Minister of Agriculture should see that they are reasonable.

I fail to see, however, that this government could provide any reasonable rates at the present time because, as you know, in the last two loans made the cost yield to the government was around 5 per cent. In fact, one of the loans was over 5 per cent, and when you take into account income tax gimmicks in connection with those loans they were up around 6½ per cent. Therefore, I do not see how the government can lend money to farmers at a very reasonable rate when the net cost of money to them was around 6½ per cent. I would hate to think that my credit had fallen so low that I had to pay as much interest as the Minister of Finance had in that last loan. I would appeal to the minister to help our farmers by way of a more reasonable interest rate in order that they might get adequate financing in this highly competitive field of farming.

I must say one thing to the minister. I am sure the fruit and vegetable growers appreciate the longer application of specific duties during the harvest period of the various crops. I do not know how this will apply in the Niagara district, whether it will tend in itself to keep these processing plants open. If it does not I would appeal to this government to do something along with the provincial government of Ontario for the fruit growers.

I also want to say something about the grades of fruit. Our processors have bought grade A fruit from different fruit growers in the past, but when the processors have imported fruit they have accepted a lower grade at a lower price. I think inferior grades have been getting in across the border. Our inspectors let them in. It does not happen any more now than it did with the former government, but it is happening, and I would appeal to the Minister of Agriculture to see that the people in the department at the border admitting fruit and vegetables see that they come up to a definite grade set by our own producers here in Canada.

Mr. Regnier: Mr. Chairman, I am happy to be able to take part in this debate. I would like first to reply to the statement made by the leader of the C.C.F. party to the effect that the Conservative members of western Canada had betrayed the farmers of western Canada. I believe that the greatest betrayal of the farmers took place in 1946 when the British wheat agreement was signed. According to a statement made by Senator T. A. Crerar in 1953 at a Liberal meeting in Winnipeg, the western farmers had lost at that time over $500 million. In 1946 Mr. Coldwell, the then leader of the C.C.F. party, stated he had given some approval to the British wheat agreement. There was nothing wrong with that agreement because it was made in order to help Great Britain, who had made great sacrifices during the war; but where the betrayal came in was that the gift made in the name of Canada was paid for by the farmers of the three western provinces.

When the farmers came to Ottawa last month some of them came to my office, those who came from my constituency of St. Boniface. I told them that their brief had not the proper background, that it had not a proper basis for the demands made. I said that I agreed they had demands to make and that they were not coming here as beggars. I said, "This country owes you at least $500 million." Why was that not mentioned in the brief? The Hon. J. A. MacKinnon, the then minister of trade and commerce, consulted with the western heads of the pools and the Canadian Federation of Agriculture in regard to this agreement and they gave it some approval, although the then minister of trade and commerce admitted they had not been consulted as to quantity and price. So this was not a farmers' deal, it was a government deal.

The agreement was signed on July 24, 1946 and it was announced to parliament on the next day, July 25, 1946. It was then a *fait accompli*, but at that time the then leader of the Conservative party, Mr. John Bracken, and the late Mr. Arthur Ross of Souris, took a definite stand against that deal. They stated it was not fair to the farmers, and that if the farmers were going to sell their grain at 50 cents less than what it was worth in the world market they should be given parity prices.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Regnier: Mr. Chairman, when you called it six o'clock I was talking about the great betrayal of the western wheat growers by the Liberal and C.C.F. parties in 1946. I was amazed that in the last march on Ottawa by the western farmers who presented a brief, the greatest ground on which they could have claimed against the government was not even referred to. As I said before the adjournment, in 1953, as reported in the Winnipeg *Free Press* of January 24 of that year, Senator Crerar was reported to have stated that the grain growers of western Canada had lost $500 million under the British wheat agreement and the international wheat agreement.

When the delegation from St. Boniface came to my office I spoke to them about that and they urged me to mention it at the first opportunity and that is why I am raising this question tonight. When the delegation appeared before the committee on agriculture I referred to that point as well. Mr. Harry Marsh of Saskatchewan who had at one time been a director of the wheat pool agreed that if the march had taken place in 1946 it would have been possible for the farmers to obtain at that time what they are seeking now.

I am really surprised that the farmers did not march on Ottawa in 1946 when the Liberal party of that day without any authority and without consultation with the western farmers confiscated part of their income from wheat. It was really a conscription of wealth directed only against the three western provinces.

This afternoon I heard the leader of the C.C.F. party talking about the interests of the western farmers being betrayed by the policies of the Conservative party but the greatest betrayal occurred in 1946 at which time the C.C.F. and Liberal parties worked hand in hand. Mr. Coldwell admitted that he had given some approval to that agreement at that time.

It seems to me that hon. members of the C.C.F. were not concerned at all about the interests of the western farmer. They were concerned only in bringing about an enforced plan and fixed prices and government interference with the affairs of the western farmer. They did not consider what losses the western farmers were taking at that time.

I am surprised that Mr. Wesson, who I understand was also a leader of the wheat pool in 1946, did not look after the interests of the farmers then. Perhaps the organized march on Ottawa was caused by remorse or perhaps he is now repentant for what he did to the farmers in 1946. I am quite surprised that the leader of the C.C.F. party at this time is not interested in asking any questions about the British wheat agreement or about the stand that party took at that time.

Mr. Harkness: He does not like to hear about it.

Mr. Regnier: Yes, indeed. I would invite him to explain the participation of his party in that agreement and tell the committee why they did not try to lead a march on Ottawa at that time when one was required. At that time there was no farmers' union organized in western Canada. Indeed, the very reason for the organization of the farmers' union in the western provinces was that the interests of the farmers were not being properly looked after by the C.C.F. or by the wheat pool organization. The farmers saw the necessity of having another organization and thus established the farmers' union. Personally I am sorry they were not organized before they were. If that had been done what took place in 1946 could have been prevented. Such a thing has never happened to any other class in Canada. No other group has had part of the income from its produce confiscated and given away to another country with the cost of the gift being charged only to one class, namely the wheat growers of the three prairie provinces.

The province of Ontario was exempted. In some years that province has grown as much wheat as the province of Manitoba. Why was not the province of Ontario included? Obviously they knew they could not get away with it for political reasons and therefore it was limited to the three prairies provinces and to only one class. I believe this represented a mortal blow struck at the western farmer. In the course of a few years $500 million was taken away from them. I have taken this figure from Honourable T. A. Crerar who was a member of the Liberal cabinet at one time but who did not approve of it after he ceased to be in the cabinet. He said so in Winnipeg on January 24, 1953, at a Liberal convention, of all places.

In 1946 that great newspaper of western Canada, the Winnipeg *Free Press,* put up a wonderful fight against the policy of the Liberal party at that time and in defence of the interests of the three western provinces.

I was quite shocked last week when I heard the hon. member for Essex East expressing concern for what was happening at this time to the western farmer. Why did he not show equal concern when his administration was in office at which time he had some authority and power to protect the wheat growers of western Canada?

Mr. Martin (Essex East): Mr. Chairman, would the hon. member permit a question?

Mr. Regnier: Certainly.

Mr. Martin (Essex East): In 1946 did not the hon. member share with me and with many other Liberals a strong faith and belief in the Liberal party as an active member of the Liberal party at that time?

Mr. Regnier: Mr. Chairman, I do not think I shall ever live down the shame of it. I remember the great Liberal party of 1946. I had a great deal to do with it. From 1946, except for the last two or three years, I attended Liberal conventions and particularly the Liberal convention in Winnipeg, and made it a point to attend the committee on agriculture where I attacked the Liberal government's policy on agriculture, particularly in regard to the international wheat agreement and the British wheat agreement and this had a great deal to do with my leaving the Liberal party.

Mr. Harkness: You see, it is right from the horse's mouth, Paul.

Mr. Regnier: Mr. Chairman, I should like to place on record the position of the Conservative party in 1946 by quoting some remarks made in this house by the then leader of the Conservative party, Mr. John Bracken. This is to be found at page 4822 of *Hansard* of August 15, 1946. Mr. John Bracken, made the following comments regarding the British wheat agreement:

It is a bad agreement because it proposes to sell 160 million bushels of wheat to Britain at 50 cents a bushel below the world price. It is either a gift or it is an improvident trade arrangement. If it is a gift, let us say so. But if it is supposed to be an insurance against low prices in the future—if because we take less for our wheat today than it is worth Britain is expected to pay more for our wheat two years from now than the world price when it may be lower, I say that as an insurance that this will be done, it is valueless.

It is a bad bargain also because it will create friction between Britain and Canada. If in two or three years from now the world price of wheat is low and Britain does not come through with a higher price to us than the world price then is, we shall feel that she has reneged on this agreement. On the other hand, if two or three years from now, when the world price of wheat may be low, we press Britain to pay us more than the world price, she will feel that we are unreasonable. So I say that the proposal is altogether likely to create friction between this country and Britain.

The third reason why this is a bad bargain is that it will cause friction with other nations as well. It will invite criticism from the wheat-producing nations, because here we are selling wheat to the greatest wheat importer of the world at 50 cents a bushel below the world price. What are other wheat-producing nations to think of a policy of that kind?

At page 4824 of *Hansard* of the same date Mr. Bracken said:

Now with respect to the government's wheat policy generally. I make this criticism: it is not fair to the farmers, it is not fair to a quarter of the Canadian people, it is not fair—particularly—to those who are growing wheat. It is not fair because of the price that is offered, $1.35, while there is a possibility that something more will be coming after the end of five years, there is no assurance that there will be. One dollar and thirty-five cents is not a fair price for wheat today. It is not a "parity price", if I may use that hackneyed term. "Parity price" is the name given to a price which is supposed to express a fair price in relation to other things. The parity price now would be about $1.53, but $1.35 is all the farmers are assured, at a time when the world price is nearly half as high again as that. If the farmers of Canada cannot be assured of a parity price now, when the world price is high, what prospect is there of their being assured of parity price when the world price is low, as it is sure to be later on?

If I may stop here, I think Mr. John Bracken gave a real good picture of what was going to happen. I would like to know where the C.C.F. party was at that time when the Conservative leader was talking about parity price? I continue to quote:

The government's policy during the last two or three years has been a policy generally of floors and ceilings. That has reduced the wide fluctuations of prices, and to that extent is good; it has raised the floors and lowered the ceilings. Now there is a modification of that policy. The government comes along with this price of $1.35, which as I have said is less than parity. The policy has been one of floors and ceilings, but now it is one even more of a controlled economy; and when the government starts in to control the economy, then when things do not go right, or any inequity is brought about, the government has no one to blame but itself. This policy is not equitable. It does not assure equity to farmers, and this is one time when the government might have given them that assurance.

As I have said, the government's policy is one of no assurance of parity when the world price is high, and even less assurance when the world price is low. The government's policy is one of making agriculture carry the cost of the loss on this sale. It is not the nation that is carrying it. The nation's economy will suffer if it does not get as much for wheat as it might have got. But the price of the loss will be borne by the farmers. The government may say that the farmers are probably getting enough, but the fact is that this is a contribution by the farmers of Canada and not by the Canadian people as a whole. When you stop to think that on this one commodity the crop is sold at four different prices—wheat for flour at 78 cents, the so-called domestic price of $1.25, the British price of $1.55, and now the effort is being made to sell to other countries at over $2—you will realize that is very much of a hodge-podge, something which is most difficult to administer and does not work out equitably to the producers.

In *Hansard* for that year hon. members can also read the very good speech of the late member for Souris, Arthur Ross and the good speech of the present Prime Minister against this agreement. I believe I have performed the duty requested of me by the delegates who came from the constituency of St. Boniface by bringing this matter to the attention of the committee. Thank you.

Mr. McIntosh: Mr. Chairman, before I comment on the estimates of the Department of Agriculture I, too, also wish to challenge the hon. member for Assiniboia on the remarks that he passed this afternoon that the western members have betrayed the western farmers. Let us bring this question of betrayal out into the open; let us decide once and for all who is betraying the western farmers and who has betrayed the western farmers.

Regardless of what happens in the next election, whether one member present in the house tonight or present in this government or in this parliament is returned at the next election, I think they can all say, with the exception of one and that one is the hon. member for Assiniboia, that this government has been more sympathetic to western

problems than any other government in the past. I think they have given a better hearing to western members than did any other government in the past. I think they can all say that never has a more united effort been put forth on behalf of the western farmers than has been put forth by the members of this government and of this party during the last session and up to date.

I just wonder how sincere this member from western Canada, the hon. member for Assiniboia, this preacher of doom, despair and destruction, has been in his support of the western farmer? How sincere are his colleagues in the group of eight, how sympathetic are they to the western farmers? I just want to read one short excerpt from *Hansard* of last year containing words uttered by a voice of the party that he represents. It is to be found on page 3509 of *Hansard* for August 14, 1958 and reads as follows:

> This does not concern resources about which we know nothing. This relates to the breadbasket of this country, and I suggest to the minister that the breadbasket of this country is no longer on the prairies; it is in the boreal forests where we find our pulp and paper resources.

Then there was an interjection by an hon. member who said:

> What does the hon. member for Assiniboia say to that?

Then the hon. member whom I am quoting went on:

> He has just been complaining from behind. I do not mind somewhat overstating this point in relation to what the hon. member for Assiniboia tells me, but I think we have gone on long enough paying such marked attention to the agricultural interests especially to the grain interests.

What solution has the hon. member for Assiniboia put forth on behalf of the farmers? How does he propose to assist farming? How well has he briefed his group of eight? Without referring to *Hansard* I remember that last year one of his colleagues was speaking on agriculture and asked the western members who had been fighting for the western farmers why we could not solve our problem in the same way that labour solves theirs. He said that when labour encounters an increase in the cost of living all they do is go to the employer and make an arrangement with the employer whereby he raises their salaries. How can the western farmer go to his buyer and say, "My cost of living is going up; I want more money for my grain".

I also suggest that the hon. member for Assiniboia should brief the spokesmen for his party when he has duties elsewhere as to what the problems of the western farmers are. I suggest that by the tactics he has been following during this session—not so much during last session—he is doing everything within the power of one man to divide the efforts of the western farmers in obtaining their rights. He professes to be an agrarian. From his numerous speeches we have heard that he is an expert in all fields. He is an expert on external affairs. He is an expert on shipping. He is an expert on labour. He is an expert on finance. In fact, last year when he was criticizing the budget he was asked how he would go about balancing the budget. He said that he would tax the millionaires and multimillionaires and get the money from them. I wonder how long that source would last. I wonder what he would do when it was exhausted. I wonder how long it would be before he got down to the timber barons and I wonder whether there would be seven instead of eight at that time in the little group to your left, Mr. Chairman.

I could say more but I think the remarks I have already made will prove to all Canadians that if he cannot convince that little group of eight he can never hope to convince the people of Canada. What does he hope to gain by his remarks this afternoon, by the co-operation that we as members from the west are getting from him? Is he seeking assistance for the farmers or political gain? I leave it to hon. members to answer that question. I suggest that the people of Canada are not as gullible as the hon. member for Assiniboia believes them to be.

With regard to the estimates of the Department of Agriculture, Mr. Chairman, I have heard it said very often, quite often by the group of eight to your left, that the western farmer is not getting his fair share of the national wealth. The term "fair share of the national wealth" is one of many such terms that they use and the reason they use it is that there are no statistics to prove it. I have written to the dominion bureau of statistics to find out what the fair share of the national wealth is so far as the agrarian is concerned. The bureau does not have such figures on its files and is not able to give them.

However, I have heard the minister say that farmers comprise 12 per cent of our population and that that 12 per cent receive 6 per cent of the national income. I suggest to the minister that there is a problem in western Canada when 12 per cent of the people receive only 6 per cent of the national income. There must be something wrong with either the economy of our country or our mode of living. However, in my view the statement of the minister is not entirely correct because in the west at the present time stockmen are enjoying good returns from their cattle. There are a great number of stockmen on the prairies and this brings up the average.

Our concern as western members, and I think I can speak for all western members of this party, is with the situation of the grain farmer. That is the immediate problem. The problem of the grain farmer is that he purchases everything that he needs on a protected market while all the grain he sells is sold on a competitive market. This results in what is known as the cost price squeeze or high cost of production. Before there is a division between eastern and western farmers I would suggest that the problem of the high cost of production applies to the eastern farmers as well as the western farmers. As farmers let us not be divided on that point. As has happened in the past, let us not have eastern farmers fighting western farmers. Let us not have any member of the house, as we heard this afternoon, try to divide the farmers.

In the past members representing several different parties have been sent to the House of Commons and after what I heard this afternoon I can understand why those representing eastern ridings could not understand the western problem. The western members who were sent here could not even agree among themselves. They did not put forward the problem of the western farmer. They were fighting party politics.

For the benefit of eastern members I wish to point out one thing that has bothered the grain farmers of the west for many years. At the present time the people of Canada are buying wheat 15 to 20 cents a bushel cheaper than it can be purchased anywhere else. Let us suppose all Canadian farmers stopped producing wheat and the Canadian people had to buy wheat for home consumption from some other source. They would pay at least 15 to 20 cents a bushel more than they are paying today. Instead of the income of the western or other grain farmer going up, it has been gradually going down. Today the Canadian people are buying wheat cheaper than any person on the North American continent can buy it. This is not a fair situation in an economy that is rising.

For purposes of clarification I suggest that we divide our economy into three parts. We will call the first group labour, the second group management and the third group the consumers. The reason I call the third group consumers is that our western farmers come within that term. I think what applies to all western farmers applies to all consumers. I include eastern farmers in that group.

Now, which one of these three groups receives the most out of our economy today? All the members are supplied with the literature from the labour organizations. We receive the labour magazines, and I think the labour people will admit that within the last 10 years they have increased their net income, over and above the increased cost of living, by 27 per cent. Management, on the other hand, can always look after itself. Whatever it costs management to produce an article, their percentage of profit can always be added to that cost of production and passed along to the consumer.

I would suggest that the consumer group is the only group that has not been protected by legislation. I would suggest that at this session or very soon the government should intervene on behalf of the consumer group. I would suggest also that so far as the farmers who are included in that consumer group are concerned, the minister might give serious consideration to the question of the two price system. I do not think any western member will maintain that the two price system will solve all the problems of western Canada. However, I think we will say that such a system would put western farmers on a firm basis and they would not have to come to the government year after year for assistance.

This two price system has been ignored by certain large farm groups in the west, to which reference was made this afternoon on several occasions. I should like to read a part of an article that was published in the Saskatoon *Star-Phoenix* on April 8, 1959. It was an article about the dean of agriculture in the University of Saskatchewan, Professor Rupert Ramsay. In this article it is stated that Professor Ramsay said the net farm income in Saskatchewan last year was $2,000 per farm. Professor Ramsay said that the prairie farmer had established a case for some kind of additional income. Canadian farmers had difficulty selling in the British market because agricultural prices in the United Kingdom were much lower than in Canada. The only alternative to this problem was to establish a two price system with one price for the domestic market and one for international markets.

Efforts have been made by one member from western Canada, Mr. Chairman, to belittle what other western members have done, particularly in connection with the farmers' march on Ottawa. I want to inform this house that any misunderstanding that has arisen between the marchers and the members from the west has not been in regard to the problems of western Canada. I think we will all agree that there is a serious problem there. Any misunderstanding that arose was in connection with the solution of that problem. They say deficiency payments are the solution, and most of us contend that the two price system would be. The reason we have

not supported deficiency payments, as the marchers thought we would and as the hon. member for Assiniboia tried to make out we should, is that while he was elsewhere last year all the western members were here studying the problem. We have studied the problem of deficiency payments and we have come to the conclusion that they will not solve our problem. However, we do believe the two price system will put us well on our way.

I should like to say just a word or two further in regard to the fence-sitting, if you wish to call it that, the hon. member for Assiniboia is doing. He professes now to be the champion of labour. He also professes to be the champion of agriculture, an agrarian. An agrarian is not against tariffs in the east. He is not against good wages for labour. But, when he starts to suffer he must do something. This afternoon the hon. member for Bow River mentioned that there is no tariff on farm machinery. He may be quite correct in his contention, but I wish to point out to him that we know we are paying $150, roughly, per ton for Canadian steel when we could purchase other steel for $100. We do know that the textiles the farmers are using can be purchased for one-third less. When your income starts to get so low you feel that pressure then you are bound to complain and you are bound to look around to try to ascertain the source of that pressure.

I recall that last year there was a strike on the west coast which prevented shipments of our wheat. They say a strike does not hurt anyone. I refer to labour's own words which may be found in a memorandum presented by labour to this government. They say:

> We would simply say that compulsory arbitration is prejudicial to the free play of collective bargaining; it substitutes third party intervention for settlement by the parties themselves; it is a restriction on the very important civil right to strike.

It would appear from this statement that labour is not too concerned with the civil rights of other groups who also feel the results of any strike action. In a democratic country such as we have I would suggest that civil rights must apply to all persons and not to those of any special class, race or hue. We might well ask, what protection does the third party, the consumers' group receive under the present method of negotiation. I suggest they receive none. I wish the hon. member for Assiniboia would listen to this. Labour also states in their memorandum to the government:

> We believe the increased wage earner purchasing power is essential to lift us out of the recession.

How can the hon. member for Assiniboia relate this statement to the declaration of the farm groups who state:

> The drop in the purchasing power of the grain farmers was one of the major causes of the present unemployment problem. When farmers lack money to buy goods and services, other Canadians are deprived of their jobs.

How can he sit on the fence? Let him go one way or the other and inform this house which way he is going. He cannot serve two masters.

Mr. Howard: May I be permitted to ask the hon. member a question?

Mr. McIntosh: Certainly.

Mr. Howard: I wonder if the hon. member would be prepared to advocate or accept a principle of arbitration of price increases along the lines of those which the Prime Minister declared inexcusable?

Mr. McIntosh: I do not profess to set myself up as an authority on arbitration. I do say that I know agricultural problems. I would suggest the hon. member ask his leader whether or not the west would do that.

Mr. Howard: You are the one who made the comment.

(Translation):

Mr. Brassard (Lapointe): Mr. Chairman, first of all I want to assure the minister that I shall not try his patience for long; I just want to make a few short remarks on the position of farmers in my riding and in the district of Saguenay-Lake St. John.

While listening to the various speeches this afternoon, I noticed that there were problems, not only in our part of the country but also everywhere else in Canada, which obviously confirm the findings of the final report established by the Royal Commission on Canada's Economic Prospects, as may be seen on page 149, and I quote:

> Along the south and southeast coast of Nova Scotia, in much of Cape Breton Island, in the central and northeastern sections of New Brunswick, and in the Gaspé, as well as in Newfoundland, many of the farms are hardly above the subsistence level; and this is also true of northern Quebec and northern Ontario.

We also have many agricultural problems in my riding and throughout our district, Mr. Chairman. There are large families working on farms and, as the children grow up, they are to a certain extent attracted by the urban centres and industries and, little by little, because there is no possibility of finding adequate subsistence on the farm for the whole family, the young people leave the farm and increase the number of those who work in factories and offices in the cities of my riding and district.

This does not necessarily mean that young people dislike agriculture. I am certain that those who are born on the land are in many cases very much attracted by it, but today it seems as if the land had some difficulty in providing a living and certain amenities for those who till the soil. I think that it is not enough that the land should provide mere subsistence to those who work it, but that the young people, and the not so young too, should reap a few amenities when living and working on the farm. This, I think, is one of the main problems which must be faced by the farmers in my riding and in the whole area.

To those problems must be added more recent issues like agricultural mechanization, for instance. There are of course, I admit, the Agricultural Credit Board of Quebec and the Canadian Farm Loan Board who help our farmers and agriculturists, but I believe that at least in the case of the federal body—and conditions were about the same under the former administration—the interest rate is somewhat too high for our farmers. Farmers should be able to borrow money at a lower interest rate.

Farmers—those of my constituency, at least—have complained about the enormous difference there is between the cost of production of agricultural machinery and their sale price. I recall, in particular, a farmer of a rural parish close to Jonquiere who explained to me, for instance, how much a potato seeder would cost. He quoted prices to me on production costs and sale price of such a machine, and I believe that, if these figures were right, the situation is rather alarming, not only in our district, but in the whole country.

The minister or his department should try to investigate the discrepancy between the production cost of farm implements and their selling price to the farmers, because as a result of that discrepancy, the farmer is having a bad time today.

I note, for instance, in *L'Action Catholique* of March 14, 1958, an article from which I shall quote only one paragraph concerning the capital which the farmers must earmark for their farm machinery. I quote:

> Quebec farmers who, from 1941 to 1946, bought a little over 30 million dollars worth of machinery, spent $130 million from 1947 to 1953 to mechanize their farms.

All those problems are being added to the difficulties facing the farmers of my constituency, of the area, and, I believe, of the country as a whole.

We are on the threshold of an era which is not new perhaps—it started some time ago—and I believe the government should endeavour to study the problem in a very special way, in order to come to the rescue of the farmers and develop their interest in their farms. That would avoid, no doubt to a great extent, the exodus to the cities because as farmers move into cities, after working on the farm all their lives, they have no trade nor any specific profession and they have trouble finding jobs. In fact, they are taken as temporary employees in industry, in office work or public buildings, and as soon as that temporary work is over, they go and swell the ranks of the unemployed in the larger centres of the country.

I think the government should look into this problem and try to do something in this field.

At the beginning of my remarks, I told the minister that I would not exercise his patience to any great length, but I should like to close my remarks with a quotation, from the final report of the Royal Commission on Canada's Economic Prospects, dealing with economic conditions affecting Canada's farmers. I quote:

> Governments, however, will have a role to play in hastening and facilitating changes that would in any case be brought about by economic forces, and in tempering the winds of change so that individual farmers do not feel too fleeced and forgotten. There will thus be need for government assistance in agriculture over the next 25 years; but the assistance will probably take different forms than in the past.

That is why I have no hesitation in saying that the government should have an aggressive policy in the agricultural field. Gone are the days when grants were made to assist people in clearing their own land, or in building a small house as shelter for the father, mother and two or three children. This is a new era, and in my view, the government should begin to realize the implications of this new era which started not so long ago, and should try to do something to keep farmers on the land.

Mr. Ricard: Mr. Chairman, since half the constituency of St. Hyacinthe-Bagot that I have the honour to represent in this house is made up of farmers, I owe it to my constituents to bring their claims to the attention of the Minister of Agriculture (Mr. Harkness).

Mr. Chairman, it has often been said and repeated, and quite properly so, that agriculture is the backbone of Canada's economy. If it is not to become a stumbling block for our economic life, it must receive the full amount of attention it requires. As the hon. member for Lapointe (Mr. Brassard) has pointed out, it must be made attractive enough

to draw our young people towards the noble profession of farmer. The farmer is the feeder of mankind, and unless steps are taken to direct our young people towards that profession, it will merely go on declining. This, of course, has been understood by the present Conservative government, as evidenced by the particular attention given to agriculture since the government was elected to office.

During the 1957 session, in fact, we enacted the Agricultural Stabilization Act, which has certainly given the farmer a fairer share of the national wealth.

This year, the speech from the throne proposes consideration of further legislation which is very popular among farmers. I refer to the bill on crop insurance, which the Minister of Agriculture will be submitting to the house during this session.

We heard this afternoon the minister's statement on support prices for milk products in Canada. Recently, farmers were getting rather concerned, since they, and more particularly those engaged in the dairy industry, feared that prices would drop. Again, the Minister of Agriculture has shown that he wanted to do something for the farmers by keeping the support prices of agricultural products at about the same level as last year. For example, the support price on butter was maintained at 64 cents a pound. Other dairy products—cheese, milk powder, and so on—were given special consideration. There is no doubt that measure was welcomed by our farmers, since, according to the hon. member for Kent (N.B.), (Mr. Michaud) himself, it will certainly create much satisfaction among farmers and all those engaged in the dairy industry.

Mr. Michaud: With butter only.

Mr. Godin: What is there special about milk powder?

Mr. Boulanger: What about milk powder?

Mr. Ricard: Milk powder has no doubt been given special attention by the government.

As I said a moment ago, the approval given by the hon. member for Kent (N. B.), was so spontaneous and so much in keeping with the facts, that it startled the agricultural critic of the opposition, the hon. member for Essex East (Mr. Martin).

Mr. Michaud: You read *Hansard* tomorrow.

Mr. Ricard: You have corrected it, I presume.

Mr. Chairman, I should like also to draw the Minister of Agriculture's attention to a matter which my constituents have asked me to submit to him.

The St. Hyacinthe-Bagot constituency is known as one of the most beautiful and most prosperous farming communities in the province and in the country. There you find breeders of purebred cattle who, each year, win high honours in the various exhibitions that are held in the country. These breeders are alarmed at the devastation caused in their herds each year by brucellosis. Petitions have been signed by farmers, requesting vaccination for their cattle. I therefore urge the Minister of Agriculture to act upon the requests I have received from the U.C.C. and from the St. Hyacinthe agricultural society, in order that brucellosis tests be given as soon as possible in the St. Hyacinthe-Bagot constituency.

Mr. Chairman, I should also like to say a few words on vertical integration, which is now being practised to the detriment of farmers. I rejoice with the farmers about the statement made some time ago in this house by the Minister of Agriculture who said that deficiency payments to hog producers would be paid shortly, because, at this time, it is alarming to see that feed companies are doing great harm to farmers. I rejoice, as I said, with farmers about the position taken by the Minister of Agriculture in this regard.

Before closing, Mr. Chairman, I would like to refer to the Minister of Agriculture a request made by the farmers of my constituency that the price of sugar beets be fixed at $14 a ton. In my constituency, this crop brings returns of about $1 million during a normal year. The constituency of St. Hyacinthe-Bagot is the greatest producer of all the constituencies which supply the St. Hilaire sugar refinery.

So, I ask the Minister of Agriculture to give serious consideration to the different matters that I have brought to his attention, and I can assure him that the farmers will be grateful to him.

(Text):

Mr. Thomas: Mr. Chairman, I have a few brief comments I would like to make on item 1 of the agricultural estimates, and those comments will relate to the administration of the Agricultural Stabilization Act. First of all, I would like to congratulate the Minister of Agriculture and the members of the staff in his department for the good job they have made of this administration over the past year. All members in this house will recognize that the task of the minister and his officials has been a very difficult one.

There has been much talk and many exhortations from different quarters about holding the price line in our economy. The price line during the last fiscal year has not been held too well, and for that reason I would urge upon the minister and the government the necessity of holding the stabilization price line as it affects farm commodities. We had many instances during the last year of increases being granted in wages in our industries, and in transportation particularly. The other day we completed voting a grant of $20 million to subsidize freight rates so that higher wages could be paid those in the transport field. It is very important that farm prices should not be allowed to drop.

It was one of the undertakings of the party now responsible for our government, an undertaking made both during the last election and before, that they would do their utmost to see that the agricultural interests of this country received a fairer share of the national income. For that reason it is necessary now, to do everything possible to hold the stabilization price line.

Everyone will appreciate the statement of the minister today in connection with dairy products. This has been a very pressing problem. The method of stabilization has not given exactly the results that were desired in the dairy industry. Far-reaching changes have been made and other changes are promised for the future. I do not know whether the over-all results will have the effect of holding the stabilization price line in the dairy industry but I am sure it is the sincere desire of all interested hon. members that this new method will maintain or increase the over-all support.

In connection with soybeans that are grown extensively in the constituency which I represent and in the constituencies to the south and west of it, representations have been made to the government recently requesting that soybeans again be designated a commodity under the Agricultural Stabilization Act and that the price be stabilized for the 1959 crop. I hope it will be possible for the minister and the government to again hold the stabilization price line in relation to soybeans.

We do not grow half enough soybeans in Canada to supply our own requirements. It is felt that if an incentive price could be placed on soybeans it would take acreage out of the production of some other crops such as wheat which are in surplus supply. Not only would the incentive to grow more soybeans have that effect but it would save us up to $15 million or $20 million a year that is spent for the importation of soybeans.

The same conditions apply to sugar beets. We grow but a small percentage of the sugar which we consume in Canada. From the point of view of the creation of jobs as well as from the point of view of conserving our exchange and keeping our money within our own country and promoting our own industry we should increase our production of sugar beets and beet sugar. The sugar beet growers have also requested that sugar beets again be supported for the 1959 crop. I am sure it is the hope of all concerned that the government will be able to hold the stabilization price line in regard to sugar beets or even increase the support price.

Some sections of our canning industry are complaining that imports of canned fruits and vegetables are creating extremely stiff competition within Canada for the canning industries located here. It is to be hoped that the committee which the Minister of Agriculture has set up to inquire into the whole canning industry in Canada will be able to ascertain whether or not the economic climate that now surrounds the canning industry is such as to encourage that industry to expand, at least to the point where it will supply our domestic requirements.

The Agricultural Prices Stabilization Act is only one feature of the over-all program which this government has devised for the creation of better conditions for the Canadian agricultural industry. The farmers themselves can do much to assist in the solution of their economic problems by organizing themselves more closely and efficiently under the farm products marketing acts which have been set up in most of our provinces. If they will take that action, organize themselves effectively and adopt the necessary measures to bring their production into line with our national requirements, it would go a long way toward solving our agricultural problems. It is my opinion—and I offer this as a suggestion to the minister and the government—that the Agricultural Prices Stabilization Act should be used in every way possible, not only to stabilize agriculture temporarily but also to encourage farmers to so organize and control their own production and their own destiny.

Mr. Pascoe: Mr. Chairman, we have already had five days of discussion on the first item of the agricultural estimates and I do not propose to take much more of the time of the committee in making my contribution. In any event I certainly do not intend to deliver a diatribe such as was thrown at us this afternoon by the C.C.F. member who represents the constituency of Skeena and who, although a labour man from the Pacific coast, is now apparently one of that party's experts on the problems of western farmers.

I do, however, wish to make a brief comment concerning one or two matters. First of all I should like to congratulate the Minister of Agriculture for the great planning that must have taken place in the preparation of these estimates now before us. It has been brought out before but I should like to emphasize again that the minister in his estimates has expenditures of $106,079,852 for this year, expenditures all of direct benefit to our great industry of agriculture. According to page 2 of the estimate book, the estimates for the Department of Agriculture are the sixth highest of all departmental estimates. I believe this indicates very forcibly the great interest this government has in the welfare of farmers all across Canada.

I hold in my hand a very interesting statement on the farm situation, Mr. Chairman. It is a statement by the Leader of the Opposition which I think should be put on the record because it puts the farm problem in its proper perspective. The little pamphlet is entitled: "Statements from the Hon. L. B. Pearson, September-November, 1958, as Reported in the Daily Newspapers". It was circulated and apparently a copy was given to me.

According to a statement in the Edmonton *Journal* of October 3, 1958, as reported in the publicity from the Liberal party headquarters, the Liberal leader said:

> It is clear that agriculture has not had a fair share of the national income for the past 10 or 15 years.

It goes on to say:

> The government in power at the present time "has a duty to do something about that".

In other words, Mr. Chairman, the Liberal leader says that the former government did not help the farmers and this government should do something about it. I submit, Mr. Chairman, that this government is doing something about it. Other speakers have given an outline of the long list of things that this government has already done in our long range farm program. Other parts of the program will be introduced in the house in the next few weeks.

While out in Moose Jaw-Lake Centre during the Easter recess I noted press reports implying that western members on the government side were not friendly to the mass delegation. In fact, it was suggested that we were not working in the interests of western agriculture. That is not true, Mr. Chairman. Most of the western government members are farmers themselves, or are directly connected with prairie agriculture. The 47 members from the three prairie provinces realize that we represent the western farmers, as we also represent business and professional groups and labour in our various constituencies. I think we did everything we possibly could to help in the visit of the mass delegation to Ottawa.

This does not mean that all of us agreed with the demands of that mass delegation for deficiency payments. I am not convinced myself that deficiency payments on the wheat, oats and barley delivered in the last three crop years is the most equitable way of distributing any help that this government may see fit to give. I am in the same position as the hon. member for Battle River-Camrose who spoke earlier. If the government gave deficiency payments in the manner suggested in the mass delegation brief on the amount of grain delivered to the elevators in the last three crop years I, too, would receive most of the maximum payment of $4,500 suggested in the brief as the limit to any individual farmer. I know many farmers in Moose Jaw-Lake Centre who would receive only a few hundred dollars by this suggested plan of cash distribution, and I imagine that their needs for cash are as great as mine, or as great as the needs of other farmers who, too, would receive the $4,500 maximum payment.

The problems of agriculture have occupied more of our time at this session than any other problem in Canada. I have stated this before and I certainly believe it. The standing committee on agriculture, of which I am a member, already has had several meetings, and we certainly will have many more meetings as other parts of the government's long range farm program are presented.

The question of the average cost of production for prairie grain farmers has been

brought up on many occasions. It is realized that such a cost of production figure is necessary before a definite relationship between farm income and farm expenses can be established.

As an example of how farm costs may vary, I have two recent statements from farmers in the northern section of my own constituency of Moose Jaw-Lake Centre. The one farmer from around Watrous has just over 1,000 cultivated acres. His statement shows that in 1955, the first year in which deficiency payments are sought from the government, his total farm receipts—and these are his figures—were $14,873.39; but according to his figures his total operating costs were $17,176.47, without allowing, as he says, for any interest on his investment or any wages for himself. The farm, he says, is strictly a grain farm. Therefore, it fits into the picture of most of the farmers who came down on the delegation. I repeat, Mr. Chairman, in 1955, his total farm receipts were $14,873.39 and his operating costs were $17,176.47. This grain farmer shows in his statement a net loss of $2,302.67. These are his exact figures as he gave them to me, down to the last cent.

In 1956, the second year of demand for deficiency payments, he shows total receipts of $21,082.70 from his farm, and total operating cost of $18,035.73, for a net income this time of $3,056.97.

In 1957, the third year of deficiency payments claimed, his total receipts are shown as $13,748.54 and total operating costs as $16,330.09, or a net loss of $2,591.55.

In 1958, his total receipts were $11,069 and his total operating costs $14,332.12, or a net loss of $3,262.43. This actual statement was presented to me, Mr. Chairman, as an argument for deficiency payments.

For the benefit of the western members who are practical farmers, I will repeat the operating costs as given on this strictly grain farm of 1,050 cultivated acres. His costs include depreciation on machinery but, as he says, make no allowance for interest on his investment or payment of wages to himself. In 1955, total operating costs were $17,176.47; in 1956, $18,035.73; in 1957, $16,330.09; in 1958, $14,332.12. As I say, the farmer states these figures do not include any interest on his investment or any wages to himself.

I make no comment on these operating figures, Mr. Chairman. I myself think they are very high for an efficient grain farmer, but I just put them on the record for the consideration of the committee.

In contrast to this statement for deficiency payments, I have another letter from a farmer near Govan. This letter has been referred to in the house before, I shall read just one brief excerpt from the letter. This farmer writes:

> I am a farmer, farming one section of average land, have no other enterprise but grain growing, so work at my occupation only about six months of the year. Have gathered assets to the value of approximately $60,000 in 18 years and still would be eligible for most of the proposed deficiency payments.

In other words, the maximum of $4,500 for any one farmer. This second letter includes a year by year statement which shows that in 1942 the farmer was a renter on a half section, with no equity in the land he was working. Now, by his own statement, he has clear title to a section of land, has nearly $10,000 worth of machinery, no livestock and 12,000 bushels of grain in store on his farm on December 31, 1958.

I mention these two statements given to me by grain farmers in my own constituency to emphasize the problem of arriving at an average cost of production figure that could have some application for all prairie grain farms. The grain farmer who reported he has had total receipts of $70,774.72 in the past four farming years asks for deficiency payments. The other grain farmer, who has paid for a section of land since 1940, writes in his letter:

> I am of the firm opinion that any farmer operating a section or more of land reasonably efficiently should be in no need of assistance of any kind, excepting crop failure.

I quote these two statements, Mr. Chairman, to illustrate the great divergence in the views of western farmers themselves. I realize that the Department of Trade and Commerce, through the dominion bureau of statistics, is attempting to arrive at a fair figure for an average farm cost of production. I suggest that until we can obtain some such figure we cannot properly solve the farm problem. I think the example of the costs of the two farmers, as given by themselves, proves the need for some fair average figure.

I hope the Minister of Agriculture can help to impress on the bureau of statistics the necessity of quick action in this regard to obtain a fairly accurate cost of production figure. Again, Mr. Chairman, I should like to congratulate the Minister of Agriculture on the manner in which he is running his department. I am sure that under his leadership Canadian farmers can look forward to better years ahead. As the Liberal leader has suggested, this government is doing something about improving the agricultural situation.

(Translation):

Mr. Tremblay: Mr. Chairman, I rise at this point of the debate, not as an expert in agriculture, but rather as the representative of a mostly rural constituency. I would like to congratulate the hon. Minister of Agriculture (Mr. Harkness) because, when he took on his duties, he was faced with a national agricultural situation that was particularly difficult, and even if, today, everything is not yet perfect, we must admit that the new leadership he has given to the government's farming policy augurs well for the farmer.

Mr. Chairman, I do not want to launch into elaborate remarks about agriculture; I intend simply to express a few general ideas and a few proposals about problems pertaining to my constituency. Dairying is the chief agricultural industry in my constituency. So, today it was with great satisfaction, that I learned, as did all hon. members, that the price of butter had just been fixed at 64 cents a pound. It is good news for the farmers of my constituency and they will surely rejoice and congratulate the government for it. My colleague, the hon. member for St. Hyacinthe-Bagot (Mr. Ricard), has emphasized earlier certain problems which affect the agricultural industry of the province of Quebec, and particularly, the problem of the diseases which often cripple our herds. I can only endorse his remarks and ask, as he did, that the government increase its help programs aimed at protecting dairy herds.

There is also another problem which was emphasized the other day by our colleagues the hon. members for Bellechasse and Charlevoix (Messrs. Dorion and Asselin) a problem which also concerns the farmers of my riding, and that is the pulpwood problem. Those two hon. members have outlined the wrongs done to farmers who were cutting pulpwood on their farms. I can only approve what they said and ask that the necessary arrangements be made so that farmers be favoured in this field as well as in the others.

A few moments ago the hon. member for Lapointe (Mr. Brassard) referred in a general way to problems which particularly affect farmers. He emphasized in particular the exodus from the farm. It must be said that in our area, just as in many other communities, there is massive desertion of the farms. Different reasons account for this, but they can be related in many cases to the difficulties laid in the path of young men who would like to continue working on the farm. The situation of those young farmers is untenable on account of the very high cost of production which the farmers of the different areas of Canada must meet. The situation causes uneasiness and financial hardship which compel or incite farmers' sons to leave the farm and move to the cities to work in factories.

Mr. Chairman, that situation would certainly not be so bad if, during the last 20 or 22 years, the government had given the same attention to the farm industry as it did to other industrial sectors. Because the interest shown to the farm industry was not as great as that shown to the substantial industrialization which developed throughout Canada during the period I just mentioned, we now see that desertion turn into uneasiness and a most alarming calamity.

Mr. Chairman, mention was made a moment ago of another problem facing the farmers who want to earn their living on a farm, and that is the problem of mechanization; that problem is important because the cost of farm implements which the farmers must purchase if they want to operate their farm according to modern techniques is so high that they cannot meet the excessive price of the farm equipment they have to buy. Again in that field, there is plenty of food for thought; research should be made by the various governments in order to help the farmers meet the requirements of mechanized operation.

In conclusion, I would like to make a suggestion for the benefit of my constituency. My riding of Roberval is known throughout the province of Quebec, and I hope throughout Canada also, as the blueberry riding. It is, moreover, partly to this that we owe the name usually given to us. According to statistics supplied to me by the experimental farm of Normandin, between 1942 and 1956, about 14,220,000 pounds of blueberries were gathered each year representing an annual value of $1,961,641. You can appreciate that this is an extremely important income on which the farmers of my riding have come to rely. It is an important item because it is usually a net income since farmers are able to engage in this extremely profitable occupation at little cost.

During the past years, following research made at the Normandin experimental farm, it was found that the blueberry industry could be one of the most profitable industries for the riding of Roberval and the neighbouring area. But the development of this industry depends on certain research, on certain soil conditions, on soil analysis and on the reclamation of those lands known as "blueberry lands".

That is why, as was stated some time ago by the superintendent of the federal experimental farm in Normandin, the federal government should consider the possibility of setting up, at the experimental station

in Normandin, a sub-station to study and analyse the reclamation methods of those blueberry lands, to study the "control" of vegetation which has nothing to do with blueberries, and to look after the "control" of the diseases and insects which threaten blueberry production.

I make this suggestion to the Minister of Agriculture Mr. Chairman, because the farmers in my riding, since my election, have been urging me to to ask the Department of Agriculture to deal especially with this problem. As I mentioned a while ago, this is an important industry bringing as it does to the farmers in my riding a supplementary income which is, at least as far as I know, for a great number of them a convenient way to make both ends meet.

Mr. Chairman, I do not want to take up the time of the house any longer. I will have an opportunity to take up this matter again at a later stage when we consider the agricultural estimates. I shall then try to establish a case for some agricultural issues which affect the province of Quebec as a whole as well as the riding I represent in this house.

Mr. Godin: Mr. Chairman, it is a pleasure for me even at this late hour to take part in this debate on the estimates of the Department of Agriculture and to draw to the attention of the minister and the house some problems my fellow-citizens of Nickel Belt asked me to submit for their consideration.

I speak especially on behalf of my fellow-citizens who live in the French river area, the valley of Noeville, St. Charles and Alban, as well as the Warren area, Blezard Valley, Chelmsford, the heart of this riding, famous for its potatoes.

Notwithstanding this late hour, I would like to make a few remarks on the problems facing the average farmer in this country. Practically all day, we have heard representations mostly from western members. I agree heartily that the problems they are trying to solve are most important. But I would not like, on account of the serious problems confronting wheat growing in their provinces, to see a lack of interest for the problems facing the average farmer in northern Ontario and northern Quebec.

A while ago, the member for Lapointe (Mr. Brassard) brought to the attention of this house, and I agree with his remark, that the report on the economic prospects of Canada makes it clear in particular that the farm problems confronting northern Quebec and northern Ontario are probably as serious as in the west.

The people engaged in agriculture in my constituency are average farmers who in fact own but some 80 acres of land. We have noticed, since this government came to power, that our farmers are faced with many problems and I would like to bring to the attention of this house that these troubles are probably due to the promises which were made to the farmers before the last election. In fact, the promise was given, and emphatically, that the Conservative government, if re-elected, would give Canadian farmers a greater share of the national income. After the election, the farmer was therefore justified in believing that the government would bring in the remedies it had mentioned.

But after some amendments were introduced last year to farm legislation farmers increased their production and hardly a year later, we realize that the problems facing us in agriculture as well as in other fields have grown worse.

Today, Mr. Chairman, the minister's statement in the house showed that the direction given by him to agriculture gave rise to certain problems. The hon. member for St. Hyacinthe-Bagot (Mr. Ricard) was hardly less than ridiculous, a moment ago, when he said that, according to him, the minister's statement this afternoon indicated that special attention had been given to powdered milk production. But if we look over the minister's statement, we find that he wished rather to stop the assistance given that industry. It is so true that on the last page of his statement, he states that the established price will be granted only in part, until September of this year and stopped completely at that date.

That is why I say that the government is responsible for the crisis in that field. In fact, we read on the first page of the minister's statement that over-production of powdered milk was 103 million pounds, since the total production was 187 million pounds. This is to say that over-production in this country was, in a proportion of over 60 per cent, the result of the department's action.

In the light of those figures, I trust the minister will try, in the future, to avoid creating such a serious problem.

Mr. Chairman, there may be a point which affects more particularly the people in my district and I am speaking of farm financing. Several times last year in this house and at least on one occasion this year, we discussed the question of the average Canadian farmer's financial position.

Mr. Chairman, a moment ago, I heard a government member outline the financial position of the farmer in regard to the rising prices of farm implements.

The problems of inflation and of rising prices in various fields have often been discussed here.

The farmer, who must necessarily renew his machinery, is faced with additional expenses when he comes to buy farm implements which are indispensable to him. That is why I believe he should be, to some extent, granted help similar to that extended more particularly to village dwellers who were able to obtain loans from the Central Mortgage and Housing Corporation.

In my opinion, the farmer could be granted assistance similar to that granted to citizens who want to set up what we often call a small industry. Our statutes include certain acts which authorize such loans, but the farmer has to rely on his own savings or on those of his family, or again on the good will of some of his friends who are able to lend him money, or still again obtain a loan from a caisse populaire or from a co-operative farm.

At this stage, Mr. Chairman, I should like to point out that up to now the institution which probably helped our farmers the most, at least in northern Ontario, is undoubtedly the caisse populaire where, from time to time, they may obtain the necessary loans to help them carry on their production, and provide for the needs of their families.

However, I believe we should establish in this country a farmers' assistance program, so that our caisses populaires would not be the only ones to contribute to the progress of agricultural development.

We may well admire the work of those caisses populaires.

It is recognized that they have greatly helped the farmers, but still, I feel we should set up what the hon. member for Drummond-Arthabaska (Mr. Boulanger) has termed an industrial expansion bank.

I think the time has come, as pointed out by the hon. member for Drummond-Arthabaska, to move towards the establishment of an agricultural expansion bank, bearing in mind particularly that the cost of farm implements is so high and that the cost of running a farm is constantly on the increase. Young farmers could certainly benefit from the establishment of such an expansion bank.

Mr. Chairman, I know that Canada's farmers have always appreciated price supports, which incidentally were established by the Liberal government. The Minister of Agriculture has stated in the house today that the support price on butter will be maintained at the same level. However, it must be remembered that the present support price of 64 cents a pound is hardly better than the 58 cents price set by the Liberals a few years ago.

Before closing my remarks, Mr. Chairman, I should like to join with my colleagues in urging the Minister of Agriculture to insure a closer check on over-production of certain goods in Canada.

I drew attention a moment ago, for instance, to the fact that the department now faces a problem because, in one particular field, farmers have been allowed to produce a 65 per cent surplus that only the stabilization board could absorb.

(Text):

Mr. Weichel: Mr. Chairman, it is indeed a real privilege for me to say a few words at this time concerning the agricultural estimates. Waterloo county is one of Ontario's best agricultural centres and has produced outstanding livestock for many years; on many occasions our farmers have been prize winners at the Toronto exhibition and other prominent fairs. The A. Seiling farms in my home town, Elmira, Ontario, have produced many winners in top competitions. The Waterloo county federation of agriculture, incorporated in 1944, along with junior farmers and other organizations, have made a fine contribution to the welfare of the area and to the whole agricultural economy of our district. As a matter of fact, it has made a fine contribution to the whole of Canada.

One of our present concerns, however, is the limited facilities which are available for hog testing programs. The advanced registry and record of performance testing for swine has done a great deal to raise the standard. In 1934 a station was set up at New Hamburg, Ontario, on the advice of the advanced registry board. In 1938 a 48-pen piggery was opened at Waterloo in my riding. The building program for the advanced registry station was resumed after the second world war, and in 1948 a 60-pen piggery was constructed at the Waterloo station. At the present time the capacity of the Waterloo station is 112 pens. This is an institution which we are proud to have in our riding, and we all know the capable direction which Mr. Ken Cappindale has given it over the last few years.

However, the capacity of the present station at Waterloo appears to be inadequate. In the last few years particularly a considerable number of entries have had to be turned down because of the lack of sufficient facilities. I would strongly suggest to the government

that additional quarters be made available or that an entirely new and enlarged station be built.

It has played a most significant part in the breeding and selection of better hogs in the province of Ontario, and it must be increased in size to continue to fulfil this objective. Mr. Chairman, the Minister of Agriculture and his department have been ever ready to assist the Canadian farmer. With this in mind I would appreciate if this problem were given serious consideration at an early date.

Mr. Kindt: Mr. Chairman, I should like to say a few words—I promise to make them brief—in connection with one or possibly two matters that are not in the estimates of the Department of Agriculture. Before doing so I should like to compliment the Minister of Agriculture upon the way in which his department, and he personally, has helped me in my constituency on many problems. I want to say that there is no minister of the crown who has such a difficult position as the Minister of Agriculture. That is particularly true when you have people making such statements as we heard in the house this afternoon. One statement was so irresponsible that you would not think it could come from an hon. member of this house unless he in turn was on the lunatic fringe.

We have gone into various matters. I say "we" because it has been my privilege to sit and listen to certain members of the opposition and those in the far corner who have been making estimates and suggesting increases in the national budget. About every item which has been discussed involved an increase in expenditures. They suggested that such and such had to be increased, and then something else had to be increased, and if you summed up their entire suggestions and placed a monetary value on them you would find that their estimates would probably total in the neighbourhood of $4 billion additional added to a $6.6 billion budget. What can you think of such irresponsible suggestions coming from a group such as that? Would you think their suggestions are for the purpose of giving light to the Canadian people, or do they have a desire to lead astray?

In coming to the next point which I intend to make, that is the cost of farm machinery, the hon. member for Bow River touched on this point this afternoon and I want to elaborate somewhat on it. May I say that in talking with my constituents, the farmers, there is no problem which is more in their minds than the cost of farm machinery. I venture to say that I talked during Easter recess with some 40 or 50 farmers, and I cannot recall one conversation which did not include discussion about farm prices, and about all of those cost items entering into the farmers costs of production. These are the things you talk about when you sit down with a farmer and talk to him across his table over a cup of coffee.

The farmers invariably talked about the cost of farm machinery. The cost-price squeeze may come about as a result either of prices or costs. In other words, costs and prices are like the two blades of scissors; you cannot tell which one is doing the most cutting. So we have talked a lot about prices in the house but we have said little or nothing about costs. Costs are what the farmers are talking about, and I would suggest to the government that they give thorough consideration to the advisability of appointing of a royal commission to make a study of farm machinery costs. That analysis would not conflict with the price spread studies which are being made by Dr. Stewart because that particular investigation deals with the margins which are taken by different handlers of agricultural commodities. The commission which I am recommending would deal specifically with the cost of farm machinery, and I would also suggest to the government that in analysing those costs and hearing evidence they not only ask for evidence from machine companies but also from the farmers themselves.

In conclusion, Mr. Chairman, after all is said and done, the operation of this commission would focus attention on the most important problem facing the farmers in western Canada, and if it were properly handled and speedily executed it would clear the air and give the farmers an opportunity to see where they stand with respect to farm machinery costs. That commission would also recommend action which this parliament could follow in the next session. I therefore humbly suggest to the Minister of Agriculture that he give serious consideration to the creation of such a commission, and in closing I again wish to compliment the minister most sincerely in every respect on the way in which he has so ably handled the affairs of his department.

Mr. Brassard: Mr. Chairman, may I call it ten o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask what the business is for tomorrow and as much of next week as the house leader can indicate?

Mr. Green: Tomorrow we will continue with these estimates and then take those of the Department of Transport. On Monday we propose to deal with five different motions in connection with committees. One is No. 10 on today's order paper, a motion to refer the estimates of the Department of Northern Affairs and National Resources to a standing committee; then No. 11, setting up a committee to deal with the C.N.R. and Trans-Canada Air Lines; then No. 6, setting up a committee to deal with the Indian Act. There will be in *Votes and Proceedings* tomorrow, I hope, a resolution setting up a radio committee and another one to authorize the standing committee to deal with the elections act. We may have to ask unanimous consent of the house to deal with these on Monday; I believe they will not get on to be actual government orders before Tuesday. Then we will take item No. 7 on today's order paper, the resolution concerning the Federal-Provincial Tax Sharing Arrangements Act and then go on with the budget resolutions.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

CANADIAN NAVY ALLOTMENT CHEQUES

Question No. 340—**Mr. McWilliam:**

1. What procedure is followed in the payment of allotment cheques in the Royal Canadian Navy?
2. Are recipients delivered their cheques at points in Halifax on a specific day of each month?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. An officer or man of the Royal Canadian Navy regular force or the reserves when performing continuous naval duty may make voluntary assignments of pay and allowances providing for equal monthly payments to assignees. These assignments are processed by the chief treasury officer of the Department of National Defence and the monthly cheques are issued to assignees by the chief treasury officer of the cheque disbursement division of the Department of Finance.

2. While cheques are not delivered on a specific day of the month arrangements are such so as to permit delivery being made on or before the last day of the month.

UNEMPLOYMENT INSURANCE COMMISSION—LOSS FROM BOND SALES

Question No. 350—**Mr. Martin (Essex East):**

What was the financial loss, if any, incurred by the unemployment insurance commission, during the fiscal year 1958-59, resulting from the sale of bonds?

Answer by: **Hon. Michael Starr (Minister of Labour):**

$10,115,171.51.

HOUSE OF COMMONS

Friday, April 24, 1959

The house met at 11 a.m.

MARINE AND FISHERIES

Second report of standing committee on marine and fisheries—Mr. English.

FINANCE

INTEREST RATES—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I ask leave to move the adjournment of the house under standing order 26 for the purpose of discussing a definite matter of urgent public importance, namely the announcement yesterday of the increase in the Bank of Canada rediscount rate to an unprecedented 4.9 per cent, an increase of more than 300 per cent in eight months, and the consequent further disturbing announcement of the increase in the prime lending rate of the chartered banks which raises for Canadians the spectre of higher interest rates generally, as has already been made apparent by other announcements by finance companies, and the need for immediate action by government to roll back interest rates and remove this threat to economic recovery.

Mr. Speaker: The hon. member for Assiniboia has moved under standing order 26 for leave to present a motion for the adjournment of the house to discuss a definite matter of urgent public importance. I note that subsection 6 of the rule provides:

> The right to move the adjournment of the house for the above purposes is subject to the following restrictions:
>
> (c) the motion must not revive discussion on a matter which has been discussed in the same session;

Although there has been no separate debate on this specific subject, we have just completed the eight-day budget debate in which this matter was raised and when there was full opportunity to discuss a financial issue of this kind. It seems to me that as the problem which the hon. member desires to debate, the question of high interest rates, is one that has not risen suddenly but has been a phenomenon of the past few months, and a widespread phenomenon, there has been ample opportunity for discussion during the course of the budget debate. My disposition would be to say that this is not a matter for which we should interrupt our proceedings at the present time.

Mr. Argue: So far as your intimation is concerned that this would be out of order because the matter had been discussed previously, I would suggest that is something that cannot be applied to this proceeding. It is a well known rule that if the house makes a decision on a given matter, it is impossible then to raise the same matter again in the same session. However, the mere discussion of any particular subject does not rule out its subsequent discussion at a later time during the session.

So far as the statement that this phenomenon has been going on for a number of months is concerned, of course that is a statement of fact. But it would seem to me that it is particularly urgent at this time because certain finance companies, certain mortgage companies, are announcing that they will take steps now, in the light of a number of previous rises in interest rates, to increase the interest charges they now make. We feel it is extremely urgent at this time to deal with this question because the rate is the highest in history and because it is now affecting interest rates to the ordinary Canadian citizen all across our country.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, there is one further point I should like to draw to your attention, and it is this. Last night in announcing the business of the house for next week I indicated that we would be discussing the budget resolutions, so there will be ample opportunity when these resolutions come up for a discussion of this nature to take place.

Surely this rule was never intended to enable an hon. member of the house to get up whenever there happened to be a change —for example in the interest rate—and move to adjourn the house. There may be many other similar types of changes that are made from time to time in the course of the administration of public affairs and, as Your Honour said, there have been other changes in the rates. The rates will probably be lowered one of these days, and of course we will not see my hon. friend jumping up to move to adjourn the house on that occasion bceause there would be no political hay to be made in such an event.

I suggest that if it is to be the practice in this house that whenever a change is made motions are moved to adjourn the house, the business of parliament would be made simply impossible. This would seem to be a matter of propaganda, and I suggest the motion should not be allowed.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I certainly disagree with the leader of the house that this is a matter of propaganda. On the contrary, it is a very serious matter that will affect the rights of everyone in this country. As the hon. member for Assiniboia has just said, this is an occasion on which the interest rate has reached the highest point ever in the history of this country, and that surely is a serious matter.

I want to draw to your attention, Mr. Speaker, the fact that the answer given by the leader of the house does not at all meet the position which has been laid before you. It is not a fact that the budget resolutions will dispose of this matter. It is true that the house leader announced the discussion of the budget resolutions, but as the business of the house is proceeded with the house knows full well that the budget resolutions may not be reached until Wednesday or Thursday or even until the end of next week. And then again, I might ask, when the budget resolutions are reached, which of them deals with the matter that is now before Your Honour for discussion?

Some hon. Members: None.

Mr. Chevrier: It is one thing for the leader of the house to say that the budget resolutions will take care of this matter, but it is another for him to point out the particular matter which will be dealt with when the budget resolutions are brought before the house.

This matter is not only of tremendous importance to the house but it is of equal importance to the people of this country. It is a matter which was brought up by the hon. member for Welland (Mr. McMillan) prior to the orders of the day yesterday, and certainly it should receive the proper discussion to which a matter of this importance is entitled, and that discussion would be carried on under the motion which has been made by the hon. member for Assiniboia.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I would point out that this matter was dealt with within the last few days, in general, in the amendment moved by the hon. member for Burnaby-Coquitlam (Mr. Regier) as reported at page 2623 of *Hansard* of April 13, in these words:

"and this house further regrets that the government has failed to present to parliament a planned financial and economic program designed to develop the economic health of the nation by, among other things—

And these are almost the words spoken by the hon. member for Assiniboia today:

—(a) reversing the trend of rising interest rates (b) establishing a capital gains tax".

This question of the rising rate of interest has already been dealt with; and in addition it was our intention on Monday next to move to go into supply. We were prepared to move on Monday in that direction. We were prepared to go ahead, and move to go into supply. The suggestion was made by the opposition that in view of the fact that internal arrangements made it necessary for the Leader of the Opposition to be in another part of the country on that date, the opposition would sooner not have the motion made on Monday. However, in view of the argument which has been advanced I suggest that every opportunity will be given on Monday. We will certainly provide a motion to go into supply, so the argument advanced by the hon. member for Laurier is met. We are not going to have to wait until Wednesday or even Thursday of next week; on Monday we can move to go into supply. I suggest first that the motion made is out of order in that it contravenes the rule that discussion on a matter cannot be brought up twice in the same session, particularly when it is embodied in an amendment, and second that we will give all hon. members every opportunity on Monday to do that which they desire to do.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in view of what the Prime Minister has said perhaps I might be permitted to add a word or two. So far as the amendment he mentioned is concerned, that has nothing to do with the matter, because since it was proposed there has been a change in the interest rate. Only yesterday it reached the highest point in our history, and that was not the situation at the time of the amendment. Therefore that argument means nothing.

So far as the Prime Minister's statement that we would have been given an opportunity on Monday to go into supply to discuss this matter, the Prime Minister is quite correct. I asked the leader of the house whether it would be convenient for the government to put the supply motion off until a week from Monday. I made that request, which I thought was a proper one, also before the announcement made yesterday about interest rates. But in view of that announcement and the anxiety displayed by the Prime Minister that this matter should be discussed at once, I would

be glad now to withdraw that request and perhaps we could have a supply motion on Monday.

If the motion by the hon. member for Assiniboia is ruled out of order by you, sir, perhaps we could have a supply motion on Monday, because I would not like a request which I made in all good faith and which had nothing to do with the situation which developed yesterday to prevent the house from discussing such an important matter as a tight money policy which has resulted in the high interest rates reached yesterday.

Mr. Argue: Mr. Speaker, I think the question of high interest rates affects all members. I would like to thank the Leader of the Opposition for saying to the Prime Minister in this house that he would be quite prepared to have a supply motion on Monday so this matter might be dicussed. I believe the Prime Minister's suggestion was a good one, and I think it explodes his argument that a motion along this line is not in order since he has suggested that we have a supply motion on Monday with this very kind of amendment under discussion.

Mr. Diefenbaker: No, not at all. There was no such suggestion. I said the opportunity would come on Monday, but as far as the rules are concerned the question still remains as to the propriety or regularity of such a motion.

Some hon. Members: Oh, oh.

Mr. Speaker: I want to thank hon. members for their assistance in this discussion. I have no doubt as to what is the correct disposition of the motion, or the request for leave to adjourn the house. My view is not based on any lack of appreciation of the importance of the issue, but rather on the question of urgency of debate, which is the key to the interpretation of standing order 26. This question of high interest rates has been before the house from time to time. It is true the rate has gone higher in the last week than it was before, but the rate has been the subject of discussion and there has been full opportunity for debate. As was indicated, there will be further opportunity for discussion on this important problem.

I need say nothing more than that in my view this is clearly not something we should undertake at this particular moment.

CANADIAN NATIONAL RAILWAYS

IMPENDING FIREMEN'S STRIKE—INQUIRY AS TO GOVERNMENT ACTION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Prime Minister whether the government proposes to intervene in an effort to prevent the strike of Canadian National Railways firemen and enginemen which has been set for May 1; that is, next week.

Right Hon. J. G. Diefenbaker (Prime Minister): I think the question would be more properly directed to the Minister of Labour.

Hon. Michael Starr (Minister of Labour): We have been watching the situation very closely, and in the light of the announcement made yesterday we are contemplating some meetings in the next few days.

Hon. Paul Martin (Essex East): Will the minister give consideration to the fact that the head of the union is in Ottawa today conferring with the president of the congress of labour? Would it not be desirable if the Minister of Labour, instead of waiting a few days, acted at once while this official is in Ottawa seeing the head of the congress?

Mr. Starr: I recognize the seriousness of the situation, but I do wish to give the fullest opportunity to the meetings which are being held today.

Mr. D. M. Fisher (Port Arthur): Because the key to the success or failure of the strike from either the company's point of view or labour's point of view is the attitude of the brotherhood of locomotive engineers, would the minister consider having conversations with officials of that organization at this time to determine their views on the matter?

Mr. Starr: That is being considered.

GRAIN

INQUIRY AS TO REPORT ON ALLOCATION OF BOX CARS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I wish to direct a question to the Minister of Trade and Commerce arising out of the very comprehensive and exhaustive report of the Bracken royal commission on the distribution of box cars. I wonder if the minister could say what action he is taking on the recommendations contained in that report, whether he is in the process of discussing this question with the Canadian wheat board, and whether the changes suggested to remove rank discrimination in the distribution of box cars will be implemented?

Hon. Gordon Churchill (Minister of Trade and Commerce): I am very glad to receive the approval of the hon. member for Assiniboia with regard to this report, which is an exhaustive study of the box car situation in western Canada. I thought it would be wise to give ample time to all members of the

house, including the hon. member for Assiniboia and the other farmer members of his group, to study this report in full before we enter upon a discussion of the problems involved therein. The wheat board has the report before it now, and in due course the matter will be given consideration.

I might at this stage express my thanks to Mr. Bracken for the exhaustive, comprehensive and useful report which he has produced.

AIR TRANSPORT

NEW ZEALAND—ANNOUNCEMENT OF DISCUSSIONS ON AGREEMENT

On the orders of the day:

Mr. John Drysdale (Burnaby-Richmond): I wish to direct a question to the Minister of Transport. Has the minister any information in connection with the discussions which I understand have recently taken place in Wellington between the Canadian and New Zealand civil aviation authorities?

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker. I wish to thank the hon. member for having given me notice of his intention to ask this question. On Monday, April 20, as reported at page 2859 of *Hansard*, I made an announcement regarding the Canada-Australia air agreement of 1946, the possible revision of which was considered during the course of meetings between a Canadian delegation and Australian officials held in Melbourne earlier this month. Subsequently the Canadian delegation went to Wellington where they held similar discussions with the New Zealand civil aviation authorities.

The delegation has reported that their talks, which concluded yesterday, covered a wide range of aviation problems, with particular reference to present and future operations into New Zealand by Canadian Pacific Air Lines. These talks were most beneficial in producing better understanding of the approach to civil aviation problems of the two countries. It has been recognized that further exchanges of views would be in the common interests of both Canada and New Zealand.

In the meantime the New Zealand government has agreed to renew for a further period, that is up to the end of 1959, permission for the operation by Canadian Pacific Air Lines of their weekly service with DC-6B aircraft between Canada and New Zealand, in conjunction with their weekly service to Australia which I mentioned last Monday.

[*Later:*]

Hon. Lionel Chevrier (Laurier): May I ask the Minister of Transport a question arising out of the original statement he made in connection with the air agreement with Australia. Is C.P.A. now operating under the old agreement? What will happen to C.P.A.'s regular service pending the present discussions that apparently have not yet come to a final conclusion?

Mr. Hees: C.P.A.'s regular weekly service will carry on in the meantime, until those talks have been concluded.

VETERANS AFFAIRS

REPORTED INCREASE IN DISABILITY PENSIONS

On the orders of the day:

Mr. J. R. Garland (Nipissing): I should like to direct a question to the Minister of Veterans Affairs. It arises out of the very extensive press coverage which a recent statement of his has had from coast to coast in the last few days. Would the minister enlarge on the statement he made recently to the Ottawa *Citizen* in Montreal that increases in veterans disability pensions can be expected?

Hon. A. J. Brooks (Minister of Veterans Affairs): Mr. Speaker, I did not receive notice of this question; however, I saw the article in the paper. I might say that the report is much in line with general remarks I have made not only in the house but in the veterans committee to the effect that we were reviewing or intending to review practically all veterans legislation. Hon. members will recall that last year we reviewed three of the acts of the veterans charter, and this year we are reviewing three more. I stated that probably next year we would review the Pension Act and I was asked, of course, what the increase in pensions would be and in reply I said I hoped there might be some increases when we made the review. That is the statement.

As a matter of fact, I am not claiming that I was misquoted, but the article says:

> Mr. Brooks said all 23 acts relating to veterans were being studied and changes would be made to meet current needs.
>
> Changes in legislation governing disability pensions, with probable increases, were expected to be made before long.

I stated in the committee and I stated in the house, I think at the beginning of this session, that we hope next year to study the pension legislation and there may be a possibility of increasing basic pensions.

ADMINISTRATION OF JUSTICE

KINGSTON PENITENTIARY—REPORTED STABBING OF GUARD BY INMATE

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I have given notice to the Minister of Justice

of two questions which I intended to pose to him. Perhaps because of his unavoidable absence I may be allowed to put them on the record and he can answer them probably next week.

My first question is, is the minister able to give the house any information regarding the reported stabbing of a Kingston penitentiary guard by an inmate who was a patient in the psychiatric ward, or in so far as the condition of the guard is concerned and the disciplinary treatment, if any, given to this inmate?

COMBINES INVESTIGATION ACT

BRITISH COLUMBIA—REPORT ON PRODUCTION AND SALE OF FISH

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, my second question is this. Following the statement of the minister, given in answer to a question of mine on February 24, which was that the director of research and investigation of the combines investigation branch expected to be able to transmit a statement of evidence regarding the investigation into the production, purchase and sale of fish in British Columbia to the restrictive trade practices commission within two months, can the minister tell the house whether this statement has been so forwarded and when the restrictive trades practices commission expects to commence the holding of hearings?

IMMIGRATION

NEWSPAPER REPORT THAT RULING DRAFTED BY CIVIL SERVANTS TO EMBARRASS GOVERNMENT

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to direct a question to the Minister of Citizenship and Immigration. Now that she has clarified her position concerning the immigration order in council of March 19, will she make a statement reassuring the house as to her position concerning the unwarranted press attacks on the civil servants in her department in connection with that matter?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): No, Mr. Speaker.

LABOUR CONDITIONS

BELL ISLAND, NFLD.—ASSISTANCE TO UNEMPLOYED MINERS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the minister from Newfoundland whether he can bring the house up to date on the efforts he is making to avert the lay-offs in the iron mines on Bell island?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, this is another of these picayune questions the hon. member comes up with from time to time. If he has any questions he can direct them to the minister who has administrative responsibility. It may be humorous; it may indeed be productive of the humour that he intends to create as a result but, sir, it is not in keeping with the traditions of the house.

Mr. Pickersgill: Mr. Speaker, on a point of order, some weeks ago Your Honour will recall I asked the minister a similar question and he made a reply without any objection from the Prime Minister, and I was merely asking him to bring the report up to date.

Mr. Diefenbaker: That is fine.

Mr. McIlraith: Unemployment is picayune to the Prime Minister.

Mr. Diefenbaker: That is a typical observation from the hon. member for Ottawa West.

[*Later*]:

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, in view of the Minister of Labour's well-known concern for the maintenance of employment in the country, I wonder whether I might ask him if any member of the government is taking any steps to attempt to avert lay-offs at Bell island?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, every consideration in that regard has been given by members of the government and by the department particularly charged with that responsibility. I want to assure the hon. member that every step has been taken. Consultations have been in progress regarding this matter. We are not in a position yet to see the results of these consultations and approaches, but I want to assure the hon. member also that every possible effort will be made to see that all hardships that may result will be alleviated.

Mr. Pickersgill: Has the minister any hope that the lay-offs can be averted?

Mr. Starr: I must admit frankly that I have not much hope that the lay-offs will be averted, simply because we are told that it is the intention of the company to terminate operations at No. 6 mine, and in any event the ore would have run out by the end of the year. That is the information given us.

Inquiries of the Ministry

(Translation):

FINANCE

INTEREST RATES—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, I should like, with the unanimous consent of the house, to withdraw Bill C-4, An Act to amend the Financial Administration Act. I do so in order to give hon. members on the government side, who tabled an identical bill which was ruled out of order, an opportunity to discuss such bill.

(Text):

Mr. Speaker: I am not sure this is a matter which should be dealt with at this time, but the hon. member for Drummond-Arthabaska is asking for the unanimous consent of the house to withdraw from the order paper an item which stands under public bills and orders as No. 44:

Resuming debate on the motion of Mr. Boulanger for the second reading of Bill C-4, an act to amend the Financial Administration Act.

Some hon. Members: Agreed.

Mr. Speaker: Has the hon. member the unanimous consent of the house?

Mr. Green: Certainly not. The hon. member brought this bill in with a great flourish of trumpets. Now just let him carry it through.

BUSINESS OF THE HOUSE

INDIAN AFFAIRS—INQUIRY AS TO SETTING UP OF JOINT COMMITTEE

On the orders of the day:

Mr. Frank Howard (Skeena): May I direct a question to the Minister of Public Works in his capacity as house leader. In view of the fact that we shall now have a supply motion on Monday and probably Tuesday, and not be able to follow the business indicated last night in respect to the establishment of committees, and particularly a joint committee of this house and the other place to deal with Indian affairs, can the minister indicate now when it is expected that this motion will be considered?

Hon. Howard C. Green (Minister of Public Works): The business listed last evening for Monday will be the order of business for next Wednesday.

ROYAL VISIT

SUGGESTED GIFT FOR HER MAJESTY

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether the government is giving or would give consideration to the suggestion first put forward I believe by Miss Anne Francis, distinguished broadcaster and commentator, that the government's gift to the Queen on the occasion of her forthcoming visit here might take the form of federal scholarships?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am not trying to take away from anyone the kudos which naturally appertains to a suggestion such as that, but my recollection is that the representative group of the council of women advanced the idea, and all I can say is that the nature of the gift to be given to Her Majesty the Queen is receiving the fullest consideration by my colleagues and myself.

INDUSTRY

AUTOMOBILES—INQUIRY AS TO CONFERENCE ON MANUFACTURE OF SMALL CARS

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Labour whether, in view of the statement made the day before yesterday by the president of the Chrysler corporation regarding the manufacture in Canada of small cars, he is now in position to particularize as to the government's decision in answer to representations made on Monday last by the united automobile workers, asking the government to arrange for consultations with management at the earliest possible moment to facilitate the manufacture of small cars in Canada so as to provide employment for thousands of people in that industry who are now out of work?

Hon. Michael Starr (Minister of Labour): No, Mr. Speaker, I am not yet in that position.

Mr. Martin (Essex East): When will you be?

NATIONAL CAPITAL PLAN

INQUIRY AS TO RESTRICTIONS RESPECTING NEON SIGNS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Prime Minister which is very minor, but which involves something that is current. Are there any restraints open to the national capital commission with regard to the placing of large neon signs such as the new one of the E. B. Eddy Company which, according to some protests I have received, detract from a proper capital atmosphere?

Mr. Speaker: I would suggest that the hon. member put his question on the order paper, as it is not really a matter of urgency which

should be answered on the orders of the day. In any event, it asks for legal opinion.

HARBOURS

MOOSONEE, ONT.—AGREEMENT WITH ONTARIO FOR DEVELOPMENT

On the orders of the day:

Mr. J. R. Garland (Nipissing): I should like to direct a question to the Minister of Public Works. Is he yet in a position to say if any agreement has been reached with the government of Ontario concerning the development of the port of Moosonee?

Hon. Howard C. Green (Minister of Public Works): No, Mr. Speaker.

TRADE

LEAD AND ZINC—STATEMENT ON CANADIAN REPRESENTATION AT INTERNATIONAL MEETING

On the orders of the day:

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, last week the hon. member for Ottawa West asked me a question with regard to an international conference on lead and zinc and I promised to reply, which I am now prepared to do.

A meeting of the United Nations lead and zinc committee will commence on April 28 in New York. It is expected to last three days and to concentrate its attention upon developments since the previous conference, which was held in Geneva last November. In the first days of the following week there will be an inaugural meeting of a continuing lead and zinc study group which it may be decided shall supersede the existing committee.

The first object of these meetings will be to assess the demand and supply situation in these metals, to endeavour to reach a common understanding regarding present trends, to establish what may be the cause of any difficulties confronting the world industry and to discuss various governments' viewpoints on the necessity and possibility of any remedial action. It would also be appropriate for the conference to give its attention to the possibility of improving the extent and currency of statistical information and to the factors which affect levels of consumption.

The existing surplus situation in these metals was complicated by the action of the United States government in October of last year to restrict imports of lead and zinc in metal and concentrate forms to 80 per cent of the average United States imports during the five years ending in 1957. At the Geneva conference last November this action on the part of the United States was the object of criticism by many members of the conference. The Canadian government's views regarding the United States import quotas are well known to the house. Canadian objections have been expressed in a formal exchange of notes. Canadian rights to compensation for impairment of important tariff concessions by the United States under GATT have been reserved. This matter was also examined in January in the joint United States-Canada committee on trade and economic problems, as reported in the communique issued at the end of those meetings. Our position is unchanged.

The Canadian delegation will again make it clear that Canada is willing to explore the necessity for and possibility of an international agreement, but that to be acceptable to Canada any such agreement must find wide support with all major importing and exporting countries playing their full part.

I have received a number of representations from Canadian industry and I have noted the position taken by the Canadian metal mining association endorsing the stand taken by the Canadian delegation at the Geneva meetings. A strong delegation will attend from Canada comprised of senior official experts and accompanied by leading businessmen from the Canadian industry as advisers.

Mr. G. J. McIlraith (Ottawa West): I thank the minister for the answer he has given to the question. I wonder whether he can tell us the personnel who will comprise the Canadian delegation, at least in so far as the government is concerned?

Mr. Churchill: I regret that I do not have the names in front of me, but I can announce them on Monday.

Mr. McIlraith: Thank you.

HOUSE OF COMMONS

REFERENCE TO REMARK IN DEBATE ON APRIL 23

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, may I be permitted to make a correction in yesterday's *Hansard*? I can understand the difficulty because there were a number of interjections. On page 2986 near the top, following two or three other interjections, there is the following:

> Mr. Horner (Acadia): Did the hon. member for Assiniboia write your speech?

Because of the difficulty at the time I did not hear that remark but I would point out that, unlike the Tories, we are not accustomed to having other people write our speeches.

Mr. Speaker: The hon. member is taking advantage of the Chair by purporting to make a correction when it is not a correction.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Administration branch—

1. Departmental administration, including advisory committee on agricultural services, $747,531.

(Translation):

Mr. Brassard (Chicoutimi): Mr. Chairman, representing as I do a largely rural constituency, I could not let the Department of Agriculture estimates go by without saying a few words on the problems of a very important sector of our national economy.

In my first speech here, last year, I outlined the history of colonization in the Saguenay district and, if I remember well, I mentioned that our economy was based largely on agricultural production. With the industrialization which came later on, the surplus of our population found a ready market and formed the elements of a working class still imbued with rural spirit, and which is therefore different from the ordinary working class found in large cities. Agricultural production in the constituency of Chicoutimi is based on the dairy industry, and that is why farmers in my area are particularly affected by surplus production in that field.

Like the hon. member for Kent (N.B.) (Mr. Michaud), I am very grateful to the Minister of Agriculture (Mr. Harkness) for disregarding certain advice that support prices on all dairy products be removed. The considerable surplus of milk powder now glutting the market is precisely a result of a support price fixed at too high a level. That is why I feel that the decision to lower that support price is wise, since it will allow us to dispose of those surpluses, while increasing cheese production for which the market is now excellent.

I am glad to point out here the initiative taken by the Agricultural Co-operative Society of Chicoutimi which, even before being informed of the ministerial decision, had taken steps to cut down its milk powder production and increase its cheese production. Initiatives of that type on the part of private enterprise will no doubt help the government re-establish a fair balance in the production of dairy products.

The Minister of Agriculture must also be congratulated for having granted a subsidy of 25 cents per hundred pounds on all milk delivered to processing plants. To a certain extent, this subsidy will help narrow the gap between the price paid to suppliers for whole milk and the price paid to suppliers at processing plants.

Mr. Chairman, the study of these estimates gives me an opportunity to register a protest, on behalf of Quebec cheese producers who, under the Agricultural Prices Stabilization Act, are being paid one half cent less per pound than Ontario producers. I realize that such an injustice is not intentional, but that it is the accidental result of statistics compiled for the last ten years. However, I think the minister should introduce the necessary legislation to rectify this abnormal situation where producers living closer to distribution and export outlets are receiving less than those living farther.

Mr. Chairman, a good many farmers in my constituency have to do some woodcutting to earn enough to meet their family's needs. The main demand is for pulpwood, which is bought by the large paper mills. It is known that there is a certain slowdown in the production and sales of pulpwood, but the fact remains that our larger mills could easily absorb the ten thousand odd cords of pulpwood that are cut by our settlers and farmers. Due to certain misunderstandings, sales have slowed down; moreover, a Department of Justice investigation has revealed the existence of a vast conspiration, among the big corporations, to cheat farmers out of this important part of their income. I therefore hope that the Agricultural Prices Stabilization Act will also be made applicable to wood that is cut by settlers and farmers, so that in the future, they will be assured of a minimum return for their efforts.

Before closing my remarks, Mr. Chairman, may I also, on behalf of my constituents, urge that soil classification and analysis be carried out as soon as possible, as this would enable us to draw up an overall plan for maximum land use. At the present time, because no such plan exists, certain settlers are living on marginal lands that should have remained part of the forest industry, and these people merely eke out a living because their income is comparable to the land prevailing in underdeveloped countries, and they are a problem for all the public and private charity groups.

Then, in order to protect our cattle which represent a major part of our rural inheritance, I wish that necessary steps be taken to fight brucellosis, which is responsible for great losses.

Mr. Boulanger: Mr. Chairman, having expressed my opinion concerning agriculture a few weeks ago, it was certainly not my intention to take part again in the discussion of the estimates of the Minister of Agriculture (Mr. Harkness). However, following the statement he made yesterday, I can't help making a few comments.

First of all, I must say to the minister that we sympathize with him because he seems to be going through a critical period. We wish nevertheless to show him our good will and to put the best of our knowledge at his disposal in order to help him settle the problems which face the farm industry and whose consequences have been felt for some time.

Following the minister's statement, I was most surprised by the speeches made by government members from the province of Quebec. They made certain comments on the minister's statement, and their remarks were mostly congratulatory.

The minister was praised for having granted a 25 cent subsidy for every hundredweight of milk intended to be used for the production of cheese or skim-milk. That is all that was said. No comment was made on the price of milk powder and I think I can even state that not a single member on the government side understood the minister's statement, particularly as far as the price of milk powder is concerned.

As a matter of fact, the minister's statement, of which I am giving only a summary and not a literal translation, is to the effect that the price of milk powder has been reduced from 15 cents to 10 cents per pound, no mention whatever being made of the quality of the product. Only skim milk powder is mentioned in the minister's statement.

However, we know there are two types of milk powder: one produced by the spray process and the other by the roller process. We are just being told that milk powder will be reduced from 15 cents to 10 cents per pound, with no mention of what the price will be for roller processed milk powder. However, Conservative members have praised the minister, without making out what his statement meant. What will be the results of such a policy? I think that the lower price for milk powder will immediately result in the loss of hundreds of thousands of dollars for industrialists and manufacturers, since we are told about this lower price for milk powder only six days before the first of May.

Manufacturers have large stocks in their warehouses and tomorrow, that is on May 1, at what price will milk powder be sold? Maybe 5 cents, maybe 6 cents, maybe 8 cents, I hope. The blunt fact is that manufacturers are going to lose hundreds of thousands of dollars. And what about the losses the farmers will sustain?

The minister says that the price of milk powder will be reduced from 15 cents to 10 cents a pound. That does not seem to be serious. He made that statement with disconcerting assurance in about the same frame of mind as the Minister of Finance when he announced his tax boosts.

This policy will have the following effect on farmers: a reduction of 15 cents per hundred pounds of milk powder will be tantamount to a reduction of 40 to 50 cents per hundred pounds of milk.

Last night I got in touch with manufacturers so as to find out what they thought of this policy. It is true that there will be a subsidy of 25 cents per hundredweight, so that, officially, the price of milk powder will be 15 cents. But what happens then to the manufacturer? He will have to take whatever price he can get for his milk powder. Then, he will reduce the price he pays per hundredweight to make up for the lower price he gets for his milk powder.

Manufacturers told me last night that they would lower their purchase price by 40 to 50 cents. This is in addition to last year's price reduction.

Everybody wants to rescue the farmers, to save the Quebec dairy industry! Last year, in our area, milk was selling at $2.90 per hundredweight in the summer and $3 in the winter. Officially, the price should come down to $2.90 on May 1 next. We do hope it is not going to fall below that level.

Now if we examine the purport of the minister's statement and if we try to determine the economic impact of that price change, we find that the government will have to spend from $15 million to $17 million to pay that 25 cent premium per hundred pounds of milk. The spending of $15 to $17 million to protect an economic sector such as agriculture is not too important. What is more serious is what the farmers will be losing. The production of milk in Canada for industrial use is estimated at approximately 7 billion pounds, and we will have to pay 25 cents per hundredweight of milk, which means that the government will have to spend from $15 to $17 million.

On the other hand, if manufacturers of milk powder cut the price by 40 cents to 50 cents per hundredweight of milk, what will be the cost to farmers? Let us take the

same quantity of milk and let us reduce its price to 40 cents per hundredweight, and we arrive at an amount of $30 to $32 million; such is the loss farmers will suffer as a consequence of the announcement just made by the Minister of Agriculture. Farmers will thus lose 30 million while getting 17 million dollars. Then the Conservative members will come and say in the house: "We are saving the dairy industry: we are giving farmers 17 million dollars."

The manufacturer is then asked to report to the Minister of Agriculture on the quantity of milk he receives for the production of milk powder or cheese. This is another inconvenience which the manufacturer does not like too much but he will supply those reports willingly because he is quite as interested as the minister, and even more so, in saving the farming class.

Yet, the Catholic Farmers' Union (Union catholique des cultivateurs) had made some suggestions and I am surprised to find that hon. members from the province of Quebec who rose yesterday did not mention those suggestions of the professional farmers association in the province of Quebec. None of them mentioned the wishes of our farming population. That is why I am pleased to inform the house of proposals made in this respect.

I shall quote an item by Mr. Guy Hamel, published in *L'Action Catholique*. The author reports the words of Mr. Lemoine during a meeting of the joint committee of the U.C.C. and the federated co-operatives with the Minister of Agriculture here in Ottawa. Mr. Lemoine said:

Mr. Martin (Essex East): Is Mr. Lemoine their president?

Mr. Boulanger: Mr. Lemoine is the general president of U.C.C. and he said:

> Mr. Lemoine has pointed out that prices asked in Quebec are not based on western grain prices or on the inefficiency of some producers, but on the average Quebec farm unit.
>
> "It is not a premium on inefficiency and routine that we want; we merely want the serious farmer to be able to make a living." He added that the dairy producer was the one who, up to now, had cost the least money to the government of Canada and that he should not have to be penalized or forgotten simply because he might have failed to state his case forcibly enough.

The program suggested to the government was something like this. It is outlined in an article by the same writer, published in *L'Action Catholique,* stating that the contract which the government should sign was a contract with milk powder producers, whereby the government would agree—

> ... to buy unsold production at a floor price if, at the end of each month, the producer can show that he has produced 10 per cent less than the corresponding month of the previous year. Thus the surplus production of milk powder would decrease by 10 per cent and the industry would be forced to diversify its production.
>
> 2. The government would pay a subsidy to the producers to make up for any loss on the floor price.

Earlier there had been a reference to a subsidy of 40 cents a hundred pounds instead of 25 cents.

> 3. The government would get the industry to sign an agreement to decrease their production of milk powder by 10 per cent a year.
>
> Thus, the industry would be assured of a reasonable profit margin, and production would be directed towards other sectors at the rate of 10 per cent a year.

That was a wise suggestion, and it would not have complicated the useful production control procedures which are being planned, according to minister's statement of yesterday.

Mr. Chairman, I could comment on many other subjects, but I will only deal with the price support policy in regard to hogs and poultry.

The suggestion of the Minister of Agriculture to change the support price for hogs shows that the price support policy has not achieved the purpose for which that act was passed. After being in effect for two years, that law is already obsolete, and yesterday, the minister broke the very law he proposed himself barely two years ago.

A few months from now, he will be amending the price support legislation on pork so as to lower the price from $25 to $23.65. What, again, will be the result of such a policy? First, the price of pork will drop below the present level, because the government intends to stop buying and storing pork; instead, it will pay compensation to restore the difference between the free market price and the price that will be in force next October, that is $23.65.

The other result will be to destroy the balance between the price of fowl and beef in relation to pork. This will cause a general drop in the price of other products.

However, there is one advantage to this plan: it will protect the professional farmer. The present government's price support policy

has caused great harm to the farmers while helping the integrators. And the Minister of Agriculture has shown a serious lack of foresight in enacting this legislation without providing a means of preventing integrators from sharing in the support price policy. I therefore urge him to consider the matter further, with a view to protecting farmers and family farms by ensuring that price supports work not against them, but to their advantage.

We can see what is happening in the agricultural industry. Between 90 and 95 per cent of the production of broilers is dependent on feed manufacturers and operators of meat packing plants. Today, a farmer cannot produce on his own, because production is controlled. I ask the minister to consider the act and to put forth an amendment to give better protection to professional farmers. Last year, the price of broilers was from 16 to 17 cents a pound and in January of this year, from 14 to 16 cents a pound, while the price of turkey varied from 22 to 28 cents a pound, according to grade and weight.

Why should the government not make compensation payments for poultry products like broilers, chickens and turkey? Why does it not prohibit poultry meat imports from the United States?

Last year, we imported $5,408,000 worth of turkey meat or poultry parts; in fact, since 1957, the government has issued 89 import permits for various poultry meats.

I do not know the total quantity of poultry meat that was imported last year, but I have here that of various poultry meats imported under the 89 permits issued between July 1957 to May 30, 1958; we then imported 1,576,000 pounds of poultry meat, apart from the poultry imported since May 1958, when import permits were revoked.

The same goes for broiler chickens. I do not know the quantities of broilers that have been imported, because this kind of imports does not require any permit.

As far as the prospects of the poultry industry are concerned, I must say they are not very promising, since, according to the March edition of *L'Actualité économique*, the production of broilers would increase by 62 per cent over the same period last year. As far as the production of heavy turkeys is concerned, it will increase by 100 per cent, while that of light turkeys will increase by 4 per cent; it means that during the coming year, the price of poultry will be lower than last year. Besides the price of milk is being reduced as well as the price of pork, etc.

In the last few months the Minister of Agriculture also made statements to the effect that unless farmers curtailed their production, this government would have to take severe steps either by lowering support prices or, if necessary, by controlling production. How could he induce farmers to reduce production at a time when they are forced to increase it in order to lessen production costs which are already too high? When the government asks farmers to reduce their production, does it mean the big farmer or the small farmer, or does it mean the contract farmer?

Has anything been done to dispose of dairy products surpluses, or hog surpluses and especially of milk powder surpluses? Nothing is left undone to solve the problems of western farmers, who are granted subsidies for their wheat production. Recently they received a $40 million grant from the government, to make up for the low prices they get for their grain, and we congratulate the government for doing so.

And yet western farmers are not satisfied, because a number of them will have to quit the farm, as will one third of Quebec farmers a year or two hence, unless farming conditions are improved in this country.

This year, the intention seems to be to have eastern farmers pay certain premiums or grants which we will be required to pay to some industries, coal or gold mining, in particular.

According to Mr. Mel Andal, who appeared before the Senate committee on soil utilization, one third of the 575,000 Canadian farms are uneconomic units, inhabited by 2,746,000 persons. Of that total number, 55,000 farms located in the prairies are made up of less than 130 acres, and their operation cannot provide a decent standard of living for their owners. In addition, there are in the eastern part of this country 187,000 farms comprising less than 70 acres of improved land. The farmers who operate those farms cannot get a return which would enable them to meet the needs of their families.

The best proof of that statement was given the other day at a sitting of the committee on agriculture where the hon. member for Port Arthur (Mr. Fisher) asked for detailed information concerning the percentage of western farmers and eastern farmers who pay income tax.

At this stage, I should like to read an article published in *La Presse*, on April 8, 1959, and I quote:

Statistics show that more than 60 per cent of farmers who pay income tax live in Alberta and Saskatchewan, he said.

Of course, the reference here was to the hon. member for Port Arthur.

Western farmers are rather resentful about it. They can hardly account for the fact that only recently 20,000 Saskatchewan farmers paid this tax while only 780 in Quebec did so.

Mr. J. Gear McEntyre, deputy minister of the Taxation Division in the Department of National Revenue, replied that agriculture in the province of Quebec is just sufficient to provide a livelihood for those engaged in it. Returns were checked, but investigations have borne out that most of the incomes in question were not taxable. According to a survey conducted ten years ago, the average farmer's income in eastern Canada is well below the level of taxable income.

That did not prevent Mr. Fisher from saying that Quebec farmers were making good money cutting pulpwood.

Mr. Chairman, if Quebec farmers do not pay any income tax it is simply because they do not earn enough.

On the other hand, if the hon. member for Port Arthur thinks that our farmers are getting rich cutting wood in the forest in the winter months, I would suggest that he go out to the Abitibi area in Quebec, as well as the maritimes, and see how much those people are getting for their pulpwood.

Mr. Chairman, it will be remembered that the Prime Minister (Mr. Diefenbaker) stated in Rimouski that a support price would be placed under pulpwood. However, we never hear anything about it any more, and members on the government side who consider themselves economists never say a word about it either.

The farm policy of the Conservative government is a complete wash-out that will lead thousands of farmers into bankruptcy, because of the price reduction affecting all farm products, especially in eastern Canada.

Mr. Chairman, I agree that the present surplus is embarrassing to the Minister of Agriculture. However, that situation is the result of the fine promises made by Conservative candidates during last elections. Farmers had then been promised their share of the national income, and a refund to each family of the excess $120 that the Liberal government was taking out of their pockets each year.

While the Minister of Finance (Mr. Fleming) forecasts a general recovery in every economic and industrial sector, the Conservative government, through its farm policy, is taking the bread out of the mouth of farmers and their families.

On April 14 last, *L'Action Catholique* published an editorial which sums up my position perfectly, and which says:

The problem of the dairy industry cannot be considered by itself, outside the economic and social context of which it is the key. If there is a depression in that sector, the whole of Quebec's agriculture will be hit by that depression at a time when, according to the Minister of Finance (Mr. Fleming), a general recovery is starting in other sectors of our economy.

Mr. Chairman, I ask all hon. members from the province of Quebec, and others from eastern Canada, to mark the following paragraph:

That present surpluses are a matter of embarrassment for the government is easy to understand. But has any effort been made to dispose of them, that is an effort even remotely comparable to those made on behalf of wheat producers?

(Text):

The Deputy Chairman: I am sorry to inform the hon. gentleman that his time has expired.

Mr. Harkness: I think I should say something now to dispel the complete misconception which the hon. member who has just spoken evidently has with regard to the new stabilization program for dairy products and with regard to the stabilization program generally.

The hon. member for Drummond-Arthabaska indicated clearly that he has not understood the import of the announcement I made yesterday; and in addition, of course, the figures he produced are complete nonsense. They are worse than those produced by the Martin bureau of statistics. They are complete nonsense and bear no relationship to the facts, and for that reason I think I should set the record straight.

The 25 cents per hundred pounds mentioned in the statement yesterday is not being paid to the manufacturers, as the hon. member seems to think. It is being paid to the producers. It will be paid directly to the farmers; therefore as far as people sending milk to the cheese factories are concerned, they will get more money for their milk than they were receiving formerly, instead of taking a loss on it. As far as people delivering milk for general manufacture are concerned, rather than a loss of 40 or 50 cents a hundred pounds the biggest reduction they

should get in any circumstances should be 15 cents per hundred pounds, and in many cases there should be no reduction at all. The hon. member evidently does not understand the complexities of the milk business, in addition to failing to understand, perhaps deliberately, the statement I made yesterday.

The hon. member also said that the prices of all agricultural products in Quebec had gone down, apparently in an effort to convey the impression that they had gone down since this government took office. Actually the price of nearly every agricultural product has gone up since this government came to power. If the hon. member will look at the statistics with regard to the prices of agricultural products during the past year as compared to those received when the Liberal government was in power he will find that there has been a very material improvement. He will also find that last year the farmers of Quebec received a larger cash income than they had ever received in any previous year in history. In addition, as I said, the prices they received for most of their products were considerably better than they had been when the Liberals were in power.

(Translation):

Mr. Boulanger: Mr. Chairman, may I direct a question to the Minister of Agriculture? I fully understand the statement he made yesterday and I know full well that 25 cents per hundred pounds of milk will be paid to the farmers. I would like to know whether the manufacturer will have to pay the minimum price for milk or if he will be free to set his own price. I know very well that the farmer will get 25 cents and that the price is not supposed to go down by more than 5 cents a hundred pounds for the manufacture of milk powder. But the manufacturer will not be in a position to sell milk powder at a lower price; consequently he will set the price of milk according to the price of milk powder. That is the way I understand the situation.

Now, the Minister of Agriculture says that the farmer got more cash in 1958 than he ever did in previous years. I admit that the income from the sale of agricultural products has increased in 1958.

Some hon. Members: Hear, hear.

Mr. Boulanger: Very well, I accept the cheers of the hon. members on the government side. However, I must add that it is not the farmers, but the integrators who got the most money, both in Quebec province and in Ontario.

Mr. Pigeon: Mr. Chairman, may I be allowed the pleasure of asking a question of the hon. member for Drummond-Arthabaska (Mr. Boulanger)?

Mr. Boulanger: Please do.

Mr. Pigeon: What action does he suggest to dispose of the overproduction of milk powder that now exists in Canada, and what does he think of milk powder companies who were aware of the present overproduction situation? Were such companies helping the farmers, or were they considering their own interests. I should very much appreciate an answer to that.

Mr. Boulanger: If there had been time, I would have answered the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon). If he insists on getting an answer, I shall give him one: let him begin by studying the speech made by the hon. member for Bellechasse (Mr. Dorion) who made some suggestions with regard to the matter, for which I want to commend him.

Mr. Pigeon: What are your suggestions? You did not answer me. The hon. member for Drummond-Arthabaska did not answer my question; this is no answer.

(Text):

The Deputy Chairman: I cannot allow this to develop into an argument. A question was asked, and it was answered.

(Translation):

Mr. Rompre: Mr. Chairman, may I—

Mr. Pigeon: Would it be possible, Mr. Chairman, to get an answer to the question I have asked of the hon. member for Drummond-Arthabaska?

(Text):

The Deputy Chairman: Order. The hon. member cannot enforce an answer.

(Translation):

Mr. Rompre: Mr. Chairman, as the representative of a mostly rural constituency, may I take a few minutes of the time of this committee at this point in the discussion of the estimates of the Minister of Agriculture (Mr. Harkness) to submit a few requests that have been made by farm organizations of my constituency, and, at the same time, to express to the minister my satisfaction for the statements he made yesterday about the support price for the products of the dairy industry.

I believe I am right, Mr. Chairman, in saying this, because the price that will be guaranteed for the next twelve months in this regard meets the wish expressed by the heads of the province of Quebec farm association, and the U.C.C. who recently came to the committee on agriculture to submit their brief, and acknowledged that the government should check the powdered milk production because of the rather heavy stocks of that product.

I also want to express, on behalf of those people in my riding who follow that profession, all my appreciation to the hon. Minister of Agriculture for the generous manner in which he, as well as hon. members of this house and the farmers' unions concerned, co-operated in the study of the suggestions submitted and the brief presented to him, in view of obtaining a stable and proper price level.

I sometimes wonder, Mr. Chairman, if other classes in society realize the considerable work which must be done on a farm in order to make it yield enough to allow a family to live in reasonable comfort.

I am myself a farmer's son, living in a parish which is essentially a farming district. I know that, unlike a good many city people who work only five days a week, these people have to toil seven days a week and, in many cases, require the help of other members of the family, even school children, in order to get things done.

For a good many farmers the revenue obtained from the sale of dairy products is not enough; they have to make up for it by seeking work outside the additional revenue they need to survive. Some of them take jobs in logging camps, others earn extra money by raising hogs, poultry or from a maple bush, sometimes also by very carefully making use of their wood lots. Let us stop and consider for a moment the degree of insecurity the farmer has to face, because of possible losses, which quite frequently occur.

Many farmers in my riding were affected this year by the loss of some of their cattle in the outbreak of rabies. I wish to express my appreciation to the minister for the work done to check this disease by having dogs vaccinated. But there is still an enemy that causes great concern: the fox. A great many of my constituents have told me about that animal which remains in the vicinity of farm buildings, even refusing to run away from man, a behaviour which is certainly contrary to its normal wild instincts and denotes symptoms of the disease in its latent form.

While I was in my riding last week-end, I got a phone call from the mayor of St. Gilbert who told me that a farmer had lost an animal which, according to the veterinary, had probably been bitten by a fox that had caused great damage a few days before in the hen-house of that farmer.

I received another letter this week from a St. Augustin farmer who according to the veterinary's report, suffered a similar loss.

I mention those cases, Mr. Chairman, to acquaint the government with this situation and enable it to study the problem which could be solved perhaps by providing a bounty to promote fox hunting.

I made those few remarks so that everyone may realize the plight of this class of workers referred to yesterday by my deskmate in this house, the hon. member for Red Deer (Mr. Rogers) when he said:

(Text):

As a matter of fact, it seems to be an established fact that farm prices are the first to go down and the last to go up.

(Translation):

Well, it really makes you think.

Recently, I received from the secretary of the Quebec district association of Ayrshire cattle breeders, a resolution passed at a general meeting asking the government to give effect to the latest requests for herd "control". According to information given to this house by the minister, this temporary delay has been caused by a shortage of staff. I have no doubt that even if this means increasing the staff, there will be no difficulty involved in giving effect to these requests from the farmers, who are anxious to follow the instructions given by their technical advisors, namely the agronomists, so as to improve their herds. In closing, I wish to express my great appreciation to the government for the attention it has been giving to the farmers, so as to enable them to take their rightful place in Canada's economy.

Mr. Belzile: Mr. Chairman, I hope you will allow me to take up a few minutes of the committee's time to make my humble contribution to this discussion. I should like to make it known to the committee at the outset that I have no intention, in my brief remarks, to indulge in what is commonly known as petty politics.

It is my aim to be as realistic as possible and to examine briefly the various aspects of the difficult problems facing the Minister of Agriculture and the government in the management of the country.

Since my election to this house last May, I have been listening closely to most of the speeches made by hon. members. As far as I am concerned, this is the third time I have had the opportunity to speak.

I listened to the criticism of the opposition; I listened to members from all the provinces of our country who did their utmost to draw attention to their respective problems and those that are common to the whole nation.

Mr. Chairman, a few weeks ago, I listened to the hon. member for Maisonneuve-Rosemont (Mr. Deschatelets) who tried to draw a gloomy picture of agriculture under the Conservative government. And I wish to repeat once more—and I do not want to indulge in politics but only make sure that the fact is recorded that economic crises have not always been the outcome of Conservative governments—that, if at the present time, we have an economic recession which, fortunately, is about to disappear, the Conservatives are not responsible.

Mr. Chairman, a few days before the 1930 election, perhaps some members now sitting in this house were not old enough to realize the economic situation of the time, but the one who is talking to you was then head of a family and was operating a farm.

Prior to the 1930 election—and the Conservatives were not in power at the time, it was the Liberal party, and it had been in power, I believe, since 1921—butter was selling for 18 to 20 cents a pound; eggs, 12 to 15 cents a dozen; pork, 10 to 12 cents a pound; beef, 8 to 10 cents a pound. The worker earned an average salary of $1.50 to $2 a day to provide for the needs of his family.

I do not think the figures I have just quoted are indicative of a fruitful administration, and the legacy it left, after the 1930 election, was not a very enviable economic situation.

Now, Mr. Chairman, I do not like to hand out compliments indiscriminately, but I believe it is worth noting, even briefly, that the hon. Minister of Agriculture deserves congratulations for the ability, the tact and the practical leadership he has shown a few days ago, when he decided to lower the support prices for certain agricultural products, a decision he announced to the house yesterday.

Starting October 1 the price of hogs will be reduced by one dollar and some cents a hundredweight; however, a subsidy equal to the former price will be paid to the average farmer. That is where, Mr. Chairman, we see the value of the system that the Minister of Agriculture is using to discourage and destroy vertical integration, i.e. by discouraging those who make a large business of hog raising and production. Of course, these are private undertakings on which the government has no direct control, because the government cannot stop a large feed manufacturer from setting up hog raising farms able to market an unusual number of pigs each year. But, in a general way, the former system, with fixed support prices far from discouraging integration, favoured it because, no matter how many hogs each producer put on the market, he received a uniform price on the whole, for his product; he received the same support price as the smaller producer.

Not very long ago, Mr. Chairman, I received a letter from a farmer in my riding who hinted in rather broad and uncertain terms, that the farm group, the average producer, who has a family living and makes a living out of farming, that the Minister of Agriculture should adopt a policy that would establish a distinction between the professional producer and the man who takes to hog raising on an integrated basis.

In *La Terre de chez nous*, on April 8, 1959, there was an editorial by Mr. Louis-Philippe Poulin, entitled "Hog prices policy". Mr. Poulin said in this editorial among other things:

> The application of deficiency payments to a specific number of hogs per farm seems to us to be much more effective, even though such a system gives rise to some problems.

At the outset of his article, the author says:

> The average farmer must derive advantages from it.

In brief, the article of Mr. Poulin is in favour of the policy and of the prices which were announced to us yesterday by the hon. Minister of Agriculture.

With regard to the support price of butter, we all know that this price is maintained at 64 cents a pound. It is my conviction that on account of his wisdom and competence the hon. Minister of Agriculture has not been maintaining the support price of butter at such a level to please those who produce this product. Indeed, he has shown realism, since statistics show that, as of January 1, 1955, we had in stock 91,151,000 pounds of butter, compared with 69,899,000 pounds as of January 1, 1958. If you take into account the fact that our population was 15,803,000 inhabitants in 1955, when our stocks of butter reached 91,151,000 pounds and the fact that our population has now increased to 17,000,000, we can reach the conclusion that present stocks of butter, proportionately and on the basis of the individual

average, are much less substantial than they were in 1954 and 1955. In my opinion, the Minister of Agriculture has shown wisdom in continuing to encourage the manufacturers of butter to continue their production. Undoubtedly, neither the farmers nor the producers of butter will get rich on 64 cents a pound. Nevertheless, this price will enable the average farmer to have from his dairy herd, a reasonable if not a big return.

Mr. Chairman, I suppose my hon. friend, the member for Drummond-Arthabaska (Mr. Boulanger) expects me to talk about milk powder. The hon. member's wish will be fulfilled, as I intend to speak on this matter. However, before I undertake a detailed analysis of the matter, I would like to stress the fact that I would be remiss in my duty if I did not say that the policy of the hon. Minister of Agriculture as far as powdered milk is concerned, answered a need and showed that he has a good deal of practical common sense when it comes to implementing his price support policy.

Powdered milk is not used very much in Canada. It is also a product for which there is little demand on the export markets and which is perishable. After a few months, it loses much of its value and taste and it would certainly not be wise to maintain its present level of production in Quebec and Ontario.

Mr. Chairman, it is a known fact that in everything we reap as we sow, and the complication now arising in relation to the price of milk powder is the result of the fact that in 1957, the government then in power, without being even requested to set a minimum price for milk powder, introduced a 17 cent a pound support price. What happened then? In the province of Quebec alone, we saw a score of new industries develop and we saw the work of many co-operative members being sabotaged by people who had set their minds to make money through the processing of milk into powder. We have also farm organizations, butter and cheese co-operatives, being crushed or blotted out. We have seen them disappear and replaced by milk powder producers who had one purpose, that of making money with their plants. That brings me, Mr. Chairman, to what I said a moment ago. We are reaping what we have sown. In 1957, we adopted a policy which did not correspond to a need and, unfortunately, we are reaping today the nefarious effects of that policy which was devoid of practical common sense.

That reminds me, Mr. Chairman, of the story of a fellow going out for a walk on a fine day; caught in a storm and having no umbrella, be must at least partially suffer the nefarious effects of the weather.

Mr. Chairman, there was fair sailing when the Canadian government established a support price for milk powder at 17 cents a pound. Our farmers went ahead producing milk powder at that time, but today, the storm had to come down, because no government with any sense of responsibility can continue to favour production of a commodity which being perishable, is hardly fit for export, and whose output is far in excess of domestic consumption.

Mr. Boulanger: That does not justify the government giving away milk powder.

Mr. Belzile: Mr. Chairman, I must commend the hon. member for Kent, New Brunswick (Mr. Michaud) for the speech he made yesterday in this house. The hon. gentleman showed a lot of common sense; he is a professional farmer like myself, and a credit to his calling. The hon. member was frank enough not to commend the Minister of Agriculture, but to formally state his approval of the healthy policy of the Minister of Agriculture. As recorded on page 2 of the English appendix to *Hansard* of April 23, 1959, the hon. member said:

> And I am sure that dairy farmers will be pleased to hear that the government intends to maintain at 64 cents a pound the support price on butter production.

Mr. Chairman, the hon. member for Drummond-Arthabaska, probably in good faith, claims that Conservative members do not understand a thing about agriculture nor about the acute problems which now face the farming industry.

Mr. Boulanger: Mr. Chairman, on a point of order, I did not say that government members do not understand the problems of the agricultural industry. I said Conservative members had not understood the statement made by the Minister of Agriculture about milk powder.

Mr. Belzile: Mr. Chairman, until I have proof of the contrary, and until I have read in *Hansard* the speech of the hon. member for Drummond-Arthabaska, I accept his correction.

Mr. Chairman...

The Chairman: I am sorry to interrupt the hon. member for Matapedia-Matane (Mr. Belzile), but it being one o'clock I must leave the chair.

(Text):

It being one o'clock, the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

(Translation):

Mr. Belzile: Mr. Chairman, before recess, I dealt only with the latest statement of the Minister of Agriculture on support prices for agricultural products. I now wish to discuss, as briefly as possible, some problems relating to agriculture in Canada. Before doing so, however, may I once again urge the Minister of Agriculture to maintain his price support policy, which gives encouragement to the agricultural class, to average producers and to heads of families. I also ask the minister to use the strictest methods to curb those who have been practising integration, whether in hog raising, poultry raising or milk powder production. May the minister's policy be such as to deter people who, in the past, have pushed integration too far and have caused untold harm to farmers across Canada.

I think I mentioned, at the beginning of my remarks, that I listened closely to most speeches made in this house since my election to parliament in Ottawa, in May 1958. This has made me realize that the agricultural problem is not the least problem facing the federal government; indeed, it is the government's responsibility to give special consideration to a great many problems.

I have been hearing hon. members from other provinces in western Canada setting forth the demands of their constituents, and I realize, Mr. Chairman, that there are very great problems to be solved in that section of the country. I have also been aware for many years that eastern Canada faces serious problems. When speaking of the west, I presume this should include Manitoba and the other provinces up to the Pacific, including British Columbia; and when speaking of the east we mean Ontario and Quebec right down to the Atlantic.

However, Mr. Chairman, my purpose this afternoon is to discuss the acute problems affecting Canada's far eastern section. By that I mean the area from Quebec city eastward. It may be that many hon. members from western Canada know absolutely nothing about the great natural difficulties which confront the farmers of that area, the far eastern part of Canada, in the discharge of their occupation.

The land of my constituency is not naturally fertile and is often rocky in many areas. The climate is severe; our winters are very cold and very hard. Hon. members might be surprised to know that in my parish, no later than last Monday, I saw snow banks 5 to 7 feet deep along the roads. In fact, at this time of the year, owners of dairy herds still have to keep the herds in the stable and feed them. Summer is very short for the growing season and the grazing season is limited to two months, that is from June 15 to August 15. Thus, Mr. Chairman, it is impossible to imagine all the sacrifices and the hard work, the problems of all kinds to which the pioneers in our region were subjected when they had to clear the land to get tillable soil fertile enough to provide a living for the families of eastern Canada.

Those are problems that the federal government must not ignore. Farmers of eastern Canada, farmers in the area east of Quebec city must receive at all times and continue to receive from this government the necessary encouragement to maintain family farming. We do not have many industries and being located as far as we are from large centres, we find transportation a problem. However, it is important that the authorities be made aware of their responsibilities. We must not forsake this region which was conquered with sweat and sacrifice just because it is far from large centres or because the climate is not favourable to agriculture. It is essential that the average farmer, the producer, the head of the family, be in a position to increase his production and receive fair prices for his products.

Our farmers should be made to feel that they can keep their trust in established authority; they must continue giving their children some education; they must continue impressing upon the masses, and upon their daughters and their sons, the patriotic spirit which should be nurtured by every good citizen in this country. The sons of farmers

should remain on the land; and that area which, perhaps, has not been conquered as easily as others should again receive encouragement from the federal government and all right-thinking people who want our great country to be prosperous, progressive and happy.

In conclusion, Mr. Chairman, I want to mention some needs of the farming people in the area I just mentioned. Our soil does not favour seed grain production, and farmers in the eastern part of the province must buy those seeds from producers either in the other eastern parts of this country or in the west. Since, as I said a moment ago, distances are long and freight rates are very high, the Department of Agriculture should consider the possibility of granting subsidies in such a way as to relieve the cost of freight rates for seed grain.

Second, as the soil is not naturally fertile, we must—and I repeat Mr. Chairman, we must—as I am one of those who are concerned with small farming, one of those who buy seed grain and who buy fertilizers—buy fertilizers; but, at the present time, because of freight rates, the cost of those products is very high indeed.

The government could also grant a fairly substantial subsidy for the transportation of calcereous ameliorators. This is the name given to ground limestone, commonly known as "calco". Added to our soil, that product has given excellent results in the past. But, unfortunately, there again, its cost price, once it gets to our farms, is still too high for many of our farmers. I believe, if I am not carrying my argument too far, that the federal government could perhaps, authorize an investigation of the fertilizer industry—

(Text):

The Deputy Chairman: Order. I am sorry to interrupt the hon. member but his time has expired.

Mr. Argue: Mr. Chairman, as this session progresses and as the minister makes one announcement after another, it becomes more and more clear that the government has abandoned its agricultural policy as set forth in the recent election campaigns. When the Prime Minister was in the opposition for many years he spoke, as did many of the rest of us, in favour of parity prices. It was the policy of the Conservative party before the election in 1957 to establish a system of support prices in this country based on a parity relationship. In the Conservative handbook for the 1957 election it is reported that regular motions have been introduced into the house by Mr. Diefenbaker in order to secure for the farmer a more satisfactory share of the national income.

That is one quotation and I have many others here. I will put a few of them on the record but they are all along the same line. When the Prime Minister spoke on June 8, 1957, he is reported by the Canadian Press as promising that if a Conservative government were elected he would call a September session of parliament to set up a system of floor prices for agricultural products based on parity. Well, we have had some indications this session that the present Minister of Agriculture is basically carrying out the same kind of program that we have had with previous ministers of agriculture. We have had certain support prices for agricultural products; the government has failed to obtain markets for products at the support prices and immediately the support price has been cut. This announcement was made as far as hog support prices are concerned, that there will be a reduction in the floor price October 1 from $25 a hundredweight to $23.65, basis Toronto.

Then there was the announcement yesterday that the government is reducing the floor price of powdered milk from 15 cents to 10 cents a pound, and that a few months from now the support price will be removed altogether. In its place will be paid a 25 cent per hundred pounds of milk deficiency payment under certain conditions. The total of the government's announcements adds up to lower prices for agricultural commodities.

These announcements have not been supported by the farm organizations. This government is not carrying out the recommendations which have been brought to it by the Canadian Federation of Agriculture or the Ontario milk producers and other farm organizations. Soon after the minister's announcement was made yesterday the following press release was made by the Ontario farmers' union.

> Dairy price support levels announced in the House of Commons by agriculture minister Harkness indicate flagrant disregard for the high ideals expressed by the Conservative government in the agricultural prices support legislation enacted in January 1958, said Gordon L. Hill, president of the Ontario farmers' union.

There is Mr. Hill's statement as to what this announcement on dairy support prices means—a flagrant disregard for the high ideals expressed by the Conservative party

in the agricultural prices support legislation enacted in January, 1958. The statement goes on:

"While Mr. Harkness is to be commended for changing the system from market price support to the deficiency payment system in the case of skim milk powder, the amount of deficiency payment is negative and completely ignores increasing farm costs", Mr. Hill said. "In the face of rising operating costs Canadian farmers are expected to hold the line on prices for some commodities and to absorb price cuts on others such as milk powder, and a reduction in the price of milk powder is not in line with the objectives of the act. Rising costs for fertilizer, farm implements, mill feeds, freight rates and other goods and services which farmers must buy have created an impossible situation for the dairyman", said Mr. Hill. He stated that concentrating milk producers, who are already living on the depreciation of their assets, will be forced to seek an additional source of income. This will increase the trend to contract farming and vertical integration wihch is already sounding the death knell of the family type farm.

This is the answer to statements of hon. members opposite that their program has been one to assist and promote the small farmer. Mr. Hill says that this policy of the government will increase the trend to contract farming and vertical integration. The statement concludes with the following:

"A disturbing aspect of the whole situation," Mr. Hill continued, "is that the advisory committee to the stabilization board has been completely ignored. What use is an advisory committee that is not consulted?" Mr. Hill asked.

I think this last statement is a very grave reflection on the attitude of the government. I think it is a rather serious indictment of the way the minister considers this legislation in advance when he has, according to Mr. Hill, failed to have the advisory committee consider this question.

Mr. Harkness: I did not hear all the hon. member has said, but if I may comment on what I understand him as saying now I think that Mr. Hill and every member of the advisory committee will bear me out when I tell him that the committee spent three days discussing this matter of price support for dairy products at its last meeting. They have in fact considered this matter and have been considering it throughout the past year. Then, as I say, they spent three days of their last meeting doing so.

Mr. Argue: Could the minister say when the last meeting was held?

Mr. Harkness: I think it was about six weeks or two months ago. I cannot be certain how long ago it was.

Mr. Argue: I appreciate the comment made by the minister. I am not going to dispute it. All I have done is to place in the record the last paragraph of the statement that was issued as a result of the announcement yesterday. Perhaps the wording of the announcement might be considered to mean that the recommendations of the advisory board have not been carried out. That may be what it means, although I do not, myself, think so. I took it as meaning that they were not consulted. The minister shakes his head, and I take it, now, that they held a three-day meeting and put forward certain recommendations with regard to which the minister has not taken action.

I note that the minister has not made any comment on that part of the statement issued by Mr. Hill in which he says that the government's policy has shown flagrant disregard of the high ideals expressed in its agricultural prices support legislation, nor on Mr. Hill's statement that the policy ignores increases in farming costs.

There will have to be a good deal of new thought and new ideas placed in the government's agricultural policy if the small farm is to survive in this country. Under the policy announced by the government—a program of lower and lower price supports for agricultural products—the ordinary family farm in this country is facing increasingly great difficulties. We had hoped that the government would take action in other fields. We had hoped that the government would move in the direction set forth in the brief presented by the farm delegation. We still await an announcement by the government, and as the days go on, and as one member of parliament from the prairie provinces after another goes on the record, it is becoming more and more clear to me that a unanimous decision has been taken by the Conservative members from the three prairie provinces that deficiency payments as outlined in the submission of the farm delegation should be opposed and are not in the interest of western agriculture.

We have the Agricultural Stabilization Act. Wheat, oats and barley are not included under its provisions. The government has purchased a number of commodities under the terms of this act, and I submitted a series of questions, to which the minister has provided answers, as to the quantities of the various commodities which have been supported. I think there is a feeling abroad in this country that supports for agricultural products benefit western Canada almost exclusively. There seems to be a feeling that when a farmer gets something it is always the prairie farmer who is on the receiving end. I think the statistics which the Department of Agriculture has produced in this regard are most revealing, because they show that out of a total of $69,814,000 worth of agricultural products purchased by the board

from April 31, 1958 to December 31, 1958, only some $5,862,000 worth were purchased in the three prairie provinces. Thus, whatever the value the act has been so far, and to whatever extent it provides for some support for agricultural producers from the national treasury, it has in the main benefited farmers outside the prairie provinces. I think that is an additional argument in favour of government action at this time to support, by way of deficiency payment, the prices of western grain.

The government has stated that it has an agricultural policy. Members of the government say that there is an agricultural policy designed to help the small farmer, to give the farmer a greater share of the national income, and to provide prices for agricultural producers which are fair and which bear a fair relationship to cost of production. In fact, I think the program is almost the exact opposite. It is a program which has failed to deal with agricultural surpluses; it is a program which merely mimics the program of the previous administration; it is a program without vision; it is a program which means that in the face of agricultural surpluses the government acts to reduce support prices.

When the Prime Minister met the delegates, and when he spoke in this house a year ago on the dollar an acre program, he said the government had a long term policy, and in that long term program he included just about everything but the kitchen sink. Among the matters he included—and upon which we are now awaiting action—were long term farm credit, crop insurance and some other matters. We await legislation on these subjects with interest. We shall study it very carefully when it is brought before this house, and we shall support it on second reading if we think it is in the best interests of the agricultural community.

But while we are waiting for the government to move in the direction of easing farm credit and bringing in an improved farm credit program, may I point out that the government is allowing interest rates in this country to increase? The government is saying: we intend to provide long term farm credit; but on the other hand it says: let the Bank of Canada discount rate go up to 4.97 per cent; let this result in an increase in the prime interest rate for the banks; let this result in the insurance companies and finance companies across this country being able to increase their charges. Is this tight money policy of the present government—the policy which is now in effect—not increasing charges to the agricultural community of this country? Of course it is. The government talks in one way, and acts in another. It has talked in favour of fair prices; it has talked in favour of prices bearing a fair cost relationship, but only yesterday we heard the announcement that the floor price on skinmed milk powder is being reduced.

I think the case which the western producers put before the government was a sound one. I think it was a modest one. It was one which asked for a fair parity price, as the government has promised. It did not ask that all the increases in cost of production should be taken into account, but it said to the government: we want you to take action to maintain the price of wheat, in recent years and today, such as we have enjoyed over an eight-year period from 1947 onwards, and although we shall find it most difficult we are prepared to absorb the increase in the cost ourselves.

In this fair and moderate position which the agricultural producers have taken, when they have looked to this house for members to support them, they have found that the people who have opposed them the most, and consistently opposed them, are the members of parliament from the prairie provinces. They have opposed the case that was put forward by the farm delegation. I do not think I have to quote statements to prove that; *Hansard* is full of them. The statements are being repeated day after day. Yesterday the hon. member for Battle River-Camrose had this to say, as reported at page 2983 of *Hansard*:

> We are supposed to believe that every member of that delegation was in agreement with deficiency payments. They were not.

Here is another slur on the farm delegation. This is a slur on the farm delegation that came down here—

An hon. Member: No, it is not.

Mr. Argue: —and met in the Chateau Laurier in conference before they prepared their brief, unanimously supported the brief and presented it to the government. And yet a member from the prairie provinces said that a good 50 per cent of them were satisfied with the acreage payments if only we would pay just a little more. I suggest, Mr. Chairman, that that statement is just as far wrong and just as misleading as the statement made by the hon. member for Jasper-Edson that if you did what the delegation requested all you would do would be to give the farmer with a Cadillac, a Buick. That is a slur, Mr. Chairman, on the agricultural producers of western Canada who are not driving Cadillacs, and the hon. member knows it and, generally speaking, they are not driving Buicks. These people have had an average income in recent years less than the average national income. These extravagant statements are more grist

for the mill; this makes good press copy in eastern Canada but it is a false position for the hon. member to put forward and it is completely inaccurate.

In the years when the hon. member for Essex East sat on the other side of the house with his colleagues the members from the prairie provinces had a different line. They would get up in the house and they would get up back home and they would say, "We are really working for the people we represent; we are trying to do the best we can. But, you know, it is the eastern members we cannot convince. If you would come down and help us convince", as the member for Swift Current-Maple Creek used to say, "the eastern members, we would get somewhere". We not only have a new government in office, we have a complete change in the line; we have a complete change in the attitude. According to the prairie farm delegation, the attitude now is that they received a more sympathetic hearing from eastern members than they received from the prairie members.

Mr. Pascoe: Nonsense.

Mr. Argue: I think it is true. You find that in one report after another. Here is a report by Robert Moon and Ron. Brown.

Some hon. Members: Oh, oh.

Mr. Argue: They snicker. I have not the faintest notion what they are laughing about:

> Prairie farm delegates Wednesday were becoming openly hostile to the nature of grain deficiency payment replies given them by their western Conservative M.P.'s.
>
> Coming on the heels of Prime Minister Diefenbaker's rejection of immediate payments on Tuesday morning, the rebuffs they were meeting from their own western members came as a shocking aftermath.

I scarcely need to quote from this report. *Hansard* is full of statements of one member in this house from the prairie provinces that deficiency payments are not the answer; that an acreage payment is the best. Therefore, whether they are hostile or whether it is just strong opposition or whether 50 per cent are in favour of what they are supporting, I will leave it to the people who are affected to decide.

I think there would be a chance for deficiency payments if the members from the prairies in this house were anywhere as nearly ranged in favour of the position taken by the farm delegation as the people on the prairies are at this time. I am certain that if the members of parliament from western Canada would say to the Prime Minister and to the Minister of Agriculture, "We want action; we think the farmers have a case for deficiency payments", something would be done; but as long as the members who represent the farmers who are directly affected stand up in the house and say their case is not a good one, that half of them do not believe in it and it is not something that is advantageous to the average farmer, then, of course, there is little or no hope that this will be done. What is the excuse?

Mr. Muir (Lisgar): Will the hon. member permit a question?

Mr. Argue: I will be very pleased to answer if the hon. member would wait until after the timekeeper over here calls the time. The last time I spoke half of my speech was made up of questions.

These gentlemen say that deficiency payments are not the answer; that if you have a deficiency payment which is paid on the unit of wheat at a certain ceiling, as stated by the brief, you help the big farmers. Oh, how these people want to help the little farmers. Their hearts bleed for the little farmers.

Mr. Pascoe: Does yours?

Mr. Argue: What did they say in the house yesterday? They said, "We want a two-price system; we do not want to get the deficiency payment that is asked for by the western delegates, but we will take a piece of it. We will not take it out of the national treasury but will add it to the price of bread". But when we get the two-price system, if we get it, I ask them if they are going to put a ceiling on the amount that is paid to any farmer who sells wheat, or are they going to do as the Prime Minister said a year ago, that if you increase the price by 50 cents a bushel to provide a two-price system it would add 6½ cents to the price of bread.

If we get a two-price system—and I am in favour of it and have been in favour of it for years—do the hon. members say that they will not use it and pay it out on an acreage basis up to 200 acres? No, I am certain they will pay it on the price of a bushel of wheat, where it should be paid, and that is the whole case that is being put forward by the farm delegation.

I feel, Mr. Chairman, that the agricultural problems facing this country can be solved. The surplus can be disposed of and I would suggest that a food surplus disposal corporation should be established at this time and properly constituted, with a board that would have the power to undertake to sell all of these products and to dispose of these products by contact; that would have the power to obtain other goods in exchange. Call it a barter system, if you like, which is one of the things that has worked in the United States. This disposal corporation

should dispose of some of these products by providing that they be used in the mixing of feeds in Canada. With regard to the surplus of milk and the surplus of butter and other edible food products suitable for human consumption, they could be used as part of the school lunch program in Canada. I think our products can be disposed of. I would suggest instead of this backward looking policy of cutting prices and removing supports, this is the kind of program that should be set forth at the coming meeting in Washington when they are discussing the all-important food for peace program. Food for peace should be something of a co-operative program between nations, and this is the kind of policy that I suggest the Canadian government should advance.

It has been suggested very often, Mr. Chairman, that the sums of money the western delegates have demanded could not be provided. It has been suggested that they have asked for too much. I suggest they have not asked for too much and that they themselves have put forward ways and means by which this money can be obtained. They have come here and have said, "We want a deficiency payment that will guarantee us a certain price for wheat." They have said that to the extent they can get any part of this payment on any other basis they are prepared to reduce their demand. Implement a two-price system and you automatically reduce the deficiency payment asked for by the prairie grain growers. Take action on the exchange rate so that Canadian wheat will be selling on the basis of dollars of equal value to United States dollars. By that means you will increase the price of wheat another four or five cents a bushel. Pay from the national treasury the subsidy that is now charged to the Canadian wheat board, and therefore charged to the farmers, for wheat that is used in the production of flour for export. Extend the payments that are provided for storage at the end of the crop year to cover all grain in public storage and by that means you would add another substantial sum for the western wheat producer. I suggest that these measures would in fact reduce the deficiency payment which the farmer has been asking for by almost 50 per cent.

Yesterday the Minister of Trade and Commerce told us that the final payment on last year's wheat crop would be announced within the course of a few weeks. I think it should have been announced long ago. I have argued in the agriculture committee and I have argued with support in years gone by that soon after the end of a crop year the inventory should be accounted for, transferred to the next pool account and the farmer paid his money. The farmer should not have to wait month after month after month until the next crop year is almost over before announcement of the final payment is made. With worse drought conditions on the prairies at the present time than at any time since 1937—and we hope they will change—with the farmers so short of money that they felt it necessary to send a mass delegation to Ottawa, I plead with the minister to announce the final payment immediately and in announcing it to take into account the demands of prairie grain producers for deficiency payments and augment the final payment by a deficiency payment.

I have pointed out that the greater portion of the money spent under the Agricultural Stabilization Act has been spent outside the prairie provinces. I do not put that forward by way of criticism at all. It is necessary to support certain agricultural products. If support of these products means that most of the money at any given time goes to a certain part of Canada, I have no objection. But realizing that the Agricultural Stabilization Act has benefited in the main farmers and agricultural producers of central Canada I think the government and parliament would be justified in giving sympathetic consideration to the demands of the mass delegation and in taking action forthwith on those demands.

Mr. Harkness: Mr. Chairman, we have just heard the usual sort of tirade, shall I say, which we get from the hon. member for Assiniboia. I regret very much the quite evident attempt he has made to try to raise sectional differences and to make out that one part of Canada is getting more benefit than another from the agricultural policies which the government is pursuing. That is absolutely not the case. As far as the application of the Agricultural Stabilization Act is concerned, every farmer in every part of Canada gets the same benefit from the legislation to the extent hat he engages in the raising of the products covered by that act.

Mr. Argue: I did not say anything different.

Mr. Harkness: The hon. member made a great point of the fact that the majority of the money which has been used to purchase commodities under the stabilization act has been expended in a part of the country other than the prairie provinces. That does not mean anything. Where you happen to pick up the goods that you take off the market does not make any difference with respect to the total effect of the benefits produced for the farmers.

By picking up surplus butter, for example, we put into the pockets of Canadian farmers at least $80 million more in 1958 than they would have otherwise had. Where we picked up the extra butter for that purpose in order to take it off the market and to maintain the price of 64 cents which we maintained throughout last year does not make any difference. The attempt to try to make out that it does by saying that $5 million was spent by the stabilization board to purchase commodities in western Canada compared with $60 million odd in eastern Canada is not a valid argument at all. It does not establish in any way whatsoever what the benefit of the stabilization act has been in different parts of Canada.

The hon. member also goes on about the demand for so-called deficiency payments on western grain, which are not deficiency payments at all. What is being asked for is retroactive flat payments.

Mr. Argue: Who is quibbling now?

Mr. Harkness: He says that the demand on the part of western grain producers for this retroactive flat payment would be reduced by the amount of other assistance given. You would think to hear the hon. member talk that we had not given any assistance to western grain growers during the past year. We have assisted them to the tune of approximately $100 million in three ways alone.

In 1958 we provided approximately $41 million in acreage payments, some $37 million in storage charges on grain and $22½ million, as estimated at the moment, by way of prairie farm assistance payments. There is $100 million in three programs alone for the assistance and help of western farmers. As I have said, to hear the hon. member for Assiniboia talk you would think we had done absolutely nothing to assist the western farmers. These are very large subsidies which were paid out in 1958, much larger than were ever provided by any government before in order to assist western farmers in one particular year.

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

Mr. Harkness: Just a minute. The hon. member goes around the country trying to establish as a fact what is a complete myth, that we have not been assisting the western farmer and assisting him very materially since we have been in office.

Mr. Argue: Will the minister permit a question?

Mr. Pigeon: Sit down.

Mr. Harkness: All right.

Mr. Argue: I do not ask my questions when sitting down. I have the permission of the minister to ask him a question. I appreciate it. I know he does not mind. In referring to these three main subsidies, I wonder whether he meant to say that the amount of $22½ million in prairie farm assistance is provided wholly from the national treasury. Is it not a fact that throughout the history of the legislation approximately half has been paid by the agricultural producers themselves? Is it not also true that two of these programs have been on the statute books for many years?

Mr. Harkness: It certainly is true that two of them have been on the statute books for many years but that does not make any difference as to the amount of money paid out under them during 1958, which is what we are talking about. I am glad the hon. member brought up the point about contributions under the Prairie Farm Assistance Act. It is quite true that a portion of the $22½ million, around $5 million in 1958, I think, was represented by contributions by the farmers themselves. I do not think I should take the time of the committee to say anything else now except to deal with the remarks of the hon. member for Assiniboia respecting the stabilization act. He does not seem to understand the way in which the act works in order to benefit farmers.

Mr. Muir (Lisgar): He does not want to.

Mr. Harkness: With respect to the reduction in the support price on skim milk powder, he made the statement that support prices are being reduced and that this is contrary to everything that members of the government said in the last two election campaigns, and so on. It is not contrary to those promises at all. He seems to believe that once you establish a price you cannot do anything except raise that price. The price should never be reduced at any time. Once a support price has been set, that should be the price for eternity. If you do anything about that price, you should raise it but, under no circumstances should the price be reduced. This is not common sense, nor is it practicable. There is no country in the world which has a support price program of that nature. When the hon. member talks along those lines, he shows he either understands absolutely nothing about how a price support program works in this or any other country or he is just putting forth propaganda.

Mr. Argue: How about parity prices?

Mr. Harkness: As a matter of fact, the whole principle of support prices is that they will move up and down, depending on market

conditions for the commodity, the supply of it and all sorts of other factors. I went into that in detail when the stabilization act was before the house last year. I made no attempt whatever to say anything except that we would vary the prices up and down as you must do under any stabilization act or support price legislation which will work.

In so far as skim milk powder is concerned, the hon. member seems to think we should keep the same price for skim milk powder. The hon. member for Drummond-Arthabaska, as well as some other hon. members opposite, seem to be of the same opinion. They seem to believe that we should keep the same price for skim milk powder, no matter how many millions of pounds we have to store, no matter how many millions of pounds we may have to dump in the river or something like that. It has been explained time after time that skim milk powder is not a product you can store indefinitely. It becomes unusable after a certain length of time, and therefore it is not a product that can be stored by the tens of millions of pounds to await the eventual development of a market. You have to dispose of it in a fairly short space of time, otherwise it is going to go bad.

Apparently the hon. member for Assiniboia and a lot of other hon. members in the Liberal party do not care about that at all. They say, maintain the price; go ahead and pile up surpluses by the tens of millions of pounds. Last year, according to the statements put before the house yesterday, we bought something over 100 million pounds of this powder. If we take no action this coming year we will buy another 100 million pounds of it. So long as the stabilization board stands ready to buy every pound of milk powder that is produced at 15 cents a pound, when the world price for this powder is probably around seven or eight cents a pound, there is no question whatever about what will happen. We will continue to buy milk powder which we cannot possibly sell any place and which, our experience has shown, cannot even be given away. Nevertheless, the hon. member for Assiniboia would like us to sit there and continue doing this. This shows how impractical his ideas are, and how little he knows about how a price support program for agricultural products has to be operated, if it is going to operate at all.

Mr. Argue: Will the minister permit a question? Did the farm organization representatives ask the government to increase the price of fluid milk going into the process from 25 cents per hundred pounds to a price of 40 cents, in lieu of the action taken in reducing the price on skim milk?

[Mr. Harkness.]

Mr. Harkness: The answer to that question is no, as it happens.

Mr. Argue: The farmers union of Ontario have asked for that?

Mr. Harkness: No, they did not ask for that.

Mr. Argue: We will leave it at that.

Mr. Harkness: There is one thing I will say in connection with support prices for dairy products as announced yesterday. We held discussions for several weeks with all the dairy producing groups in this country. We laid the whole situation before them in so far as the supply of skim milk powder, butter, cheese and other dairy products are concerned. We asked for their advice. We asked what they would recommend. We did not proceed with any action so far as support prices for dairy products were concerned without the fullest consultation with all the people concerned. As a result of that consultation we have come up with this program which I believe hon. members will find, in spite of what some members of the opposition are saying, is acceptable to the great majority of dairy farmers.

Just before I sit down, Mr. Chairman, I should like to thank all hon. members who have taken part in this extended debate on item No. 1 of the agriculture estimates. I think we are now in the seventh day of our discussion of this item. I should like to assure hon. members that the suggestions they have put forward will be carefully considered by me and by the members of the Department of Agriculture. I should like to say also that we are glad to get the wide variety of opinions and suggestions which come out during the discussion of the estimates.

Mr. Slogan: Mr. Chairman, it is a pleasure for me to rise on this occasion during the consideration of the estimates of the Department of Agriculture and to congratulate the minister on his fine administration during the past year. During this time he has come in for criticism, often unjust, both in and out of this house. However, I think we are all agreed in our respect for his administrative ability and for his interest and dedication in furthering a fair deal for those who are occupied in the various fields of agriculture.

I am sure that unlike some members in the other parties in this house those on the government side take pride in the success of the prices stabilization act. During the past year the prices stabilization act has cost the govenment something like $15 million. However, the net cost to the government of this act is no measure of the real effectiveness or usefulness of it.

There has been a great deal of talk about dairy products. Let us take butter as one example. It is estimated that if it had not been for the support price on butter and import controls the price of butter would have dropped from 64 cents to 40 cents a pound. Based on an estimate of 340 million pounds of butter produced in 1958, the stabilization act has added more than $80 million to the farmers' cash income. The cost to the treasury in reselling 70 million pounds of butter that was purchased by the board was something over $2 million. However, even if the cost were substantially larger, it would be relatively small compared to the value added to the farmers' income.

Yesterday we were privileged to receive a report of the inquiry into the distribution of railway box cars by Mr. Bracken. Mr. Bracken, as everyone knows, was a distinguished member of this house for years and was also a former premier of Manitoba. He distinguished himself as the head of the commission which inquired into the liquor laws of Manitoba, and his report on that subject has been largely implemented. I am sure that the report which he has presented to us will receive very careful and sympathetic consideration from the government, and I hope his recommendations will be implemented. It was a pleasure also to hear from the Minister of Trade and Commerce that the accounts for last year in connection with the sale of wheat are to be concluded, and in the not too distant future the board will be in a position to announce the final payment on this grain.

I should like for a moment to refer to the farm delegation that came to Ottawa recently. Before they arrived I, like many other hon. members, was rather dubious as to what their behaviour would be, but as soon as they arrived our doubts were dispelled. I am sure that all hon. members of this house and everyone in the building from the Prime Minister down to the guards of the House of Commons agree that the behaviour of the members of the farm delegation was exemplary. In fact, one guard told me as the delegation was leaving, "This was the finest group of gentlemen who have ever come to these buildings. Before leaving members of the delegation came and shook hands with us and told us how much they enjoyed their trip to Ottawa."

I was pleased to meet with the 17 delegates from Springfield and we discussed at great length the problems in agriculture with which they are being faced. I believe that one of the most significant accomplishments of this delegation was that it demonstrated to eastern Canada the position of western agriculture. We have heard a great deal about the understanding and good relations that the eastern members displayed to this delegation. I should like to say a few words about the prairie members in this house. I might be forgiven in this respect because I am referring in large part to those who were members of this house in the two sessions of parliament before I myself became a member and I say this because I feel the western members are perhaps a little too modest to say it themselves.

I believe that a good deal of the credit for these good relations should go to the members from the prairies for the understanding which they have prompted in eastern Canada. Never before in Canadian history has there been such a unified voice speaking on behalf of the prairies and the western farmer. In the past we have had four political parties representing the prairies in this house each with a small number of members. This in itself would not have been bad had these members of the various parties joined together to produce a unified point of view from the west. However, they quibbled and quarrelled among themselves and the government of the day tended to ignore the west and paid little attention to the needs of those who live on the prairies. Today for the first time in history there is a unified front on the government side speaking forcefully for the farmer of western Canada and as a result of this great strides have been made in agriculture. It is a tribute to these western members that members from the east have supported all the agricultural legislation that has been brought in by this government and which was primarily of benefit to the west. I can say without fear of contradiction that these prairie members are continuing to work hard. It is not necessary to indulge in platitudes; you need merely look at the accomplishment of this government in agriculture to realize that these members have been working hard on behalf of the western farmers and will continue to work diligently on their behalf.

Since entering this house I have listened patiently to the profuse verbosity which is characteristic of emanations from Her Majesty's loyal opposition. I offer my condolences to the Liberal party on their annihilation on the prairies. I have observed that they have accepted this annihilation graciously. They do not make any presumption of representing or speaking for the prairies. Unlike them, however, the C.C.F. party which also met the same fate in 47 out of 48 seats has not accepted defeat graciously. The lone hon. member of that

party from the west has set himself up as the ultimate authority on prairie agriculture and seeks to discredit the rest of the prairie members.

I have listened to the tidal wave of weightless words which are often wafted across this chamber from the confines of the family compact in the corner. In the last few days especially we have often been inundated by an avalanche of insulting invective the value of which is not in keeping with the dignity of this house.

Mr. Argue: You are not supposed to read your speech. There is a rule against that.

Mr. Slogan: I have no doubt as to the desire of the members of the C.C.F. party to serve this country well. However, I would suggest that they read Norman Vincent Peale's book entitled "The Power of Positive Thinking".

In the constituency of Springfield we have a large portion of the fertile Red river valley. In this and other areas as well the majority of farmers are mixed farmers with relatively small farms. More and more of recent years these farmers are engaging in the growing of potatoes. It was therefore with particular pleasure that we welcomed the announcement in the budget of the extension of the duty of 37½ cents on United States potatoes on a year-round basis. I have advocated this measure for some time and indeed made reference to it in my maiden speech.

Previously the Canadian duty on United States potatoes was 37½ cents per hundred pounds from the period June 15 to July 31 while new potatoes were allowed entry free from August 1 to June 14. Potatoes were one of the products on which the tariff board recommended the duty should be placed for the full twelve months of the year and I understand that this was one of the items which was negotiated with the United States authorities when discussions were held regarding fruit and vegetable tariffs.

Considering the crop year as being from July 1 to June 30, the five-year average figure for imports and exports for the period 1953 to 1958 is pretty well in balance, being 1,979,000 hundredweight for imports and 1,937,000 hundredweight for exports. While the five-year average is pretty well in balance there is a marked variation from year to year. For example, while in 1954-55 we exported only 985,000 hundredweight to the United States, we imported 2,907,000 hundredweight from that country. In 1957-58, on the other hand, we exported 3,325,000 hundredweight to the United States and imported 1,523,000 hundredweight from that country.

The situation in the current crop year was of concern to the producers of Manitoba. Their concern can be appreciated if we compare wholesale potato prices at Winnipeg on the basis of a 75 pound bag. As shown in the March issue of "The current review of agricultural conditions in Canada", issued by the federal Department of Agriculture, the Winnipeg local price for Canadian No. 1 potatoes was as follows:

Month	1957-58	1958-59	Decrease
October	1.93	1.35	—58c.
November	2.33	1.41	—92c.
December	2.16	1.43	—73c.
January	2.27	1.43	—84c.
February	2.52	1.42	—1.10

While I am quoting wholesale prices may I say that the price to the producer is substantially lower. The spread in price from producer to consumer is another matter of concern to the farmer. Potato prices this year are substantially lower than those of a year ago, but it was not only the price that caused concern. The inability of the producer to market his product was of great concern to the potato grower, too.

The large United States surplus of potatoes this year caused depressed prices to Canadian producers. On December 26, 1958 United States imports forced Manitoba potato prices down to $1.10 for a 75 pound bag as reported in the Winnipeg *Free Press* of that date. The article went on to say that a provincial department of agriculture spokesman said he believed a price of $1.50 would give a return to the producer which would bear a fair relationship to production costs. As reported in the article he went on to state:

> However, the low shipping charges from the potato-producing areas of Minnesota and North Dakota influence Manitoba prices. Over-production in these areas can force our retail prices down to levels below the cost of production.

During the current marketing season imports have been markedly higher than in 1957-58. From July 1 to November 30, 1958 imports from the United States totalled 586,000 hundredweight compared with 489,000 hundredweight a year earlier. Three hundred and sixty-nine thousand hundredweight of potatoes were imported into western Canada in that period, an increase of 44 per cent over the year previous. Canadian exports of table and seed potatoes from July 1, 1958 to February 20, 1959 totalled 1.7 million hundredweight compared with 2.7 million hundredweight exported during the same period a year earlier. Almost all the decrease was accounted for by reduced shipments to the United States. February 1 stocks of potatoes in the central United States were 52 per cent higher than the year earlier. Total United States stocks, in spite of unusually large disappearance, were 16 per cent higher.

In Canada holdings of potatoes on March 1, 1959 amounted to 9.1 million hundredweight. This was 16 per cent less than they were the year earlier, and in spite of the lower stocks in Canada, as a result of the heavy United States surplus, prices in western Canada began the season lower than in 1957 and have held steadily lower in the 1958-59 marketing period. It was therefore encouraging that the government took this measure to discourage the dumping of United States potatoes into Canada, because the United States farmer enjoys somewhat more favourable conditions of production.

In conclusion, Mr. Chairman, I should like to thank the Minister of Agriculture and the Minister of Finance for the initiative they have shown in bringing in this duty which will tend to make marketing conditions more favourable to domestic growers. At the same time I am sure it is not going to affect the price to the consumer to any extent because of the wide spread between what the producer receives and what the consumer pays. But what it will do is to provide an expanded market for domestically grown potatoes. I would recommend that because of this wide spread perhaps some further measures be taken to give the producer a price which will bear a fair relationship to what the consumer pays, and which bears a fair relationship to his costs of production.

Mr. Martin (Essex East): Mr. Chairman, the controversy which has prevailed between the Minister of Agriculture and the member for Assiniboia reflects, I think, pretty well, not only the difficulties that the government has permitted itself to get into but the reason for some of those difficulties. Those of us who were here in the last parliament will well remember the attitude taken by the Minister of Agriculture. As a matter of fact when he spoke on this side of the house it was very often very difficult to distinguish his arguments from those of the hon. member for Assiniboia—

Mr. Harkness: Your memory is terribly bad.

Mr. Martin (Essex East): —who repeats pretty well today what the minister has said in the past. If the Minister of Agriculture doubts my word all he has to do is to look at the speeches he made from time to time, and in particular at the recommendations made by the present Prime Minister in this pamphlet to which I made reference the other night, the new national policy which on the second last page it urges the people of Canada to adopt in the interests of the farmers of this country. All one has to do is to read these paragraphs, paragraph after paragraph, to see whether or not the main lines of the argument are the same as those made today by the hon. member for Assiniboia and others on this side of the house.

I might mention in particular my hon. friend from Drummond-Arthabaska, who in his very constructive speech today I think clearly indicated that the government in its declaration yesterday of policy for this year with regard to dairy products has failed to satisfy the dairy industry; certainly it had failed to satisfy them to anything like the extent which the minister indicated a few moments ago would be the case.

The minister is confronted almost with a marathon in this first item, and I suggest to him in a friendly way that he is the author of the longevity of this particular phase of the discussion largely because of the attitude which he took in the house yesterday. Before the orders of the day he made an announcement of government policy in respect of a matter which was shortly going to be discussed in the house, at a time in our procedure when the opportunities for debate were limited, without having given the Leader of the Opposition the chance beforehand, as is generally the custom, of knowing what the government was going to declare by way of policy, although one could see from the afternoon papers that the statement made by the minister had been given to others in this building long before the house opened at 2.30 in the afternoon.

Mr. Harkness: Mr. Chairman, I wonder if the hon. member would allow me to correct that completely inaccurate statement at this moment. No copies of this statement were given to anybody in this chamber or any place else, as far as I am aware, until after I had made the statement in the house.

Mr. Martin (Essex East): If the hon. minister says that, of course I accept his word at once; but that does not preclude the possibility that some ingenious person may have gotten that statement without the connivance of the minister, and as a result there were sections of this country that knew of the statement before it had been made in parliament. I therefore suggest that that is not the way to encourage a quick despatch and passage of one's estimates. But I do not hold any rancour against the minister and I want him to know that this last observation is more in the nature of a warning than a statement of intention to hold up unnecessarily his estimates.

The hon. gentleman in the defence he made a few moments ago in answer to the speech of the hon. member for Assiniboia, as I have already said, is partly the author of his own trouble. All he has to do is to

look at section 7 of the Agricultural Stabilization Act, look at the preamble to that act, and see whether or not he has fully given himself a defence to the attack which has been made on him with regard to the announcement of yesterday and with regard to the administration of the Agricultural Stabilization Act itself. It is worth remembering that section 7 says:

> The board shall from time to time in accordance with this act take such action as is necessary to stabilize the prices of agricultural commodities at their respective prescribed prices, and shall take such action and make such recommendations as are necessary to ensure that the prescribed prices for an agricultural commodity in effect from time to time shall bear a fair relationship to the cost of production of such commodity.

My hon. friend cannot substantiate the fact that the cost of production for dairy products has so changed as to warrant the change in policy that was given in this house yesterday; and unless that can be done my hon. friend cannot be said to have complied with the implications of section 7 of the Act. The Minister of Finance and my hon. friend, from the time that the Minister of Finance issued his white paper prior to budget night, made much of the fact that the farm income for 1958 had increased by a net of 24 per cent. My hon. friend nods his head again. He was proud of that statistic the other day, but I think that one should examine that statement in the light of its true context. And since we have now an admission from the Minister of Agriculture that it is his view that there was a 24 per cent net increase, we might just look at the white paper and see precisely what the Minister of Finance said. He said:

> Accrued net farm income, after a sharp decline in 1957, recovered substantially in 1958 and rose by $234 million or 4 per cent.

That does confirm the nod of the Minister of Agriculture. It is an assertion by the Minister of Finance, who is not in the house today—he is possibly preparing for other duties—but who would, in any event, subscribe to this statement.

But on page 6 of the white paper—and this is something which the Minister of Finance did not point out the other day—there are some very interesting figures, and since they are now on record no one can accuse me of presenting figures that bear my personal authorship. These are the figures of the Minister of Finance himself.

Mr. Harkness: I am glad to see this change.

Mr. Martin (Essex East): I knew the hon. gentleman would be happy, and I am trying to accommodate him as far as I can, consistent with my obligations, in pointing out the many errors into which he has been plunged by the character of his own policy and his failure, sometimes, to realize that there has been a gap between the declaration of that policy and its actual achievement.

Now at page 6 the net income of farm operations from farm production is given for the years 1955, 1956, 1957, and the preliminary figure is given for 1958, and it is interesting to see what those figures show. They read as follows:

1955	$1,261,000,000
1956	1,468,000,000
1957	968,000,000
1958	1,202,000,000

These figures appear on page 6 under "National income and gross national product". The conclusion which flows from them is that farm income in 1958 was, indeed, 24 per cent higher than it was in 1957. However, 1957, as the Minister of Agriculture knows, was an unusually bad year, because of crop failure. If we compare 1958 with 1956, the last full year of Liberal administration, we find that farm income was 22 per cent higher in 1956 than in 1958, the year to which the Minister of Finance and the Minister of Agriculture point with such pride as revealing the achievement of the present government's agricultural policy. And this is without taking price increases into account.

And now we must go one step further. The hon. gentleman will see, from this statement by the Minister of Finance to which I have referred, that farm income in 1958 was lower than it was in 1955. I hope that will put an end to the boast of the Minister of Agriculture and of the Minister of Finance that as a result of government polices there has been a real improvement in agricultural income.

The facts show clearly that in 1958 as compared with 1956, the last full year of Liberal administration, farm income was 22 per cent lower than it had been two years earlier. It is clearly seen, also, that farm income in 1958 was actually lower than it was in 1955. I do not know what the Minister of Agriculture will say now, but I am sure that these figures cannot be challenged. They do, certainly, circumscribe the claims made by the hon. gentleman on behalf of the government.

I do not quarrel with the minister's explanation of the way in which the stabilization act must operate. The principle of flexibility is an essential part of the administration of this important measure, as it was with regard to the parent act of which it is in principle nothing more than an emulation, as the minister admitted a few moments ago. All the many millions of dollars which are put out for the benefit of agriculture in western Canada, and agriculture generally, have flowed for the most part from acts introduced by

this party when it held office, and all the hon. gentleman has done is to revise previous measures. There is no new policy for agriculture which has been introduced by this government.

Mr. Harkness: You are quite wrong.

Mr. Martin (Essex East): The minister makes the assertion that I am quite wrong, and he clothes it with all the authority of a carefully prepared argument. A mere assertion, as I told him the other day, is no argument and in any event it is obviously not one which is going to appeal to the farmers of Canada.

Mr. Harkness: That is not what the last election showed.

Mr. Martin (Essex East): That is quite right. The last election resulted exactly as the minister has said. But when the next election comes he will know differently.

The other day I was talking about some of the problems which affect my own area and I want to refer again to them. I should like to thank the hon. member for Lambton-Kent who supported me, without having said so, in my request to the government that there should be a floor price on corn. He will remember, as I do, the ingenious reason given by the Minister of Agriculture why this could not be done. It was, he said, because our corn, unlike corn produced in the United States, had too much moisture as if there were no moisture in the corn grown in the United States—and he gave other reasons why it could not be done, forgetting of course that this had been promised to the farmers in south western Ontario.

I should like the minister, in addition, to give careful consideration to the request made by the soybean growers in our section of the country, and this matter was also referred to the other evening in passing by the hon. member for Lambton-Kent. The soybean farmers have been to see the minister, but he was preoccupied and could not receive them. I am not complaining about that, because I know the minister is a busy gentleman. They could not see him, but they did see others in his department, and they did ask for a continuation of the floor price on soybeans. I am joining them in making that request and asking the minister to give careful consideration to these representations.

It will be seen that the production of soybeans in Canada last year was not significantly higher than it has been in the past and that, in itself, should assist the government to give consideration, not only to retaining the floor price on soybeans but in meeting the request of the farmers for an increase in the floor price. It is interesting—and I put this figure on record so that the minister, when he comes to consider my submission, as I know he will in the careful manner with which I know he always gives consideration to my representations—

Mr. Harkness: To everybody's representations.

Mr. Martin (Essex East): I know, but I am asking him to give special consideration to mine, because he has not done so with regard to this particular subject in the past.

I now refer to the average price for soybeans between 1949 and 1958. These have been as follows:

1949	$2.26
1950	2.55
1951	2.75
1952	2.55
1953	2.45
1954	2.40
1955	2.09
1956	2.12
1957	1.95
1958	1.89

The floor price at the present time is $2.10. The group who came to Ottawa, headed by Mr. Will Wallace of Woodslee in the riding I represent, asked for an increase in the floor price. They are concerned about this matter, particularly because the floor price in the United States has been cut 25 cents. Whatever may be the justification for that in the United States, the cost of production in Canada does not warrant any similar action in this country, particularly when the minister takes into account the fact that costs of production certainly in our section of the country are rising continually, notwithstanding the minister's statement the other day that he had arrested the rise in production costs.

Mr. Harkness: I never said that.

Mr. Martin (Essex East): What did my hon. friend say?

Mr. Harkness: I said the cost-price squeeze, which is a different thing altogether.

Mr. Martin (Essex East): I know that is what my hon. friend says now.

Mr. Harkness: That is what I said.

Mr. Martin (Essex East): That is what he said at the end of my speech the other day. It is not what he said earlier. Look up *Hansard*. That is not what he said during the course of the little argument that he and I had on that very matter. In any event, the cost of production today does not warrant a cut in the floor price of soybeans. I sincerely trust that in considering this matter the minister will see that soybeans continue

to be classified as a designated commodity under the stabilization act, and that a floor price will again be established. I point out that the growers ask that:

> The prescribed price for soybeans for the 1959 crop be established at not less than 110 per cent of the base price.

They also suggest, and I strongly support this, that:

> The stabilization board do appoint the Ontario soybean growers' association marketing board as their agent for the administration and distribution of any deficiency payments made.

This would mean that the base price on a 10-year average would be $2.30 per bushel. The support price requested is $2.53 per bushel, 110 per cent of the 10-year average. I hope the minister will give this matter his careful consideration. It will have a very important effect in stabilizing—

Mr. Harkness: Will the hon. member permit a question? Has he any idea what percentage of the soybeans producers' return on those beans would come from the general taxpayers' pockets if we put into effect a support price of $2.53?

Mr. Martin (Essex East): I would be very glad to have the minister tell me what it is.

Mr. Harkness: It would be nearly 50 per cent, which I think he will agree is not a reasonable proposition.

Mr. Martin (Essex East): Well, one would want to examine the facts. The minister makes that statement. That is not what the growers themselves say. It would undoubtedly be a factor that would have to be borne in mind.

Mr. Harkness: It would be between 40 and 50 per cent.

Mr. Martin (Essex East): I am a little disturbed by what the minister says because he may even have in mind something less than $2.10. I tell him that if he does that, particularly in line with the assurances given when over $2.50 was promised during the election in 1958, he will find that the farmers in southwestern Ontario will find additional reason for being dissatisfied with the agricultural policy of this government.

Mr. Harkness: If the hon. member will permit, I would just like to tell him that I have nothing in mind in connection with this. The stabilization board and the advisory committee have not considered the matter and have not advised me in connection with it. I point out that if this price he is talking about were put into effect the taxpayers, in other words, through the deficiency payments which would have to be made, would be paying about half of the price, between 40 and 50 per cent of the price that the soybean producers would be getting which, I think, he would agree is not a reasonable proportion.

Mr. Martin (Essex East): I say I would want to see all of the facts. What I am doing now is putting forward the case put forward by the soybean growers themselves. I am a little disturbed from what the minister has said about the effect of his declaration with regard to the existing floor price of $2.10 which no one certainly can, in the face of all the circumstances, regard as unfair in the situation.

Then the minister has before the board a request with regard to the sugar beet growers. I ask the minister to take all these things into consideration when he comes to develop his policy for this year with regard to these matters.

Mr. Harkness: I have had letters of thanks from the sugar beet people on the support price put in last year.

Mr. Martin (Essex East): I think my hon. friend deserves the thanks, but I am not talking about last year. I am now talking about this year. I will tell him that he will get a letter of thanks from me if he listens to the representations which I am making.

Mr. Harkness: It would be the first one.

Mr. Martin (Essex East): No; I have written to my hon. friend many times. If I did not have occasion to thank him on many occasions it is simply because he did not deserve thanks; but I assure him that if he does listen to my recommendations he will receive my full gratitude.

Before I take my seat I should like to say this. I know the minister is faced with criticisms from this side of the house. The reason for those criticisms rests on the doorstep of hon. gentlemen opposite who for years in this house told the farmers of Canada that the existing agricultural policy was not satisfactory; that the farmers of Canada were not sharing adequately in the income of the nation, and that the only way to rectify this situation was to put hon. gentlemen opposite in power. Hon. gentlemen opposite are now in power and if there are marches on Ottawa and if there are marches to be created in order to assess the effect of the first march; if groups from farm organizations continued to come to Ottawa complaining about the gap between accomplishment and promises, the responsibility lies only on the shoulders of the Prime Minister and members of the government who talked about parity and about deficiency payments in such a way as to give the farmers of this country the feeling that

under this government, with its formula, farmers could look for substantial economic improvement in the lot of agriculture. That is the situation. If the Minister of Agriculture would some day, or perhaps in the course of these estimates, simply rise and say: Well, we promised too much; our promises were extravagant; we are now in power and we see that the situation is not what we thought; we now realize that the last government really did do something for the farmers of Canada; if he would take that kind of attitude he would find that his estimates would pass quickly and that he would have less trouble than his continuous and persistent championing of a case that is so obviously faulty and so obviously invalid.

Item agreed to.

Research Branch—

6. Research institutes, regional laboratories, branch farms and research services—operation and maintenance, $21,151,451.

(Translation):

Mr. Boulanger: Mr. Chairman—

The Chairman: On what item does the hon. member want to speak?

Mr. Boulanger: Item No. 5. Excuse me, Mr. Chairman, but the item on which I wanted to rise has not been reached yet.

(Text):

Item agreed to.

7. Construction or acquisition of buildings, works, land and equipment, $7,187,248.

Mr. Herridge: I do want to say a few words on this item; I think it is the appropriate one. In the Kootenays we have a climate and soil that are ideal for the growing of cherries. Our cherries are of first-class quality. This has been recognized by western Canada, in some parts of the United States and even by prominent fruit people in Great Britain. Nevertheless, our production and quality of cherries have been affected in recent years by a disease known as "little cherry" and a disease known as "brown rot". These diseases have affected the production of cherries particularly in certain areas and they have had a serious effect on replanting because, so far as little cherry disease is concerned, a satisfactory solution has not been found to the problem. I am sure the minister knows what I am talking about because he comes to Kootenay West on occasion for summer holidays and knows some of the orchards I am talking about. I want to read briefly from the report of the royal commission on the tree fruit industry of British Columbia prepared by Dean E. D. MacPhee. I will do so briefly and it will save speaking at length. He has this to say with respect to little cherry on page 188:

> One of the two serious blows to the cherry industry in the Kootenay area was the "little cherry" virus. This disease was first discovered in 1933, but it was not recognized as a virus disease. In 1934, three of the orchards near the point of the original outbreak were showing "little cherry."

I know those orchards quite well.

> By 1940 the disease had spread in an area 20 miles in diameter. It was in 1940 that Mr. W. R. Foster, assistant plant pathologist with the British Columbia department of agriculture, was delegated to study this disease, and in 1941 he determined the cause to be a virus. By 1947 it was found that all of the cherry areas of the Kootenays, except the Deer Park-Renata area, were showing the virus.

That is not quite correct because on my own ranch, which is very limited in area, there is no little cherry disease as yet.

> This rapid spread of "little cherry" in the Kootenays took place in spite of many natural barriers, such as mountain ranges, large lakes, and often considerable distances between orchards.
>
> In 1946 the federal government set up a sub-laboratory at Creston to study this disease, and these investigations are continuing. Studies have been carried out to determine how the disease is spread, and it is reasonably well established that insects are the carriers of the virus.

I will not read any more but I want to bring this serious question to the attention of the minister again. Before proceeding, I wish to pay tribute to the work done by the officials of the department, particularly the research workers at the Summerland experimental station. However in my opinion you cannot carry on an adequate investigation unless you have sufficient funds. In view of the importance of this industry to the Kootenays, a district particularly well suited for the production of cherries, pears and peaches in some areas, I am asking for a more intensive study of the question so that an economic solution can be found in order that many of our young people will again have faith in planting young cherry orchards which will no doubt produce such fruit as has made the district famous in the past.

There is a general feeling among the cherry growers in our district that the matter has been treated in a sort of piecemeal and timid manner. I bring it to the attention of the minister again, present the views of those persons interested in the re-development of the cherry industry in the Kootenays and urge a full scale attack upon the problem.

The second one is brown rot, a serious disease which we have had for a good number of years. I read again from page 189 of the same report in order to condense my remarks:

> Brown-rot is the second serious disease in the Kootenay area. Brown-rot has been known in the

Kootenay area for many decades. The severity of this disease is directly correlated with the degree of summer moisture and the amount of attention growers give their orchards. Unfortunately, since the late forties and during the fifties, there have been a number of cool wet summers, which have caused this disease to develop into epidemic proportions, especially in semi-neglected orchards.

Brown-rot is a disease which is spread by a fungus, the spore of which live over winter for the most part in an infected fruit which has fallen to the ground. These infected fruits are called "mummies". The disease can also be carried over on infected twigs and spurs. The first infection period occurs in the spring from the pink stage of cherry through to the fall of the husk. This period is extremely critical, and it is imperative that developing growth be covered with a protective film of fungicide. Mr. J. E. Swales, district horticulturist for the Kootenay area, points out that from the experience gained in 1957 sprays should be applied at intervals not longer than four days during the blossom period, regardless of weather conditions.

I want to bring to the minister's attention that this disease has been prevalent for many years in the southeastern portion of British Columbia and I believe it has caused serious concern to cherry growers in some sections of eastern Canada, in portions of the United States at times and also in Europe. I have read quite a lot of the literature on the question. Because the disease was not serious in extent until recent years there was no work done by the minister's department with respect to testing in orchards and research of that sort. During the past year control measures have been studied in the Deer Park-Renata area with a considerable degree of success as a result of the co-operation of the personnel from the department and the growers concerned.

In the first place, these investigations should have been carried on before. It was not good enough to allow this disease to reach epidemic proportions under circumstances which are bound to recur in certain seasons, that is, with an excessive amount of rain, hot weather and consequent relative humidity. These are the conditions that produce the spores which produce the brown rot disease.

During the last two or three seasons we have had these conditions in our district during cherry growing and cherry picking times and very large losses have resulted from brown rot. Brown rot is a very insidious disease. You can pick fruit that appears to be in first-class condition, pack it, place it in a reefer car, and before it reaches the Calgary market the crates of cherries will in some cases be covered with a white mould or rot will have developed on the under layers of the cherries in the pack.

I mention this to the minister because it is a very important thing to our growers. I do ask for an extension of the control measures into other orchards and other areas of the district. I ask that the minister's department seek the co-operation of the growers in these control measures and studies to the advantage of the growers concerned at the present time and the long term advantage of the industry and therefore the district.

Mr. Harkness: Mr. Chairman, as the hon. member for Kootenay West says, I have indeed enjoyed the scenery and the fruit in the interior of British Columbia in the days when I used to be able to take a summer holiday. I hope that the balance of the session will proceed in such a way that that will be possible again this year. In connection with little cherry, the hon. member has brought this matter to the attention of the government on various occasions for many years past. I can remember him speaking on it on several occasions. I should like to assure him that we are continuing research on the disease at Summerland and also, I believe, at the station we now have at Creston. How much success is being achieved in finding a means of controlling the disease I am sorry I am not able to tell him without having the matter looked up. I have not the information with me at the present time. However, I should like to assure him that we will continue research into the disease with the hope that something will be found which will control it or bring it to an end.

As far as brown rot is concerned, a spray has been developed consisting of sulphur and d.d.t., I believe, which, if applied twice during the period the trees are blossoming, does control brown rot fairly well. Research is still going on at Summerland in connection with brown rot in an attempt to find a better means of either controlling it or stamping it out.

Mr. Herridge: I thank the minister for his remarks and I rise again just to say that I overlooked one point I intended to mention when I was speaking before. I think the officials of the department are inclined to hide their light under a bushel. For instance, I found that in the district of Renata, which I know very well, there were a number of cherry growers who were having considerable success in their co-operation with the officials in connection with the sprays the minister has just mentioned. However, when I went to Edgewood, they seemed to have no knowledge of exactly what was happening in the other places. I suggest it would be a good idea if the department issued periodical releases through the local press concerning

what is happening with respect to the co-operative studies on brown rot and the progress being made with the studies on little cherry disease. I think this would be helpful.

Mr. Harkness: I thoroughly agree with the hon. member that the result of the research should be put into the hands of the people who can make use of it as rapidly as possible and by the most effective possible means. As the hon. member knows, there is an extension program, I think it is called, by means of which the results of this work are put into the hands of the farmers. This program is primarily one of the things carried on by the province. We do the research and we turn the results of that over to the provincial departments of agriculture and other bodies. By and large they put it into the hands of the people who can make use of it.

In the Okanagan valley there is a joint committee of the provincial department and our own department which attempts to get the results of our research out as rapidly and as effectively as possible. I am sorry to hear that the knowledge of this spray for brown rot apparently did not get to certain cherry growers, and also I presume peach and plumb growers, because those are the three types of trees affected. I would hope that co-operation between the dominion and provincial officials, and the community as a whole, would be such that we would not have lags of this kind.

Mr. Herridge: The information did reach them, but too late for them to take advantage of it during the growing season.

Item agreed to.

10. Agricultural Stabilization Act administration, $103,710.

Mr. Rapp: In rising to take part in this debate on item 10 of the agriculture estimates, which deals with the Agricultural Stabilization Act, I should like to say that this legislation, which was desired by the farmers across Canada and has been in operation for only one year has proven to be excellent legislation. It is regrettable, however, that wheat, oats and barley, being under the jurisdiction of the wheat board now, could not be brought under this stabilization act. All other agricultural commodities are either under the act or could be brought under the act, but our most important products such as wheat, oats and barley are outside the scope of the stabilization act.

I am not prepared to suggest what steps should be taken to bring these grains under the protection of the stabilization act, but as a long range step toward stabilizing prices for western grains a method should be found. There are some other agricultural products that are not under the stabilization act right now which should be brought under it, and I refer particularly to rapeseed. With your permission, Mr. Chairman, I should like to give a short history of rapeseed growing in the west.

The growing of rapeseed in Canada on a large scale commenced in 1943. At that time the British, Canadian and United States navies needed supplies of rapeseed oil to be used as marine oil. The Canadian wheat board purchased all rapeseed from the growers during that period at a guaranteed price of six cents per pound. After the war the wheat board discontinued the purchase of rapeseed, and as a result of this the price dropped sharply from a high of six cents per pound to a low of 2.3 cents per pound last year. In 1957, as a result of the heavy wheat surplus, more rapeseed was produced and, according to the dominion bureau of statistics, 629,000 acres were seeded to rapeseed, of which 535,000 acres were in Saskatchewan alone. The output of rapeseed in 1942 was 420,000 pounds, but by 1957 it had increased to 423 million pounds. As I have said, last year the price dropped to a low of 2.3 cents per pound, the lowest price we ever received in the history of the industry. It is for this reason I am requesting that rapeseed should be brought under the stabilization act in order to keep prices in line instead of having them drop to a level that will destroy the producer.

We have no rapeseed surplus as yet, and the way rapeseed oil is being utilized much more could be produced. I have with me a clipping from a newspaper which states that the opportunities for vegetable oil crops are tremendous. It reads:

> Opportunities for expansion of Canadian vegetable oil seed crops were described as "fantastic" and "tremendous" by a spokesman for the edible oil foods industry.
>
> Robin E. Merry, president of the institute of edible oil foods, speaking at the institute's fifth annual meeting said that within six years Canada will need a billion pounds of foods fats and oil annually to meet the needs of its growing population...
>
> Unless the increase in Canadian needs of vegetable oils is to continue to be supplied by even greater imports, an all-out program to assist Canadian farmers to convert to soybean and other vegetable oil seed farming must begin at once, said Mr. Merry...
>
> "We can no longer afford the luxury of obsolete thinking about farming," he said. "Federal and provincial governments appear to be guilty of such thinking and seem to be unaware of the need for positive programs designed to help farmers seize the opportunity for profitable vegetable oil seed farming."

This, Mr. Chairman, is the reason I am asking that rapeseed be brought under the stabilization act. As the member for the Humboldt-Melfort constituency I am aware of the fact that half of the rapeseed grown in Saskatchewan is grown in my constituency. I cannot stand idly by and see the rapeseed industry, which is so vital to the Canadian economy, receive less than fair treatment from our Minister of Agriculture.

I should like to bring this to the attention of the Minister of Trade and Commerce, as well. The fact that rapeseed was grown on acres that would have been otherwise seeded to wheat meant that we were able to reduce the wheat surplus by millions of bushels. Credit must be given to our Minister of Trade and Commerce for making such a creditable attempt to cut the wheat surplus. Unless rapeseed is brought under the stabilization act, thereby giving the growers a fair chance to get a good price, these acres will again be put into wheat, thus increasing our wheat surplus. The only hope the rapeseed producers have at the present time is that parliament will act to bring rapeseed under the stabilization act and thus give the industry a square deal.

Mr. Harkness: Mr. Chairman, with respect to the matter of wheat, oats and barley produced in western Canada for the wheat board not being under the stabilization act, which the hon. member mentioned, may I point out that no doubt the hon. gentleman knows this is due to the fact that it is handled by another government board, the wheat board. When the stabilization act was being prepared the wheat pools in western Canada asked that western wheat, oats and barley not be placed under the stabilization act but remain under the wheat board. I think it is certainly wise not to attempt to handle these commodities simultaneously through two government boards.

As far as rapeseed is concerned this is the first request I have ever received to have this commodity placed under the stabilization act. There has been no request up to date, to my knowledge, from any of the producers of rapeseed to the effect that it should be placed under price support. If there are requests of that kind the stabilization board and advisory committee will consider them but again I state we have received none to date.

The request made by the hon. member that rapeseed be placed under this act and his remarks concerning the possibility of producing sufficient rapeseed in Canada to meet Canada's vegetable oil requirements point up again some of the difficulties that are encountered in these matters. We had a recent request by the hon. member for Essex East that soybeans be given a high support price this year. Several other hon. gentlemen mentioned soybeans and the fact that we do not produce nearly as many as we could produce and that the demand for vegetable oil in Canada is larger than our total production of soybeans. It must be remembered that rapeseed oil, sunflower seed oil, flax seed oil and various other oils all interact in terms of production. We could have in Canada a larger production of vegetable oil than we could possibly consume in the country. I just mention this to illustrate the fact that there is a danger in overproduction. The fact that we import a certain amount of soybean oil each year does not indicate that we should proceed to expand our soybean production more or less indefinitely. The same thing applies to rapeseed production or the production of any other oil producing crop. We must look at the picture as a whole and take into consideration the fact that if we expanded production of any of these crops to the extent that expansion could take place in Canada we would meet the entire market and it would make it difficult as far as the production of similar crops is concerned.

Mr. Boulanger: Mr. Chairman, I directed a question this morning to the Minister of Agriculture to which I have not had a reply. I asked the minister what would be the price for skim powdered milk, roller processed.

Mr. Harkness: The price for roller processed dried skim milk will be proportionately the same as for the spray processed commodity. It will be two cents under—that is, eight cents—for the roller processed product.

Mr. Herridge: Mr. Chairman, I have just a few words to say on this item. I trust it is the appropriate one on which to mention the question of the marketing of tree fruits. As the minister knows, marketing is the principal problem of tree fruit growers as it is with nearly all agricultural producers.

In British Columbia there has been a great deal done with respect to self help on the part of the growers and their efforts to obtain satisfactory legislation. As a result of years of effort the British Columbia marketing act was brought into being under which we have the tree fruit board. Working under the act and under this board is the organization called Tree Fruits Limited which is the growers' sales agency. Owing to the particular problems that have arisen in recent years with respect to the marketing of tree fruits in general, and particularly apples, there is a growing realization among fruit growers in British Columbia that the problem cannot be met on a provincial basis alone

and that it is going to take co-operation within the industry throughout Canada if they are going to market their fruits to the best advantage under any given set of circumstances.

That feeling has been growing for a number of years and it found expression in the last convention of the British Columbia fruit growers' association which was held in Vernon from January 20 to January 22, 1959. That expression was highlighted by the adoption of two resolutions which I want to place on the record because to me and to those persons who have been interested in the tree fruit industry for a number of years they represent a progressive step in the thinking of the persons who have had particularly to do with these problems.

The first resolution that was considered by the convention was a resolution entitled "Co-operation amongst fruit producing areas" which was introduced by the Penticton delegation. They are quite a progressive lot down in Penticton; they come second only to those in the Kootenays. This resolution reads as follows:

Whereas the conquest of the moon has become a real and serious objective of apparently responsible governments, while at the same time the very existence and welfare of those who produce man's food on this planet—notably that of the fruit grower —appear to be of minor concern to those not directly affected, and

Whereas the only effective remedy for the growers' plight must be self help through extended co-operation,

Therefore be it resolved by this 1959 B.C.F.G.A. convention that their governing bodies be instructed to take definite and vigorous steps to bring about such co-operation among the major fruit producing areas of this northern continent that eventually all futile and destructive cut-throat competition may become a thing of the past, and be superseded by some form of orderly marketing such as this organization has demonstrated is feasible among the growers of this province.

To illustrate the comprehensive approach which is developing, I might mention that an amendment was moved to this resolution urging that the words "this northern continent" be deleted and that the word "Canada" be substituted therefor. When that amendment was placed before the convention it was defeated which indicates that the growers realize that not only must we co-operate within the province or within the country in the marketing of agricultural commodities but we have to have some degree of co-operation with the growers in other countries. I believe this is a very forward step.

After that resolution was unanimously adopted, as I understand it, the convention then discussed the next step with respect to what would flow from this co-operation between tree fruit growers in Canada. The convention then passed the following resolution which was put forward by the south and east Kelowna delegation and entitled "Canadian fruit board". It reads as follows:

Whereas the average return for apples for the 1957 crop, even with the deficiency payment, was inadequate to meet the cost of production, and

Whereas our own organization has done all in its power to secure the highest possible returns to the grower but has not been able to do so, not for lack of effort, but due to controlling only one-third of Canada's production in a small contained area,

Therefore be it resolved by this 1959 B.C.F.G.A. convention that we work primarily through the Canadian Horticultural Council to obtain the two things absolutely essential for the economic stability of this industry, and they are:

1. The establishment of a Canadian fruit board to handle the entire national and international selling of our fruit, and

2. A minimum price for our fruit commensurate with the cost of production.

I am particularly interested in the change in thinking that has occurred over the years. Until recent years I was closely associated with the British Columbia fruit growers' association and attended a number of conventions. At one time it was extremely difficult to get any consideration for a national approach to this problem. At that time growers tended to depend on the high quality of the fruit, the fruit packing and the advantage they would receive in competition with some other area in that respect. They found out as a result of experience that regardless of what is done to improve the pack or the efficiency of the organization in general, to meet with success they must co-operate with other fruit growing districts in Canada and with those in the United States to the south of us. They recommend the establishment of a Canadian fruit board. I do urge the minister to give consideration to this new expression of opinion on the part of the British Columbia fruit growers, and I ask that serious study be commenced by the appropriate officials of the minister's department of legislation suitable to meet the particular, and in some way the peculiar needs of the fruit industry in Canada, to the end we establish a Canadian fruit board in due time.

Mr. Harkness: I am glad, Mr. Chairman, that the fruit growers of British Columbia have passed a resolution to put forward their representations, and take action through the Canadian Horticultural Council. We have been encouraging horticulturalists right across Canada to do that ever since I have been in this position in order to get away from the business of regional representations which are often in direct conflict with each other, because they are made by every small section of the country. I found not very long after I became Minister of Agriculture that,

for example, the fruit growers of a particular kind in British Columbia wanted action which was diametrically opposed to the action which was being requested at the same time by the growers of that same kind of fruit in Ontario. This seemed to me to be the sort of situation which the fruit growers should thrash out amongst themselves, and therefore we have been trying to encourage them to take these matters up in the horticultural council and come to some agreement amongst themselves before they come to us asking for action. I am glad that the British Columbia fruit growers apparently have adopted a resolution to follow that practice.

Mr. Herridge: So am I.

Mr. Argue: Mr. Chairman, I wonder if we could have some further clarification from the minister as to what policy the government is going to follow as far as the support price of hogs is concerned. I am wondering if any result has yet been obtained from the study which is going on as to whether the deficiency payment, if it is inaugurated after October 1, will be limited—and I understand that is the thinking of the department and the minister—and what the ceiling may be on the number of hogs on which a deficiency payment may be made. The minister may say that this has not yet been determined, and if that is the situation I hope he will consider very carefully keeping the ceiling at a reasonably high level. I do not think the number of hogs on which a deficiency payment may be made should be so low as to encourage inefficient production or very small farms. I am enthusiastically in favour of removing support prices from great corporations or very large industries engaged in the production of hogs. If vertical integration in the production of hogs is extended, I think the formula outlined by the minister is one way by which it may be discouraged. But I think that in setting the ceiling as to the number of hogs eligible for deficiency payments, the number per farmer should be such as to enable an efficient farmer to make a reasonably good living in the production of hogs. It should not be a system of rationing the production of hogs or a system which will lend itself to a very small quota or number per farm being eligible.

When the minister is replying I wonder if he would comment on the quantity of pork products now held by the board and state whether he feels this is a very large quantity, and how it compares with quantities held by the board in previous years? Would he say whether the surpluses or quantities held by the board are the main reason that the government is considering this new kind of policy to which he referred some weeks ago? I would like some information as to what the plans of the board may be to dispose of this surplus pork, how it will be worked on the market, and in particular whether the quantity now held by the board will be placed on the Canadian market after the time when support prices are removed and in their place put the support price based on a deficiency technique.

Mr. Harkness: Mr. Chairman, as far as the general scheme is concerned I thought I had made that relatively clear in my statement and in my answer to one or two questions in the house afterwards. In any event, the idea is to maintain the support price by means of deficiency payments. I should like to emphasize this point. There seems still to be considerable confusion in some newspaper articles I have read between a support price as opposed to, as represented in these newspaper articles, a deficiency payment, as though they were completely different things. This is not the situation. A deficiency payment is a method of maintaining a support price, and a support price and a deficiency payment are not completely different things, as a considerable number of newspaper writers whose articles I have read in recent weeks seem to indicate.

I have said here several times that we establish a support price. That is the price which the farmer will receive for his product. We ensure he receives that price either by purchasing the product at that price or we give him the difference between the price he actually gets for the product sold on the open market and the support price we have established. We give him that difference by means of a deficiency payment. We can do it in some cases by certain other methods, such as the type of method the western grain farmers asked for, the retroactive flat payment. There are various other methods; but in any event the policy, as soon as it is worked out, will be to maintain the support price which has been announced for the first six months, which is now $25 per hundred pounds basis Montreal and Toronto markets, and for the following six months, $23.65 per hundred pounds basis those same markets, with appropriate differentials on other markets. The hon. member seemed to think we were going to change the method of support from purchasing the article, as we are doing at the present time, to the deficiency payment method when the price change goes into effect. That is not the case. We are going to put this deficiency payment method of supporting a price into effect just as soon as we can assemble the necessary information to determine what number of hogs we should support

and have worked out the general administrative changes which will be necessary in order to carry this into effect.

In other words, we do not intend to wait until the end of September before putting this into effect. We shall put this into effect in a month, if we can get the necessary information and can get the administrative machinery set up in that time. I am not saying it will be a month; I expect it will be more like two or three months. In any event I believe it will be before the end of September.

As far as the ceiling on the number of hogs is concerned this is one of the matters with respect to which we require information. I do not know what the ceiling will be and I do not intend to guess at it. One thing I might say in connection with it, is this: the suggestions I receive depend entirely, it would seem, on the number of hogs that the man making the suggestion raises. I have had all kinds of suggestions already, ranging all the way from 50 hogs up to several hundred. Thus, I cannot answer that part of the question now, except to say that the ceiling would be set at a point which I hope will make it possible for the largest number of farmers possible to be able to make a reasonable living out of hog raising.

Mr. Argue: As a main industry?

Mr. Harkness: In some cases, yes. In any event, the only reason we are putting a ceiling on the number of hogs a farmer can deliver is to prevent contract farmers from beating the system. We could just cut out contracts and integrated operations which we know exist and pay the deficiency payments to the other farmers, but if we attempted to do that nothing would be accomplished because all that would happen would be that the hogs would be delivered in different peoples names under contracts of different sizes. So in order to have any control, some limit has to be imposed on everyone. This is really a control measure. It is the only way in which a scheme of this sort could, in practice, be put into effect and accomplish the purpose which we have in mind.

As to the manner in which the pork presently on hand is to be disposed of, I may say that we hope to sell some of it on the Canadian market as the price rises, as I think it undoubtedly will. In other words, if we hold this pork for a certain length of time we expect we will find a market for it. We do not, of course, intend to break the market as the hon. member has suggested. That is one thing we certainly do not wish to do. In addition, I think we have some chance of selling some of this pork abroad. That was one of the reasons I went overseas, last fall, to investigate the possibilities of opening up markets again for our pork in Britain and in other European countries. I think we shall be able to sell some pork in Britain and in Europe during the coming year. I cannot say definitely that we shall be able to do so, but I think there is a fair chance of this happening.

(Translation):

Mr. Boulanger: Mr. Chairman, I would like to make a few remarks about the poultry industry in Canada, and particularly, in the province of Quebec. The poultry industry in Quebec is faced with some very difficult problems, mostly in the production of broilers. Last year, and especially last fall, broilers sold for 14 to 16 cents a pound; today, the price is about 17 cents a pound. Now, it is a known fact that it costs about 21 cents to the most efficient producers to produce one pound of broiler, while the cost can run as high as 29 cents for the average producer.

Would the Minister of Agriculture (Mr. Harkness) consider the opportunity of establishing a deficiency price for poultry meat, and more particularly for broiler meat? I believe that the farmers have made representations on that matter to the minister last fall, besides asking him to reduce the number of export permits for poultry.

(Text):

Mr. Harkness: If I may say a word with regard to this question of putting price supports under poultry, particularly broiler chicks in which, I think, the hon. member is particularly interested, I would point out that this is just not a practical possibility. I do not look upon the production of these broilers as a real farm operation, because it is really a factory operation. It does not require a farm. It does not require even a rural atmosphere. It can be carried on in the middle of a city. A man puts up a building, buys several thousand chicks and then feeds them up to three and a half pounds or so. Along those lines he can turn out birds by the thousand every week. It is not a farm operation at all; it is a production line operation, and because practically no ground is required it is the type of operation which can lead to almost unlimited production.

If there were a guaranteed price for broiler chickens in effect in this country there could be produced here ten times as many broiler chickens as we in Canada could possibly eat and, of course, as the hon. member knows,

there is no possibility of exporting any quantity of these chickens. In other words, there is no limit to the production which would be possible unless it were the amount of feed available, and we have almost unlimited amounts of feed available. It is, therefore, the type of operation upon which a support price just cannot be placed, because that would encourage unlimited production to take place.

The price difficulties faced by the chicken industry, or the broiler chicken industry at this time have been brought on by the industry itself. They have produced themselves out of their markets. I have warned the producers of broilers and the producers of turkeys for the past year and a half that if they continued to expand production as they were doing they would produce themselves into bankruptcy, and that is exactly what has happened as far as some of the broiler chicken producers are concerned. And that is what will happen to some of the turkey producers.

Mr. Martin (Essex East): Competition from the United States is very great.

Mr. Harkness: No. As far as turkeys are concerned, as the hon. member knows import control is in effect.

The Deputy Chairman: I am sorry to interrupt the minister; but it being five o'clock it is my duty, according to standing orders, to rise, report progress and ask leave to sit later today or at the next sitting of the house as the case may be.

Resolutions adopted in committee of supply this day reported and concurred in.

Mr. Speaker: It being five o'clock the house will now proceed to consideration of public bills.

REPRESENTATION ACT

AMENDMENT TO CHANGE NAME OF CONSTITUENCY

Mr. Antoine Frechette (Temiscouata) moved the second reading of Bill No. C-21, to amend the Representation Act.

He said:

(Translation):

Mr. Speaker, the purpose of this bill is simply to change the name of the electoral district of "Temiscouata" to that of "Riviere-du-Loup-Temiscouata", because, in my constituency, there are two provincial electoral districts, one named "Riviere-du-Loup" and the other, "Temiscouata". So, at the request of the county councils, I introduced this bill to change the name of "Temiscouata" to that of "Riviere-du-Loup-Temiscouata".

[Mr. Harkness.]

Mr. Azellus Denis (St. Denis): What would be, then, the name of the constituency? Could the hon. member tell us what would be the name of his constituency and what are the reasons for the change he proposes?

Mr. Frechette: At present, my constituency is named Temiscouata—

(Text):

An hon. Member: He has already explained that.

(Translation):

Mr. Frechette: —but from now on, it will be known as "Riviere-du-Loup-Temiscouata".

(Text):

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

Clause 1 agreed to.

Title agreed to.

Bill reported.

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

Some hon. Members: Next sitting.

COMPANIES ACT

AMENDMENT RESPECTING FILING OF FINANCIAL STATEMENTS

Mr. E. J. Broome (Vancouver South) moved the second reading of Bill No. C-22, to amend the Companies Act.

He said: Before I go into the details of this bill and the intent behind it, I do wish to point out to hon. members who may disagree with some of the wording that the Companies Act is a very involved act and it is rather difficult for a private member, with the limited resources at his disposal, to bring in a properly worded bill. However, since this is simply second reading, which means approval in principle, I feel that the various legal problems involved can well be dealt with in committee. This is particularly pertinent because there have been no amendments to the Companies Act since 1934, and conditions have changed rather remarkably since 1934.

The purpose of the bill, as shown in the explanatory note, is to prevent public companies taking advantage of the exemption given in section 121 of the Companies Act to private companies—among other requirements, those not having more than 50 shareholders—by which the so-called "family" companies do not have to file annual statements with the Secretary of State. Under the present definitions and section 121 large companies are able to avoid filing annual financial statements by incorporating private companies and becoming shareholders therein.

The Canadian Companies Act, as it now stands, is taken almost word for word from the English companies act, but in 1948 the English companies act was revised and a provision was inserted in that act to cover the point I am trying to cover in this bill.

Generally speaking, there are a lot of other sections in the Companies Act that need revision. It would not hurt it if the Companies Act had a thorough going over.

The intent of the bill is two-fold. First, under the present law a public company, that is a company with more than 50 shareholders, can purchase a private company and operate that private company and in the operation of that private company, although they are forced to divulge facts in regard to the operation of the public company, under the law they do not have to divulge any details in regard to its operation.

This might well be exemplified by a communication which all hon. members received from a gentleman containing an excerpt from the Toronto *Star* of Friday, April 10, 1959 which details certain happenings at the annual meeting of the Canadian General Electric Company. One of the few Canadian shareholders tried to inquire into the activities of the private companies owned by the public company, Canadian General Electric, and he was unable to get the information he wanted.

I would think it should be rather axiomatic that any law laid down by a government should have for its purpose not only the protection of majority stockholders in a company but, far more important, the protection of the interests of minority shareholders. Under the present Companies Act this just is not so. The majority shareholders can, if they are not receiving the information they want, elect a new board of directors but the minority shareholders are utterly powerless. Actually in one respect the bill does not go far enough because minority shareholders of private companies today have to pay in order to receive financial statements. One of the definitions of a private company is that it shall have not more than 50 shareholders. The expense of printing such statements is not great and minority shareholders should receive these statements as a matter of right.

Although, as I say, that is one purpose of the bill, perhaps the other purpose is of much more public interest, namely the hiding behind the private companies' section of the Companies Act of large corporations which are essentially not private companies but rather public companies. In this respect the problem is to decide in what sense the property of a large business is private and, if it is private, who is entitled to such privacy. Under our present regulations, as I said before, the criterion has been the number of shareholders. In other days that was an indication of the size of the company but that is not so today. In this era of large international corporations with extensive holdings in many countries the criterion of the number of shareholders does not hold good with these wholly owned subsidiaries because the stock of the subsidiary is voted through the directors of the parent corporation. They therefore qualify as to number of shareholders but this is simply begging the question because in all other respects they are properly public companies.

In dealing with the questions of foreign investment in Canada the royal commission on Canada's economic prospects made three recommendations, with the second of which the bill is concerned. The three recommendations are found on page 393 of their report and read as follows:

1. Wherever possible, such concerns—

The reference is to foreign subsidiaries.

—should employ Canadians in senior management and technical positions, should retain Canadian engineering and other professional and service personnel, and should do their purchasing of supplies, materials and equipment in this country.

2. They should publish their financial statements and make full disclosure of the results of their Canadian operations.

3. They should include on their boards of directors a number of independent Canadians and they should sell an appreciable interest in their equity stock to Canadians.

Mention is made of 20 to 25 per cent. In dealing specifically with their second recommendation they had this to say, as found on page 394 of the final report of the commission:

The second objective is that foreign-owned concerns should publish or make available their financial statements showing the results of their operations in Canada. If these concerns, more particularly the larger ones, were owned in Canada, they would be required to supply copies of their financial statements to Canadian shareholders and in this way, if there were more than just a few shareholders, these statements would be made public. Generally speaking the parent concerns publish their own statements in considerable detail in their own countries.

I might add that the requirements with regard to the publication of such statements in the United States, for instance, compared with the requirements in Canada are much more extensive. They require a greater degree of disclosure of company operations and in many respects they are far ahead of what we require under our Companies Act. The commissioners go on to say:

It is not unreasonable therefore that Canadians should wish similar information about the activities of the subsidiaries in this country. Indeed, it is our opinion that the community at large is entitled to

be interested in the financial results of the operations of the larger foreign-owned concerns operating in this country, since in many cases these operations have a direct bearing upon economic activity and the level of employment. We do not propose that foreign-owned concerns operating in Canada should be forced to publish their financial statements—

By that they mean the taking of advertisements in newspapers in order to acquaint the public in that manner.

—but we believe it might well be in their best interests to do so voluntarily. Such a step should improve the public relations of such concerns and should allay unjustified suspicions about their operations and activities in Canada.

With regard to the extent of the operations of such subsidiaries, I wish to quote a statement taken from an article by Professor J. E. Smyth, published in the *Queen's Quarterly*, the autumn issue of 1958, which statement reads as follows:

Until about four years ago the Bank of Canada compiled and published financial data from a sample of Canadian companies; it has since abandoned the series. One of the important limitations of these data was that they were drawn entirely from published financial statements, and that the proportion of Canadian economic activity which was affected by large private companies, for which no statements were available, was so significant as to invalidate any conclusions which might be drawn from the published figures.

If any hon. members are in doubt as to the degree of this control of Canadian industry I should like to read a few percentage figures from the book, "Canada-United States Economic Relations" issued by the royal commission on Canada's economic prospects. In this regard I am referring to the degree of control and not the degree of 100 per cent ownership. With regard to automobiles and parts, the percentage of that industry controlled by United States residents is 95 per cent and in the case of rubber 84 per cent. No figure is available for electrical apparatus but the figure as to the amount owned is 62 per cent, and the figure for the amount controlled should be similar. In chemicals the figure is 51 per cent; for the petroleum industry 68 per cent; other mining 54 per cent; pulp and paper 45 per cent; smelting and refining of non-ferrous native ores, 55 per cent; all other manufacturing 43 per cent. This table is found on page 104 of the book to which I referred.

Considering these facts it is rather interesting that so often you hear the statement made that labour unions should be forced by law to publish financial statements for the information of their members and the public at large, and the commonly used argument is that the financial affairs of companies and businesses are open to public knowledge and that if this is fair for companies it should also be fair for unions.

Without taking sides pro or con all I wish to say is that what I have said so far should clearly indicate that it is not true that the business affairs of a very large section of Canadian business are open to the public. This goes even a little bit farther, in that it confers on the so-called private companies an advantage over public companies. The statements of operations of public companies are open to their competitors, but the private companies' affairs are secret. For instance, if you take a sampling of industry you will find that the statements of the Ford motor company are available to all the people of Canada, but those of General Motors and Chrysler are not. If you want to look at the pulp and paper industry, you find that the statements of Canadian International Paper are not available but Powell River are. In so far as the meat industry is concerned, we know all about Canada Packers but we know nothing about Swift Canadian. In so far as the oil industry is concerned, we know about the operations of Imperial Oil, but Cities Service, and a host of others are completely secret. In the merchandising field, the statements of Simpson's are available but Eaton's are not. In so far as farm implements are concerned, if you think you are paying too much for your farm implements, you can ascertain how much Massey-Harris is making, but not International Harvester. In the food industry we find that Weston's operations are open to the public, but General Foods, Nabisco, Heinz and a lot of others are not.

This is an added inducement to foreign companies to refuse to allow Canadians to buy stock in the Canadian subsidiary, because if they allow Canadians to buy stock they will lose the benefit of this quirk in the Companies Act which states that a private company has 50 shareholders or less and a public company is one in which there are more than 50 stockholders. This type of thinking is in line with the former legislation which made it an advantage if a company had 95 per cent or more foreign ownership because if the ownership was of that degree greater tax concessions were received It is a type of thinking that is not colonialism, but it is economic feudalism in my opinion.

As I stated at the outset, there are many points which must be considered with a bill such as this. Undoubtedly, the matter is not covered in the way the Department of Justice, for instance, might cover the rectifying of this queer omission in our Companies Act up to the level of national sovereignty, if you like,

to which the United Kingdom brought their act in 1948. However, I do not believe any member on this side of the house can quarrel with the intent of the amendment. The Minister of Trade and Commerce (Mr. Churchill) has repeatedly pointed out in his speeches that this and other steps, such as those mentioned in the report of the royal commission, are necessary in order to improve Canadian-United States relations and to give recognition to the need for making the operation of these companies more Canadian in nature.

About a week ago the minister of northern affairs delivered a speech in the Chateau Laurier and, from the tenor of his remarks, one would have thought he was speaking on this bill. Speeches made in the United States by the Prime Minister (Mr. Diefenbaker) and the Minister of Finance (Mr. Fleming) have indicated they believe that measures such as these are necessary and will, in the end, react not only to the benefit of Canada but the other countries involved. It is unfortunate that in every case I must make reference to the United States, but the fact is they are by far the major owner of our industrial complex. This was clearly indicated by the table I read earlier.

As I have said, Mr. Speaker, I do not see how anyone could quarrel with the intent of this bill. It does not place a liability on any foreign company. It only brings such a company into a position of equality with its more truly Canadian counterpart. It does give to the Canadian people the type of information which is so freely available from the ordinary public companies. As I also stated, this measure does not demand any greater degree of disclosure than is demanded by the United States law.

I do not think there is very much more I can usefully add at this stage, Mr. Speaker. I think that this is simply a companion piece, a sort of trilogy, if you like, because I will have other bills coming forward to take care of some of the other loopholes which I feel should be plugged in order to have this country become a nation in the economic as well as in the political sphere. I have in my hand a pamphlet put out by the Canadian institute of international affairs entitled "Foreign Investment in Canada", by J. M. Smith. He ends up by saying something along these lines, that Canadians have benefited greatly from foreign investment, control notwithstanding, in terms of employment, income and living standards. Yet, as Canadians, we are right to be concerned. Is our economic independence slipping away? At what point, if we are losing our economic independence, will we begin to lose our political independence?

Mr. J. T. Richard (Ottawa East): Mr. Speaker, I think all of us agree in principle with the statements which have been made by the hon. member in his excellent introduction to this bill. However, what struck me, in the first instance, was that he did not mention whether or not he had consulted with the Secretary of State (Mr. Courtemanche) on this bill. After all, the Companies Act is one of the most important pieces of legislation on our statutes, and I should have thought that this afternoon we would have had the benefit of the advice of the Secretary of State who administers the act. Not once during the hon. member's speech did I hear any reference to any consultation with the officials of the Department of Secretary of State or with the minister. In any event, that is not my responsibility.

I must say that, in so far as the member's statement is concerned, he covered a great deal more ground than is included in his amendment. After all, his amendment relates to only one of the points he mentioned. There is not only the question of public companies incorporating as private companies and thereby avoiding making their statements available, but we have another practice which could have been covered in such a bill. I refer to the fact that companies do not have to disclose a statement of operations for wholly owned subsidiaries, thereby avoiding telling the public the proper financial status of the major company. There are many other facets to this very important clause which the hon. member wishes to amend by this bill.

I do not know if this house is qualified to amend the Companies Act without a thorough examination and until we have some assurance that the officers of the companies branch and the Secretary of State himself have been consulted so that if the intent of this bill were to be enacted as legislation it would have the approval of these gentlemen and also accomplish the things the hon. member who sponsors the bill seeks to have it accomplish.

I shall reserve my detailed remarks for the committee stage, if we should reach that stage on this bill. I know that the hon. member has a great deal of interest in having proper disclosure of the financial status of companies operating in Canada. I agreed entirely with him when he spoke about foreign corporations which do not have to disclose their assets or financial position in Canada because of a lack of proper provisions in our Companies Act. Before agreeing to any amendment I think, when we reach the committee stage, we should have had the full and proper advice of officials.

Companies Act

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to express my support for the principle and purpose of this bill. In doing so I must first of all congratulate the hon. member for his short, somewhat hesitant but most certain step toward C.C.F. policy in this connection.

I support the purpose of the bill as indicated by the explanatory notes and congratulate the hon. member for his most interesting speech when introducing the bill. Personally I think it is wrong in principle that large companies and corporations are allowed to get around the law by incorporating as private companies or being considered as such because they have 50 shareholders or less when it is obvious to most hon. members of this house that it is done in order to conceal an examination of their affairs by the public.

In my opinion the protection of the shareholders and the public interest requires and demands that all proper publicity should be given to the activities of large corporations and companies in Canada. Their activities are usually related to the development of natural resources and the welfare of large numbers of human beings whether they be shareholders or employees of the company concerned. I feel that every proper publicity should be given with respect to their financial position, their profit and loss position, their expansion intentions and questions of that sort. It is for that reason I heartedly endorse the hon. member's efforts in this direction by the introduction of this bill.

However, as the previous speaker, the hon. member for Ottawa East (Mr. Richard) said, it is a large step. The Companies Act is a most important and complex act. I believe the matter should receive very careful consideration to make certain that we amend the act to best advantage having in view all the circumstances. Therefore, to that end I would suggest that it would be a good idea and one which should win the approval of the sponsor for this bill to be sent to the appropriate committee of this house where the Secretary of State, officials of the companies branch and representatives from other sections of the community could give evidence and thus enable the committee to ensure that either this bill or a similar piece of legislation does the job intended by the hon. member who has introduced this measure.

Because of the importance of the matter I hope the bill will go to a vote before this private members' hour is concluded and I personally would suggest that someone should move an amendment to the effect that the bill be referred to the appropriate committee.

[Mr. Richard (Ottawa East).]

Mr. W. L. M. Creaghan (Westmorland): Mr. Speaker, I, like the two hon. gentlemen who preceded me in this debate, feel that a certain amount of congratulations should be extended to the hon. member for Vancouver South (Mr. Broome) for the fine way in which he introduced this measure. Although I cannot concur with everything he has said, in large part I must agree.

I should like first to make some reference to the quotations he cited from the Gordon commission on Canada's economic prospects. He quoted from pages 393 and 394 which consists of that part of the report dealing with foreign investment in Canada.

What the hon. gentleman says about our requiring some control over foreign investment in Canada is absolutely correct and I believe all those who have participated in this debate concurred in that statement. I should like to read from page 392 of the report of the Gordon Commission:

> —we believe the main objectives of Canadians in this matter should be; first, to see a larger share of foreign capital invested in the form of bonds and mortgages, which do not involve control of large sectors of the economy; second, to see that the part of foreign investment which is invested in the resource and manufacturing industries is associated in some degree with Canadian capital and Canadian interests—

In my opinion it is impossible to implement the Gordon recommendations merely by making a slight amendment to the Companies Act. In the first place, there have been no amendments to the act since 1934 notwithstanding the reference in the explanatory notes on the right hand page of the bill as printed.

Mr. Broome: Mr. Speaker, would the hon. member permit a question at this point?

Mr. Creaghan: Yes.

Mr. Broome: What part of the explanatory notes implies that there has been?

Mr. Creaghan: I know the hon. member mentioned the year 1934 in his opening remarks, Mr. Speaker, but the explanatory notes imply that amendments may have been made since then. The English companies act was revised in 1948 and referring to this in the second paragraph of the explanatory note the hon. member's bill states:

> The Canadian act was amended in some respects to follow the 1948 English revision; but this provision was not adopted.

This indicates that the mover of the bill is aware of the English revision of 1948 which probably was justified in that country because, unlike Canada, England does not rely in large part on foreign investment.

I think it would be of some interest to the house if I made reference to the fact that

in both the Canadian and English companies acts the definitions of a private company are identical at the present time. Both acts place restrictions on the right to transfer shares. Both impose a restriction of a total of 50 shareholders and in both acts a company is given no right to request that the public subscribe to its shares.

Mr. Speaker, I have made that statement to bring to the attention of the house that the amendment suggested is not in any way in conflict with the English act; we have identical legislation at the present time. Section 121 of the act is reprinted in the bill which we are discussing today in identical form, with the addition of the folowing words:

—exempted by subsection (2A)—

In other words, if Bill No. C-22 is adopted it will not be making a change in the law in so far as public companies are concerned but it will be making a drastic change in what has been referred to as private companies. In England they have a similar section to section 121. A public company or a private company in England must give 21 days' notice to its shareholders; an English company must also give 21 days' notice to debenture holders. However, we have not that compulsion in Canada.

Personally I have no objection to compelling Canadian private companies to send out their financial statements to their shareholders. There are only 50 shareholders in any case, and in most instances the shareholders are very familiar with the financial statements. In fact, our present act, by section 121 (3), gives the shareholder of a private company, if he is one of the 50, the right to request a financial statement, and it must be mailed to him within a period of seven days. However, there is a small penalty: The shareholder can be obligated to pay 10 cents a folio, or 100 words, for the preparation of the financial report.

As far as I am concerned I have no objection to the bill in so far as a private company being obligated to send out free of charge to its shareholders its financial statement. I have no objection to the statements which have been made by the member for Ottawa East (Mr. Richard). However, there is one basic point which I think all of us at all times should be concerned with if we want to keep free enterprise alive in this country of ours. This bill assumes that the internal affairs of a federal private company are of public interest even when there is no questien of this private company going to the public to borrow money or of asking it to subscribe in any way to its security issues. In my opinion this matter concerns the Canadian Bar Association and the Canadian association of chartered accountants.

If we adopted the bill in its present form I suggest we would be creating three types of companies in Canada. In the first place we would be left with the public company, the large company in which anybody can buy shares. In the second place the private company, that is the family company which has not more than 50 shareholders, would remain in existence with the same privileges as it has today. The third type of company would be a new creature of fiction. We would be creating a private company which, like the one just mentioned, would not have more than 50 shareholders but it would have to comply with section 121 of the act and the bill we are discussing.

The bill has four conditions, and it is these four conditions I am chiefly concerned with. In the first place the conditions are objectionable because the restrictions or exceptions are cumulative in effect and it would be impractical for anybody to administer the same. The first clause of the bill reads:

(a) No body corporate is the holder of any of the shares or debentures.

Now, if a body corporate became a holder of a share or shares of a private company, that company would then become this new type of company, the third type which I mentioned a moment ago. That could happen very easily in many of the family industries or companies of Canada. It could happen, for example, if a legitimate private company of not more than 50 shareholders went to a bank, borrowed money, and was compelled to put up some of its shares for security. In other words, if a private company went to a bank and the bank insisted on a transfer of shares for security purposes, naturally that company would fall within the ambit of this legislation and would be obligated to comply with section 121. It would then mean that the financial report of that company would be filed in the office of the Secretary of State and the information contained therein would be public in nature, which is certainly contrary to the principe of a private company.

The same thing would happen if any one of the 50 shareholders in a private company registered his shares in a holding company or if he sold them to an incorporated investment dealer for transfer to another person. The same objection which I have just mentioned would be applicable to clauses (b) and (c) which follow.

The last clause (d) is also weak and I suggest, as was also suggested by the hon. member, it is merely a question of bad drafting. However, I feel it should be pointed out, that in Canada today in order to be a director of a Canadian company it is necessary to be an individual, while section (d) says:

no body corporate is a director—

That, I suggest, is merely bad drafting.

What I am also very much concerned about is the objection raised by the hon. member for Ottawa East: Do we know whether or not the Department of the Secretary of State could administer this act if it was adopted in its present form or in some type of amended form? In the first place, it would require a tremendous increase in the staff. The Secretary of State would have to keep a list of all shareholders of every private company and record every individual notice of transfer of shareholdings. He would probably be compelled to hire a large number of inspectors who would be travelling across Canada visiting the head offices of these private companies. I suggest to hon. members that before this bill is passed the Department of the Secretary of State and the solicitors concerned would have to make an exhaustive study and probably introduce a series of amendments in order to make Bill No. C-22 operative.

Personally, I am not at all concerned about requiring private companies to distribute automatically their financial statements to shareholders and to perform this service free of charge. It would not cost them very much. They are obliged to prepare statements by the Companies Act; it would just be a matter of having them mimeographed and distributed.

One point which has not been mentioned is this: because certain things work well in England or in a foreign country this fact alone is no indication that they would work equally well in Canada. I say this because in England, for example, there is just one jurisdiction which can issue letters patent while in Canada there are 11 jurisdictions which have authority to issue letters patent to corporations.

As far as I am concerned, this bill in its present form or in any form which the House of Commons should amend it would always remain ineffective unless we were assured beforehand that all the ten individual authorities would follow suit.

I suggest that before the house votes on this measure it should be studied by the federal-provincial committee which will be meeting again this spring to study the uniformity of Canadian company law. At the present time a draft uniform companies act has been prepared. It has been circulated to the various attorneys general, and has been studied by the Canadian Bar Association. I understand that this revised act will be reviewed when this federal-provincial committee meets again some time next month. After study by that committee the measure could possibly be introduced in a better form and referred to the standing committee on banking and commerce where delegations could present briefs and the members of the committee could receive the benefit of the expert advice which is available in the capital city.

I wish to emphasize once again that I am in complete accord with the recommendations of the Gordon report. I am opposed to the influx of United States capital into this country in its present form by means of which it can obtain control of the equity stock in new and growing Canadian companies. However, I do not feel that this bill could correct the situation. I believe this matter requires to be dealt with in separate legislation in the form of a bill which would be drafted in such a way as to have some control over the flow of United States or other foreign currency into this country.

Mr. R. J. McCleave (Halifax): When the sponsor of this bill, the hon. member for Vancouver South (Mr. Broome) sat down, I felt myself to be very much like the wife of a man who had imagined himself to be a refrigerator. This couple had taken their unfortunate problem to a psychiatrist, and the psychiatrist eventually took the wife aside to see how things were proceeding. She said that things were not going too badly, although her husband still imagined himself to be a refrigerator and slept with his mouth open, very much like a refrigerator door. The psychiatrist asked if this was particularly annoying, and the wife said: "Yes, the little light keeps me awake".

When the hon. member sat down and closed his mouth I am afraid the light went out for the person who is now addressing you. It seems to me that the bill presented by the hon. member has two specific purposes. The first is to tighten up the provisions which relate to private companies. The second seems to be some roundabout method of taking a swipe at the growing United States control of some Canadian companies. For the purpose of completing the record, it might be of interest to read into the record just exactly what a private company is now, as defined by the Companies Act in chapter 53 of the latest edition of the Revised Statutes of Canada. There are three particular matters which help to

define what a private company is. The first, of course, is that the right to transfer its shares is restricted. Second, the number of shareholders is limited to 50 and, third, any invitation to the public to subscribe for any shares or debentures is prohibited. The definition is set forth more explicitly and much more fully in the interpretation section of the act, section 3 (j).

To these factors which now make up a private company, the hon. member has introduced others which are set forth in the second paragraph of Bill No. C-22 now before us for our consideration. I am wondering if he does have in mind the correcting of one ill, where, by the use of hanky-panky and legal ritual, some companies are able to classify themselves as private companies and thus avoid making any disclosure, while other companies are public companies doing the same type of business and must, therefore, make those disclosures. Perhaps he would be better advised even at this stage to consider withdrawing this particular measure and bringing in something which would effect a new definition of what exactly is a private company.

With regard to the other point which, I gather, is concerned with the prevention of United States domination of the Canadian economy, I would say that this bill is really of little use along that line. It would certainly make apparent the extent of the control exercised by United States capital in this country, but it would not change the present situation one bit, and therefore I wonder if the hon. member is really serving the purpose he wishes to serve by means of this bill.

Those are the two reservations I have about this measure. I am afraid that I do not understand it as well as I should. It seems to me that the Companies Act is a difficult field to enter. I hope some brave soul will tackle it one day, refine it, streamline it and even write it in basic English. I appreciate the sincerity of the hon. member, and would be prepared to vote for this bill. However, I see that the hour of the voting has come; perhaps it is now past, and I hope we can achieve in committee the notable objectives which he has in mind.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

NEWFOUNDLAND—CANADIAN EMPLOYMENT AT U.S. BASES

Question No. 332—**Mr. Argue:**

1. As at March 31, 1959 or nearest available date, how many Canadian citizens were employed at bases in Newfoundland under lease to the United States?

2. Are these employees eligible to receive superannuation or retirement allowance upon their retirement?

3. If not, has the Canadian government approached the United States government with a view to making provision for an adequate pension plan for these people comparable to that provided for United States citizens employed at these bases?

4. If not, has the Canadian government considered the possibility of making alternative provision whereby these employees might become eligible for a superannuation plan?

Answer by: **Right Hon. J. G. Diefenbaker (Prime Minister and Acting Secretary of state for External Affairs):**

1. 4,324 as of March 31, 1959.

2. According to information that has been received from the United States authorities, they are not eligible for United States superannuation benefits since they are not United States citizens. The employees are not known to have made arrangements for any other retirement benefit scheme with those United States military services by whom they are employed.

3. The government has not made any proposals to the United States government on the matter of retirement benefits for this particular segment of the Canadian labour force but stands ready to offer whatever assistance it can in any reasonable initiative which the employees may take with the United States military services concerned.

4. These persons are not eligible for Canadian government superannuation benefits since they are not employees of the Canadian government.

INDIAN ENFRANCHISEMENT

Question No. 353—**Mr. Howard:**

1. Have any Indians been enfranchised since 1951, pursuant to section 108 of the Indian Act?

2. If so, how many have been so enfranchised, by provinces, for each year since 1951?

Answer by: **Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration):**

1. Yes.

2. As follows:

	1952	1953	1954	1955	1956	1957	1958
Nova Scotia	5	9	12	9	6	2	13
Prince Edward Island	1	Nil	Nil	1	Nil	2	Nil
New Brunswick	Nil	10	8	19	11	8	5
Quebec	17	18	16	30	34	44	30
Ontario	362	284	204	258	268	215	164
Manitoba	127	136	107	143	126	119	8
Saskatchewan	93	108	77	59	69	81	11
Alberta	75	113	50	125	94	74	130
British Columbia	122	106	132	161	166	152	30
Northwest Territories	14	15	54	24	13	16	Nil
Yukon Territory	6	10	8	10	22	5	3
Total	822	809	668	839	809	718	394

[The following items were passed in committee of supply]:

DEPARTMENT OF AGRICULTURE

Administration Branch—

1. Departmental administration, including advisory committee on agricultural services, $747,531.

2. Information division, $622,790.

3. Contributions to commonwealth agricultural bureaux in a total amount of £46,384, notwithstanding that payments may exceed or fall short of the equivalent in Canadian dollars, estimated as of December, 1958, which is, $125,599.

4. Economics division, $726,985.

Research Branch—

5. Branch administration, including an amount of $187,420 for grants in aid of agricultural research in universities and other scientific organizations in Canada, $1,752,025.

Research institutes, regional laboratories, branch farms and research services—

6. Operation and maintenance, $21,151,451.

7. Construction or acquisition of buildings, works, land and equipment, $7,187,248.

Production and Marketing Branch—

8. Branch administration, including marketing of agricultural products, $890,029.

9. Agricultural products board administration, $10,000.

HOUSE OF COMMONS

Monday, April 27, 1959

The house met at 2.30 p.m.

EXTERNAL AFFAIRS

GERMANY—TABLING OF SOVIET NOTE AND CANADIAN REPLY

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, on March 4 I informed the house that on March 2 a note addressed to the government of Canada by the Soviet government had been received, concerning the possibility of negotiations taking place on problems connected with or relating to Germany. This Soviet note did not contain anything of significance which was not to be found in the notes which were addressed on the same date to the United Kingdom, the United States and France.

The Canadian government in its reply to the Soviet note, which reply was given on April 24, expressed support for the proposals put forward by the western powers, and accepted by the Soviet government, which would lead shortly to negotiations in Geneva at the level of foreign ministers. The note stated that in view of the imminence of these negotiations the Canadian government did not consider it would be of value to comment in detail on the matters raised in the Soviet note. The hope was expressed, however, that the Soviet government will treat the coming negotiations as a real opportunity to achieve a lessening of international tension, and to settle some of the pressing problems on a basis that will take into account the legitimate interests of all concerned.

For the information of the house I should like to table copies of the Soviet note and the Canadian reply.

Hon. Paul Martin (Essex East): I am sure the house will welcome the tabling of these documents by the Prime Minister. Can the Prime Minister say whether or not the Canadian reply in any way dealt with the latest proposal put forward by Her Majesty's government with regard to the new proposal for inspection, and if not, can the Prime Minister say whether or not Canada has been made aware of this proposal?

Mr. Diefenbaker: Mr. Speaker, in general the note dealt with the matters set out in the Soviet note. With respect to the other matter raised by the hon. member for Essex East, I wish to say that the Soviet union, we regret, has not accepted the recent proposal. I take it what the hon. member has in mind is the proposal of the United States consolidating the progress so far made at Geneva?

Mr. Martin (Essex East): I was referring to the latest proposal announced over the week end by the Prime Minister, with regard to the occasions when inspection teams would proceed into the territory of the countries concerned.

Mr. Diefenbaker: In so far as that matter is concerned naturally—it was not delivered until Friday night—our reply did not deal with that particular phase. I thought the hon. member had in mind particularly the situation respecting the consolidation of progress already made in connection with nuclear tests.

Mr. Martin (Essex East): Can the Prime Minister answer the other part of my question, which was whether or not Canada has received an intimation from Her Majesty's government about this new proposal, and is the Prime Minister in a position to make any comment in regard to it?

Mr. Diefenbaker: In so far as the first part of the question is concerned, naturally there has been information given.

With respect to the latter part of the question, I think the representations in general are acceptable and indeed offer a new vista of hope for a solution of the problem provided, of course, that these views are accepted, even in part, by the Soviet union when the foreign ministers' conference takes place on May 11.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, the members of this group are interested in the Prime Minister's statement. We welcome his tabling of these very interesting documents. As a party we are interested in a continuance of negotiations to the end that progress can be made toward peace in the world. We shall peruse these documents with interest.

UNEMPLOYMENT INSURANCE ACT

AMENDMENTS TO INCREASE RATES OF REMUNERATION AND CONTRIBUTIONS, ETC.

Hon. Michael Starr (Minister of Labour) moved that the house go into committee at the next sitting to consider the following

Proposed Legislation

resolution, which has been recommended to the house by His Excellency:

that it is expedient to introduce a measure to amend the Unemployment Insurance Act to raise the rate of remuneration of insurable employment; to increase the rates of contributions to be paid on behalf of insured persons and employers; to add new grounds for extension of the qualifying periods; to provide a new schedule of rates of benefits consequential on the new table of contributions; to provide that the maximum benefits, under the heading "duration of benefit", will be increased from 36 times to 52 times the weekly benefit rate; to establish a new schedule of allowable earnings; and to provide for other related matters.

Motion agreed to.

INTERNATIONAL LABOUR CONFERENCE

APPROVAL OF CONVENTION NO. 105 CONCERNING THE ABOLITION OF FORCED LABOUR

On the order: Government notices of motion:

April 23—The Minister of Labour—the following proposed resolution—That it is expedient that the Houses of Parliament do approve of convention No. 105, concerning the abolition of forced labour which was adopted by the international labour conference at its 40th session at Geneva on the 25th day of June, 1957, and that this house do approve the same.

Mr. Starr: Stand.

Mr. Speaker: Pursuant to section 2 of standing order 21 this government notice of motion stands referred to and ordered for consideration under government orders at the next sitting of the house.

CANADA ELECTIONS ACT

REFERENCE OF PROPOSED AMENDMENTS TO STANDING COMMITTEE ON PRIVILEGES AND ELECTIONS

On the order: Government notices of motion:

April 23—The Secretary of State—The following proposed motion:—That the standing committee on privileges and elections be empowered to study the Canada Elections Act, and the several amendments thereto suggested by the chief electoral officer; and to report to the house such proposals relating to the said act as the committee may deem to be advisable.

Mr. Courtemanche: Stand.

Mr. Speaker: Pursuant to section 2 of standing order 21 this government notice of motion stands referred to and ordered for consideration under government orders at the next sitting of the house.

BROADCASTING

MOTION FOR APPOINTMENT OF SELECT COMMITTEE

On the order: Government notices of motion:

April 23—The Minister of National Revenue—The following proposed motion:—That a select committee be appointed on broadcasting to consider radio and television broadcasting together with the annual report of the Canadian Broadcasting Corporation, and to review the operations, policies and aims of the corporation and its revenues, expenditures and development, with power to examine and inquire into the matters herein referred to, and to report from time to time their observations and opinions thereon, and to send for persons, papers and records;

That the committee have power to print such papers and evidence from day to day as may be deemed advisable or necessary;

That the committee have power to meet while the house is sitting;

That the committee shall consist of 35 members;

That standing orders 66 and 67 be suspended in relation thereto.

Mr. Nowlan: Stand.

Mr. Speaker: Pursuant to section 2 of standing order 21 this government notice of motion stands referred to and ordered for consideration under government orders at the next sitting of the house.

MOTION FOR PAPERS

OCTAVE BUJOLD

Motion No. 95—**Mr. Bourget:**

For a copy of all letters, notices, declarations, affidavits and other communications leading to the dismissal of Octave Bujold, Chandler, Quebec, from the Department of Transport in 1958.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

IMPENDING FIREMEN'S STRIKE—REQUEST FOR STATEMENT ON NEGOTIATIONS

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I wonder whether I may ask the Minister of Labour if he thinks he can usefully report to the house regarding his reported conversations this morning with management and labour in connection with the threatened strike on the Canadian National Railways.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, we met this morning with Mr. Donald Gordon, president of the Canadian National Railways and Mr. Gamble, chairman of the negotiating committee of the brotherhood, together with three other members of that union. Up until one o'clock we were discussing the matters in dispute as outlined in the conciliation board report, and we have adjourned until four o'clock.

I am afraid, Mr. Speaker, it would be premature on my part to make any remarks about the discussions that are going on. We hope some settlement can be reached between the two parties in this dispute.

STEEL

REPRESENTATIONS BY UNITED STEEL WORKERS OF AMERICA FOR PUBLIC INQUIRY INTO PRICE INCREASES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I would like to direct a question to the right hon. Prime Minister. Has the Prime Minister received a submission from the united steel workers of America asking for a public inquiry into the steel industry to determine whether steel companies have been justified in further increasing steel prices? Can the Prime Minister say what consideration has been given to the conducting of such a public inquiry?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, such a representation was received. Since it has been received there have been one or more meetings between representatives of the steel workers and the Minister of Trade and Commerce and I would ask the minister to reply in general to the question asked.

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I wish to add to what the Prime Minister has said and say that a brief and an appendix to the brief have been put before us. I had a separate meeting with the representatives of the united steel workers. They raised with me a particular problem with regard to a statistical survey which would relate wages to productivity, and that has been under consideration by the dominion bureau of statistics. The whole brief has been given careful study, and we are continuing to look into matters raised therein.

CIVIL DEFENCE

REQUEST FOR STATEMENT ON CONFERENCE WITH PROVINCES

On the orders of the day:

Miss Margaret Aitken (York-Humber): Mr. Speaker, I would like to ask the Minister of National Health and Welfare if he could give the house a report on the civil defence conference with the provinces which took place last Friday.

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I would like to thank the hon. member for having given me notice of her intention to ask this question. I might point out that all provincial governments, with the exception of Prince Edward Island, were represented by at least one minister and one or more officials. The federal government was represented by the Prime Minister, who addressed the conference at the morning session and stressed the need for decisive action in the field of civil defence, by the Minister of National Defence, the Minister of Justice and myself, and for part of the time by the Minister of Defence Production and the two Ministers without Portfolio.

The purpose of the conference was to discuss with the provinces the proposed allocation of certain federal functions to national defence, to national health and welfare, to the R.C.M.P. and the emergency measures organization in the privy council office, and to obtain their views on the responsibilities which it is proposed to leave in provincial and local hands with increased federal technical and advisory services, as well as greater financial assistance. The allocation of the federal responsibilities was discussed with the provinces in considerable detail, and I can say to the house without reservation that in their broad outlines these new arrangements appealed to the provinces as being sensible and reasonable in every way.

We also discussed with the provinces the areas of responsibility which will remain in their hands and those of the municipal or regional civil defence organizations maintained under provincial direction. I think I can say that provincial reactions to all features of the federal proposals were favourable; particularly to the federal government's offer to increase the federal contribution to approved or local civil defence projects from 50 per cent, where this now applies, to 75 per cent.

Provincial ministers will now discuss these various questions with their colleagues, and we hope to have the official reactions of their governments at an early date. In the meantime it is the government's intention to proceed with the reallocation of purely federal functions to the departments and agencies I have mentioned.

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of National Health and Welfare a supplementary question. Can he say whether or not the federal government now has a definite policy on evacuation? If so, was that policy announced to the provinces? Also, has the federal government a policy with regard to shelters, and was that likewise discussed with the provinces?

Mr. Monteith (Perth): Both these subjects were discussed briefly with the provinces, and as indicated at that time top priority was going to be given to these matters at the policy committee level.

Inquiries of the Ministry

LABOUR CONDITIONS

AUTOMATION—SUGGESTED COMMITTEE TO STUDY EFFECTS ON EMPLOYMENT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Minister of Labour, which provides him with an opportunity to be a star performer this afternoon.

Have various labour organizations urged the government to establish a committee composed of representatives of government, labour and industry to investigate the effects of automation on employment and to recommend appropriate measures to deal with the situation? If so, what consideration is being given by the government to these recommendations?

Hon. Michael Starr (Minister of Labour): I wish to thank the hon. member for Kootenay West for having given me notice of this question. In answer I wish to say that we have received such recommendations, and that a committee was set up in 1957 composed of representatives of labour and management, and including in addition experts from the government service and universities. The committee will be holding a meeting next month. I may say that while no formal recommendations have been received, this committee has tendered very valuable advice and suggestions to the officials of my department who are presently engaged in the study of automation.

PAYMENT OF TRANSPORTATION COSTS FOR UNEMPLOYED WORKERS IN LABOUR SURPLUS AREAS

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): I wish to address a question to the Minister of Labour. Can the minister advise the house if it is still the policy of his department to pay transportation fares for groups of unemployed workers in one province who are able to secure employment in another province?

Hon. Michael Starr (Minister of Labour): Yes, providing there is an order in council declaring the area from which the workers are moved to be a labour surplus area.

ADMINISTRATION OF JUSTICE

KINGSTON PENITENTIARY—STATEMENT ON STABBING OF GUARD BY INMATE

On the orders of the day:

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, on Friday the hon. member for Skeena asked me a question which concerned the condition of a penitentiary guard at Kingston who had been stabbed, and the disciplinary action intended for the inmate who stabbed him.

[Mr. Monteith (Perth).]

I am informed that on Thursday morning one of the officers on duty in the psychiatric ward of Kingston penitentiary was stabbed in the back by an inmate who was himself a patient in that ward. The instrument used was a piece of a chisel which had been sharpened. Fortunately the injury did not affect a vital part, and the officer is in satisfactory condition in one of the local hospitals.

With regard to disciplinary action, reports on the inmate involved are being obtained from the psychiatrist, and a decision as to the action to be taken will be made after these reports have been considered.

REPORTED STATEMENT ON EXERCISE OF CLEMENCY

On the orders of the day:

Mr. O. J. Godin (Nickel Belt): Mr. Speaker, I should like to direct a question to the Minister of Justice arising from press articles relative to the rights of parliament and the commutation of sentences by the cabinet. To assist the minister I should like to quote a paragraph containing words purporting to be those of Mr. Justice A. M. Manson in Kamloops, British Columbia, as follows:

> Within recent times there has been commutation in 90 per cent of the cases. I have no hesitation in saying that is wrong—

Some hon. Members: Order.

Mr. Speaker: Is the hon. member asking about the exercise of the right of clemency?

Mr. Godin: No, Mr. Speaker, my point is not as to the exercise or the merits of clemency.

Mr. Speaker: I suggest that the hon. member put his question. He is not supposed to read extracts or give any factual statement more than is necessary to found his question.

Mr. Godin: It is my impression, Mr. Speaker, that the cabinet at the present time has on numerous occasions—perhaps in 90 per cent of the cases—commuted the death penalty to life imprisonment which infringes—

Mr. Speaker: Order. What is the hon. member's question?

Mr. Godin: I should like to know the policy of the government concerning this alleged abuse of the right of parliament, which should decide—

Some hon. Members: Order.

Mr. Speaker: I do not know of any alleged abuse of the right of parliament. There has been no factual background laid for a

question of that kind. As I indicated the other day, the exercise of the prerogative of clemency is not the responsibility of the House of Commons and has never been a subject matter for questions at this stage.

Hon. Paul Martin (Essex East): Mr. Speaker, I wonder if I may be permitted to say something on this subject. I believe what the hon. member was seeking to do through the question and statement he has already made was to point out to the Minister of Justice a statement purported to be made by Mr. Justice Manson. The hon. member was asking the Minister of Justice if he would comment on that statement, which alleged that the right of parliament in respect of the commutation of the death sentence in capital cases was being infringed.

Mr. Speaker: I rather thought that was what the hon. member was trying to do. This does not seem to me to be appropriate. I am afraid he cannot found a question on that basis.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I may ask the Minister of Justice a somewhat different question. The question I would ask the minister is this. Does the Minister of Justice agree with Mr. Justice Manson that the rights of parliament have been infringed?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I would point out that Your Honour has already ruled that questions on this subject are out of order, and of course the hon. member for Bonavista-Twillingate was as out of order as was the hon. member who first tried to ask the question. But since the hon. member for Bonavista-Twillingate, as he frequently does, has succeeded in slipping a question in contrary to the rules of the house—

Mr. Pickersgill: I thank the hon. gentleman for the compliment.

Mr. Fulton: —I would only say to him that I have not seen the report of Mr. Justice Manson's comments. If he did in fact make such comments he would be commenting on something entirely outside his sphere of authority and jurisdiction, and I do not intend to transgress either the rules of the house or the rules of common sense by commenting on a statement which, if made, went beyond the authority of the one making it.

COMBINES INVESTIGATION ACT

BRITISH COLUMBIA—STATEMENT ON PRODUCTION AND SALE OF FISH

On the orders of the day:

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, on Friday the hon. member for Skeena asked a question relating to the Combines Investigation Act and inquired when the statement of evidence regarding the investigation into the production, purchase and sale of fish in British Columbia would be forwarded to the restrictive trade practices commission.

I am glad to be able to advise the hon. gentleman that although the statement has not actually been forwarded, the director expects this to be done in the very near future, since it is now in the course of being mimeographed for that purpose.

As to when the restrictive trade practices commission will hold the final hearings, I am not in a position to say, since this date will have to be worked out by the commission with the different parties when they receive the statement.

ATOMIC ENERGY

NUCLEAR TESTS—INQUIRY AS TO U. K. AND U. S. PROPOSALS

On the orders of the day:

Mr. John MacLean (Winnipeg North Centre): Mr. Speaker, I should like to ask the Prime Minister whether he has any further information to give to the house with regard to the statement which he made last week in reply to my question on nuclear testing.

Right Hon. J. G. Diefenbaker (Prime Minister): The hon. gentleman advised me of his intention to ask this question, and I might perhaps answer it by referring to the progress being made at Geneva, which indicates that there is little hope of the Soviet union agreeing to the cessation of nuclear tests in the atmosphere up to a height of 30 miles and the establishment of a control system to verify compliance with the agreement.

With regard to the proposal made by Prime Minister Macmillan, there is some encouragement in the reaction of Mr. Khrushchev to that suggestion. As the house knows, his view was that in order to overcome the deadlock at Geneva the nations might agree on a maximum number of annual inspection trips which might be permitted in each country to sites of unidentified but suspected nuclear explosions. When the Prime Minister of the United Kingdom was in Ottawa on his last visit he discussed this matter with me. I hope that as a result of the further discussion of this matter and the general reaction shown by Mr. Khrushchev, in the proposal in question there might be achieved a substantial field for agreement.

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Prime Minister whether, in view of the reply of Mr. Khrushchev and the reported conversations the Prime Minister

had with Mr. Macmillan, he is in a position to tell the house whether any formal position has been taken by the governments of the United States and France?

Mr. Diefenbaker: As far as I know there has been no formal position taken. Of course there has been the suggestion that the viewpoint is not entirely or substantially agreeable to one or more of the nations concerned.

INDUSTRY

REPORTED C.N.R. CAMPAIGN TO ATTRACT U.S. CORPORATIONS

On the orders of the day:

Mr. Frank Howard (Skeena): I have a question I should like to direct to the Minister of Transport; I sent notice to him earlier. Can the minister advise whether Canadian National Railways is at present engaged in a campaign directed to executives of United States corporations and designed to attract industry to Canada, especially that portion of Canada near the railway lines of the company?

Hon. George H. Hees (Minister of Transport): I want to thank the hon. member for giving me notice of his intention to ask this question. However, it was delivered only just before I came into the house, and for that reason quite naturally I have not been able to get in touch with the management of the Canadian National. I will do so and give the hon. member an answer as soon as possible.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO CURRENT BALANCE IN FUND

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): I wish to direct a question to the Minister of Labour. In view of Canadian Press reports which appeared in most Canadian newspapers on Saturday, April 25, to the effect that the unemployment insurance fund was now around $600 million and still slipping, can the minister advise the house of the last figure available as to the balance to the credit of this fund?

Mr. Speaker: If the minister has the information it might save time, but this is properly a question for the order paper. It is seeking purely statistical information.

Mr. Robichaud: Mr. Speaker, the question was directed in order to correct the figure in Saturday's papers, which I think is incorrect.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I agree with you that the question should be put on the order paper, and I would suggest to the hon. member that he advise the newspaper in which he read the report that the figure is incorrect.

[Mr. Martin (Essex East).]

BRITISH COLUMBIA

REPORTED EXCHANGE OF LAND WITH U.S. FOR PANHANDLE CORRIDOR

On the orders of the day:

Mr. Frank Howard (Skeena): I have a question I should like to direct to the Prime Minister, and I have sent him notice. Has the attention of the Prime Minister been drawn to an article in the April 25 edition of the *Financial Post* to the effect that the premier of British Columbia is intending to trade a portion of northern British Columbia to the United States in exchange for a corridor through the Alaska panhandle? If so, will he comment on this report?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the hon. gentleman sent me the clippings in question, and from an examination it appears to me that the status of the matter as reported in the press is that a member of the legislature of British Columbia has made a statement; but there is no indication, as I read it, that any attention is going to be given to the matter until the return of the premier of British Columbia from his vacation.

As the house knows, there are a number of bills on this general subject before the United States congress. One of these, I understand, would authorize the leasing on long term to Canada of a corridor through the Alaska panhandle. It is not considered very likely that the bill will be passed.

With regard to the general question of whether British Columbia is constitutionally capable of entering into an exchange arrangement, without expressing a legal viewpoint on the matter, not having consulted the law officers of the crown, I must say that I do express unequivocal doubts as to the constitutionality of such a move.

TRADE

LEAD AND ZINC—FURTHER STATEMENT ON CANADIAN REPRESENTATION AT INTERNATIONAL MEETING

On the orders of the day:

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, on Friday last the hon. member for Ottawa West asked if I would give the house a list of the personnel attending the United Nations lead and zinc conference which opens in New York tomorrow.

The Canadian delegation will be led by Denis Harvey, director of the commodities branch of the Department of Trade and Commerce, who also led the delegation to the lead and zinc conference at Geneva and the copper and lead and zinc conferences in London in September. He will be accompanied by J. M. Rochon, chief of the metals and minerals division, J. R. Downs of the international trade relations branch, both of the Department of Trade and Commerce, D. B. Fraser of the minerals resources division of the Department of Mines and Technical Surveys, L. D. Hudon of the economic and international affairs division of the Department of Finance and J. G. Hadwen, second secretary of the permanent mission of Canada to the United Nations in New York.

There will be an important group of industry advisers accompanying the mission, including C. O. Buchanan of Hudson Bay Mining and Smelting Company, M. A. Cooper of Manitou-Barvue Mines Limited, J. F. M. Douglas of Consolidated Mining and Smelting Company Limited, G. A. Gordon of Canadian Exploration Limited, R. Hendricks of Consolidated Mining and Smelting Company Limited, C. C. Muir of Waite Amulet Mines Limited and A. O. Wolff of Consolidated Mining and Smelting Company.

Mr. Harold E. Winch (Vancouver East): May I ask a supplementary question. Are there no trade union members on the delegation?

Mr. Churchill: The delegation was not selected by the government at all, with the exception of the representatives from the various departments.

SUPPLY

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee of supply.

DEBT MANAGEMENT AND MONETARY POLICY

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I think perhaps it would be well, at the outset of my remarks on this motion, if I were to recall to the minds of hon. members the reason we are dealing with a motion to go into committee of supply this afternoon when it was indicated on Thursday that we would be dealing today with certain other matters on the order paper. It will be remembered that on Thursday evening the house leader announced in some detail the expected order of business for Monday and Tuesday, which had been arranged through the usual channels. At the opening of the house on Friday morning the hon. member for Assiniboia (Mr. Argue) sought to move the adjournment of the house to discuss a matter of urgent public importance, namely the announcement made the day before of an increase in the Bank of Canada rediscount rate to an unprecedented 4.9 per cent.

In the course of the discussion which followed with respect to whether or not the motion to adjourn the house was in order the Prime Minister announced that the government would go ahead today with a supply motion. It will be recalled that that announcement was made notwithstanding that it had previously been arranged that the next supply motion would not be proceeded with until next Monday.

Mr. Green: On a question of privilege, in giving this explanation I think the hon. member should make it accurate and full. The Prime Minister's statement was only made after the hon. member for Laurier (Mr. Chevrier), speaking on behalf of the official opposition, had made a rather bitter statement in which he used these words—

Mr. McIlraith: I was going to quote them exactly.

Mr. Green: He said:

> It is a matter which was brought up by the hon. member for Welland prior to the orders of the day yesterday, and certainly it should receive the proper discussion to which a matter of this importance is entitled, and that discussion would be carried on under the motion which has been made by the hon. member for Assiniboia.

The Prime Minister's statement was only made after the strongest—

Mr. McIlraith: Mr. Speaker, I have some rights. There is no point of order.

Mr. Speaker: It seems to me that this discussion is entirely out of order. The motion is to go into committee of supply, and I take it that it is open to the hon. member who has the floor to launch into a fairly broad range of subjects but not into something that is past history and is clear on the records of the house.

Mr. McIlraith: In framing my proposed amendment, which I hope to come to in due course, I was seeking to explain exactly one part that will be involved in the motion. I would point out to you, Mr. Speaker, that I was taking no objection whatever to the proceedings on Friday. I was not dealing with that at all. The Minister of Public Works was completely out of order, as a matter of fact, and he interrupted me as I proposed to quote the exact words the Prime Minister used. I think the point will be clear if I may be permitted to make my statement, and I shall quote those words. This has to do with the framing of my own proposed amendment.

Mr. Speaker: If what the hon. member is saying leads up to an explanation of his motion, then I ask him to proceed.

Mr. McIlraith: It does, Mr. Speaker; that is the whole point. Now, so there will be no confusion in the mind of the house leader—

Mr. Green: There is no confusion in my mind; it is only in yours.

Mr. Martin (Essex East): I doubt that.

Mr. McIlraith: In any event, we will see where the confusion is. The exact statement of the Prime Minister is to be found at page 3012 of *Hansard* for April 24, 1959:

> However, in view of the argument which has been advanced I suggest that every opportunity will be given on Monday. We will certainly provide a motion to go into supply, so the argument advanced by the hon. member for Laurier is met.

Then, what was that argument? The argument was based on two main points. One was the importance of the matter. The hon. member for Laurier said it was

> —a very serious matter that will affect the rights of everyone in this country.

This was one point. The other was in answer to an argument put forward by the Minister of Public Works that an opportunity would be provided to discuss this matter on the budget resolutions. It was at that point that the Prime Minister announced there would be a supply motion, and made the announcement in the terms I have indicated.

Now, what I propose to do is take the Prime Minister at his word and deal with this, among other subjects, on the supply motion that is now moved.

Mr. Diefenbaker: The question of discussion requires that the hon. member also read what I said at page 3013, which clarifies the situation.

Mr. McIlraith: I will read as much as the Prime Minister likes. I quoted the remarks he made when he first spoke, as recorded at page 3012. He said:

> However, in view of the argument which has been advanced I suggest that every opportunity will be given on Monday. We will certainly provide a motion to go into supply, so the argument advanced by the hon. member for Laurier is met.

Perhaps I do not need to quote the remainder of what appears on page 3012. At page 3013 he said:

> No, not at all. There was no such suggestion. I said the opportunity would come on Monday, but as far as the rules are concerned the question still remains as to the propriety or regularity of such a motion.

Well, I see nothing in that which adds to or detracts from what I said.

[Mr. McIlraith.]

Mr. Green: Again on a question of privilege. Mr. Speaker, may I say that the hon. member is omitting to read the last sentence of the statement by the hon. member for Assiniboia (Mr. Argue) on page 3013, which says:

> —since he has suggested that we have a supply motion on Monday with this very kind of amendment under discussion.

Mr. Martin (Essex East): I rise on a point of order. This intervention by the Minister of Public Works now is not in order. The hon. gentleman is making a speech, and these interruptions are certainly outside the rules of this house.

Mr. McIlraith: I take it that it will surprise no one when I say that I take a somewhat different approach to this matter from that taken by the hon. member for Assiniboia. I think that is a reasonable assumption, and surely the Minister of Public Works will not argue that is out of order, or raise another question of privilege. While our grievance, as I say, includes the subject matter sought to be raised by the hon. member for Assiniboia on Friday, it is on wider and somewhat different grounds. The motion I propose to move at the close of my remarks will however give that hon. member ample scope for the observations he may wish to make.

What I propose to do is to ask the house to express its regret at the ill-conceived and irresponsible action of the government in the field of debt management and monetary policy. We believe that these ill-conceived and irresponsible actions have had many unfortunate consequences for the Canadian people. One of those consequences, of course, is to be found in the rise, since the budget debate was concluded, in the bank rate to an unprecedented 4.97 per cent on April 23. This is the matter the hon. member for Assiniboia sought to raise on Friday.

However, as I said, that is only one of the unfortunate circumstances of the management, or perhaps I should say mismanagement, by the present government of its monetary policies. Perhaps I should say something at the very outset, in developing this subject, about the biggest operation of all in debt management in the past year, or since the present government came into office; that is the conversion loan. I should say something about the errors in concept and the inequities associated with that refunding operation. It will be recalled that the conversion loan was undertaken to replace the fifth, sixth, seventh, eighth and ninth victory loans which were to mature in January, 1959; June, 1960; February, 1962; October, 1963, and September, 1966.

It will be recalled further that all these victory loans bore interest at the rate of 3

per cent per annum. With the exception of a right which holders of the fifth and sixth victory loan bonds had to subscribe for a new short term issue maturing in December, 1961, at 3 per cent, the new bonds were to mature in 1965, 1972 and 1983, and they were to bear interest at 3¾ per cent; 4¼ per cent; and 4½ per cent, respectively.

In the first place the minister, in explaining the inclusion of these victory loans in his refinancing plan, dealt with maturities and pointed out that there was a call feature included in the last three issues. He argued from that fact, if I understood him correctly, that the maturities did not really extend up to eight years but rather, for all practical purposes, should be considered as three years. Well, that was, as I have said, his reason for including the last three victory loans, the seventh, eighth and ninth; and it was wrong. There was an error in calculation on his part in assuming that any investor would consider the maturity of those loans as all coming within three years; in other words, in assuming that any investor would consider that those bonds would be called at the end of three years.

He explained that interest rates were rising. At the same time, in making that explanation he was trying to suggest that the government would withdraw from circulation bonds which bore the lower rate of interest, namely 3 per cent. No investor would expect that to happen. No prudent government would do it unless there was some other very substantial reason for doing it. Therefore he was wrong in his assumption that the investor would assume that those bonds had an effective term of only three years.

Mr. Fleming (Eglinton): That is the assessment the market puts on them.

Mr. McIlraith: I am just arguing the point; I am trying to interpret the minister very accurately and carefully. I have checked his speeches. In any event, there was a very easy way of removing that doubt and fear from the investors' minds. Since the minister knew the current interest rate was higher, he could have removed the fear by the simple announcement that he did not propose to call those bonds, that the government was not going to call those bonds. We would then be in the position where the bonds would mature on the dates indicated on the bonds. The minister's treatment of them on any other basis was quite wrong. It could easily have been corrected by that simple announcement on his part. That was the first serious error the minister made concerning the conversion operation.

Then, of course, in connection with the conversion operation there is the whole matter of cost. I hope the minister will follow these figures; I think I have taken them accurately from his own statements. It will be recalled that the conversion loan cost by way of cash adjustments the sum of $42,500,000; by way of issuing fees the sum of $7 million; by way of commission to sales agents the sum of $20 million; by way of advertising the sum of $1,500,000, and by way of administrative costs the sum of $1,225,000. It will be recalled also that the added annual interest charge on the moneys being borrowed is in those early years some $58 million; that is by way of added interest charge alone. In addition to this additional interest charge there is the additional annual amortization charge. I admit a little confusion in getting what that is from the minister's figures, but I take it to be approximately $7,500,000. In other words the cost in added annual charges is something of the order of $65 million a year.

To show how needless part of this added cost was I should like to point out one feature pertaining to the ninth victory loan. If it had not been converted but had been left to carry on until maturity in the ordinary way, the interest charges saved on this portion of the national debt borrowings would have been $165 million; that is, $165 million in interest alone less than the amount the government agreed to pay by reconverting that issue. This is to me an enormous sum of money to add to the tax structure of this country, to put as a burden on the taxpayers because of the mistake in judgment of the Minister of Finance in including this victory loan in the conversion operation.

I am aware that the interest rates were rising at the time the conversion loan was undertaken. I do not for a minute deny that they were rising here and in the United States, but this question remains open to be settled. In my view there is no doubt at all but that some part of this increase in the interest charge is the minister's own responsibility, due to his failure to adopt proper monetary policies and in the general budgetary field since he took office in June of 1957. This raises the interesting point as to whether or not the minister should have undertaken the conversion loan at the time he did; or, indeed, if he was going to undertake it then, surely he owed a duty to the country and to the taxpayers to have more appreciation of the part his own responsibility as Minister of Finance and his own actions as Minister of Finance would have on the interest rate. That is particularly true as far as it pertains to his management of the national accounts.

He may well ask—perhaps he will not argue it—how did his actions have any bearing on the rise in interest rates? They certainly did, because you go back in these things to what seems to be one prime factor, namely the confidence of the investing public in his administration. I cannot help but recall to his mind now the impact of his failure to deliver a budget in the first parliament in which he had any responsibility as Minister of Finance, his complete failure to deliver any budget during that whole parliament when the Conservative party was assuming office for the first time in 22 years. He would not express his views on monetary policy, or expound his views as to the national accounts and what should be done with respect to these matters. That undoubtedly did much to destroy the confidence of investors in Canadian government securities.

Perhaps I need not pursue this, but I can follow through with his actions time after time in the almost two years during which he has had the responsibility of Minister of Finance. Indeed, in this I do not wish to single out the Minister of Finance only. It is a responsibility that must be shared by his colleagues in other departments with respect to these budgetary and financial matters.

There is another interesting facet to this. There is the whole attitude of neglect of this subject by the present government. For some reason, which I for my part have never been able to understand, the Tories seem to regard this subject as not worthy of the most serious attention. They treat it as if it was something less than a very big and difficult subject confronting them. As an illustration of that I would draw to your attention, Mr. Speaker, that in the budget of 1958 the minister devoted a good deal of his time to the subject of debt management, with no inkling of what was coming. Just after that he switched quite suddenly from anything he had said on the subject of debt management and announced a conversion loan. It was to be on such a scale that he used on one occasion the term "gigantic"; in any case, it was to be very large. The lack of confidence in government bonds has been contributed to in large measure by the government's own actions and by the continuing prospect under the present government of successive deficits.

There is another feature about the high interest charges on such a large operation as the conversion loan, and that is that it has saddled this country with a base interest rate of some 4½ per cent for the next 25 years.

Mr. Fleming (Eglinton): What does the hon. member mean by a base rate? The hon. member does not mean it is an average rate?

[Mr. McIlraith.]

Mr. McIlraith: No, I do not suggest an average rate. I mean the government, having undertaken such a large conversion operation in issuing these long term bonds at a 4½ per cent interest rate, if it was unnecessary to do it on such a large scale at that rate, or if that rate was contributed to by the government's own actions in its management of related matters, then it has the effect of making it difficult for governments to borrow easily below that rate within that term. It does tend, I think you will agree, to raise the whole basis on which government borrowings will be carried on.

Mr. Fleming (Eglinton): Would the hon. gentleman be a little more fair and relate the interest rate to the maturity in question? A 25-year maturity in these circumstances is not comparable with a shorter maturity.

Mr. McIlraith: I do not see that is differing in fact from anything I am stating. The minister's point is not a point of order or of privilege. If the minister wants to argue that he will have his opportunity to do so. In the meantime it is my argument. These things are somewhat technical, and if I make any error in factual matters at any point I am happy to have him interrupt me; otherwise I do not think he should interrupt just for the purpose of stating an argument he may wish to advance.

There is another serious error in this whole conversion loan operation, and that is the effect of the government's policy in having the Bank of Canada undertake to buy the victory loan bonds at par; that is, at the time the conversion was being undertaken. It will be recalled that this whole operation was undertaken when the New York bond market had gone down sharply, or was in the process of going down, and the Canadian market was following in the same general trend. The government, in my view, made a serious error in establishing an artificial market for the victory loan bonds which it was seeking to convert. The creation of this artificial market at that time had very serious repercussions, and I will seek to develop those later in my argument. As a result, great numbers of holders of victory loan bonds did not convert their bonds into the new bonds but sold them for cash, and by that method took what I think I can show was a windfall capital profit of a very sizable nature. In some cases I guess it was five or six points, but a very substantial matter. That was made possible by the action of the government, and it was really in effect a capital bonus to those persons who were astute enough to see what the government's policy was. It was a bonus to those persons

who did not contribute to achieving the objective of the conversion operation.

Then during the operation another facet was that the Bank of Canada, by purchasing these bonds from individual holders, did so at prices, as I have said, higher than those which had been prevailing in the market, in fact at prices which were fairly sharply higher. It was a purely artificial level which applied to these victory bond holders. At the same time the government was attracting the savings of other less experienced Canadians who, due to the pressure of the campaign, were induced to invest their savings in government bonds at prices which subsequently have been shown to bear no relation to the real market value, because they were held above the real value by this artificial means. These people who took the windfall I have spoken about can now buy the new bonds under the conversion loan at a much lower rate, and they have been put in that position by not answering the appeal of the government in this very important matter.

Now, how many Canadians, under the urging of the advertising campaign and other propaganda used and paid for by the government, bought these higher interest bearing bonds at par? Unfortunately some of them have gone down as low as $92.50; they are down very low. It seems to me on that account alone that the government should indeed have a very bad conscience in having placed these artificially high values on the bonds. It seems to me that is something about which the government should concern itself in great measure.

There is another phase to this. It seems to me that because these bond prices were established at an artificially high level for the purpose of the bond conversion—an artificially high level bearing in mind the depressed condition of the bond market at that time—and because the issues I have mentioned were included in the conversion operation although they had several years to run that the conversion was bound to be a failure notwithstanding the language of the Minister of Finance. When I say it was bound to be a failure, I mean not so much in the premise of the number of bonds converted—that is not the point I am seeking to make—but in the light of the objectives of the conversion loan. As I indicated a moment ago, during the conversion loan the Bank of Canada acquired a very large volume of victory bonds for cash. The reason for that I have indicated; it was simply because they fixed an artificially high value at that time.

In order to curb the consequent increase in the cash reserves of the chartered banks, and because of the acquisition of these victory bonds, the Bank of Canada had to sell treasury bills and short term bonds on the market. I want to develop this thesis a little further. The Bank of Canada at the end of the period during which the conversion loan was offered converted large amounts of its victory bonds into new long term conversion issues. As a consequence the average term of its portfolio was largely changed by being very substantially lengthened. In a moment I want to take the actual figures.

I am glad to see the Minister without Portfolio (Mr. Macdonnell) is interested in this matter. I think it is something he appreciates and follows most attentively, and I appreciate his interest in it. As a consequence of what I have described, the average term of the Bank of Canada's portfolio was substantially lengthened. I will give figures in a moment to prove this contention. This, it will be seen, materially reduced the capacity of the Bank of Canada to carry out open market operations in short term securities.

Let me point out to the hon. gentleman that as at December 31, 1958, the Bank of Canada held $1,326 million worth of bonds with a maturity date over ten years, which was some $1,113 million more than it held at the beginning of the year. This information will be found, if the minister wishes to check my figures, on page 91 of the Bank of Canada statistical summary for March, 1959. He will see there that at the end of December 1957 the bank's holdings of maturities of a term longer than ten years were $213.3 million but that at the end of December, 1958 the Bank of Canada's holdings of such maturities had increased to $1,326.4 million—an increase by more than six times in the course of a year. That is, the bank's holdings of bonds having maturity terms of more than ten years was multiplied more than six times in the period between the end of December 1957 and the end of December 1958.

In this connection I want to suggest one thing to the Minister of Finance. He spoke about the victory loan bonds overhanging the market. Let me suggest to him that it is these very large holdings of long term bonds by the Bank of Canada which are overhanging the market today. These long term bonds in the Bank of Canada's portfolio are a dead weight overhanging the market. They are, to a considerable extent, undermining confidence in the stability of long term bonds and in the level of bond yields. I think the minister will agree with that.

Mr. Fleming (Eglinton): I disagree entirely as to the effect.

Mr. McIlraith: Well, the facts speak for themselves. If the minister wants to draw a different conclusion it is open to him to do so.

Mr. Martin (Essex East): The minister is a prejudiced witness.

Mr. McIlraith: In any event, investors in Canada consider that they do constitute a dead weight hanging over the market today, and in their minds at least this is a matter of some consequence.

There is another consequence of this wholly unsuccessful conversion loan that I wish to draw to the attention of the house, namely the undue expansion of the money supply. It is clear from the Bank of Canada's report that in order to carry out the loan of May 1, the loan of $950 million, it was necessary to expand the money supply by a substantial amount. That is how I read the Bank of Canada report. This loan was a prelude to the conversion loan and both loans had the same characteristic; that is, that the money supply was expanded in order to facilitate each of them. During the period of the conversion loan the money supply, that is the total currency and chartered bank deposits, expanded from some $12,385 million to $13,098 million—an increase of some $713 million in two months.

The story of this increase in the money supply will be found in considerable detail at page 99 of the March statistical summary of the Bank of Canada. The figures are quite interesting. They certainly support the thesis I am advancing, and I think they are capable of no other interpretation than that these two bond issues brought about a direct and very sharp increase in the money supply, an increase which might be described, as unprecedented in peacetime.

Whatever the views of the Minister of Finance may be in this connection, the investors have shown a pronounced lack of confidence in the bond market. The hon. gentleman has claimed that his loan issues have had the effect of stabilizing the bond market. My view is that they have had the very opposite effect and that the minister's claim is totally unfounded. The effect of the conversion loan was to undermine confidence in the bond market.

There is another interesting facet of this subject. The Bank of Canada has been obliged to take active steps to support the market for the long term conversion loan. Such an operation could not be successfully carried out at a time when there is an underlying lack of confidence in the market without the bank acquiring, and ending up with, large holdings. That is exactly what took place last fall, and during the fall months the money supply was further expanded by some $300 million.

Mr. Fleming (Eglinton): Last fall?

Mr. McIlraith: Yes. I have the figures here and I can put them on record.

Mr. Fleming (Eglinton): You are wrong about that.

Mr. McIlraith: No, I am right. I can put the figures on record and perhaps, if the minister is in doubt about them, I should do so.

The total currency and chartered bank deposits, as indicated at page 99 of the March statistical summary issued by the Bank of Canada, is shown on December 31, 1957 as being $11,923 million, and the total at December 31, 1958, is shown as being $13,247 million. I used the term "last fall". If the minister will look at the figure for the end of September he will find it stood at some $13,022 million, and that at the end of October it was $13,347 million or an increase, in a 31-day period, of some $325 million. I do not know how there could be stronger evidence in support of my statement than that.

Mr. Fleming (Eglinton): The hon. member said "the fall". The fact is that from the first of October there was no increase in the money supply at all.

Mr. McIlraith: Let me repeat the figures, Mr. Speaker, because I think the minister has not followed the details given in the statistical summary. At the end of September the figure for the total currency and chartered banks deposits stood at some $13,022 million. At the end of October the figure was some $13,347 million. That is an increase of $325 million in the 31 days of October alone. I do not know what could be more pronounced than that. What the minister has apparently lost sight of is the fact that later on in the year the money supply remained comparatively constant. If he will bring his figure up to the last date I have here, March 25, he will find that it is some $13,219 million. This shows that to support the conversion issue itself the government in effect had to increase the money supply. I think the minister will agree with this conclusion which may be drawn from the figures I have just quoted.

Apparently confronted with the dilemma of having to continue to support this long term conversion issue the bank withdrew its support and let the conversion issue find its own level. Let me point out that when it got itself into the position I have described the bank, considering the obligations imposed on it by the law, withdrew its support. How those bonds went down. It was a pretty cruel

blow to the individual bondholders who had accepted at their face value the very stirring and rousing appeals made by the government for them to convert to those issues. Their reward was a reduction in price in some cases to as low as $92.50.

I always understood that one of the prime objectives of this loan was to clear the decks to enable the government to finance its cash deficit of some $1.4 billion of additional money which it required to raise. I think that is a fair statement. The government would have liked to finance that additional new borrowing by selling bonds to the general public and to avoid sharp and abnormal increases in the money supply. I believe that is a fair statement of the objectives. However, as I have indicated, in order to dispose of the May 1 issue and make the conversion loan appear to be a success according to the way the Minister of Finance viewed it, the government did the very thing it tried to avoid. It expanded the money supply to the extent of some $1,467 million between the end of March and the end of October; that is in the period it was financing the bond issue of May 1 and the conversion loan.

Mr. Fleming (Eglinton): Does my hon. friend say that the government expanded the money supply?

Mr. McIlraith: Technically it was done through the Bank of Canada. That was the effect of this policy. The government produced this situation by its wholly wrong concept of what should be done with respect to the conversion loan. I say that is certainly a direct consequence of the government's action in following the course it did in the circumstances existing at that time. This matter of financing bonds by creating a new money supply is a dangerous proposition. In my view this situation was brought about largely by the government's own action, its whole monetary policy, its sins of omission and commission, its public policies, as well as its mishandling of the national accounts. The point I want to make clear is that the conversion loan resulted in this expanded money supply and did the very thing it was supposed to avoid. In other words it failed in its major objectives.

Another thing it did in addition to what I have mentioned is that it failed completely to restore the confidence of the investing public. For instance, in October and December the government offered new bond issues. If the minister will check the figures he will find that those operations resulted in a loss to the bond buyers. I think he will agree that prices have gone down on those issues.

Mr. Fleming (Eglinton): But that does not mean a loss.

Mr. Martin (Essex East): It is certainly not a gain.

Mr. McIlraith: Of major significance is the fact that it is not the kind of thing that creates confidence in the investing public. It tends to make the investing public lose confidence in this government's method of handling monetary policies and in this bond issue. That atmosphere of disillusionment among the people who would normally invest in bonds is a very serious thing. It spread generally among individual bond buyers, corporation treasurers, insurance companies, the holders of bonds generally; and in my judgment based on reading their accounts it spread through the commercial banks all across the country. As I have said, it was due to a considerable degree to the raising of hopes by government spokesmen and the subsequent dashing of those hopes after the bonds had been purchased.

Let me illustrate my point. I believe the government itself has been somewhat infected by the loss of confidence in what it is doing. We observe that the government has done some unusual things in bond financing. Allow me to deal with one of them. I am seeking to illustrate the uncertainty of the government's policy in the monetary field. Let me take the bond issue maturing April 1, 1960. It was a $2\frac{3}{4}$ per cent issue, issued at $97.90 and the effective yield, I believe, was 4.76 per cent. It was issued for a term of thirteen months. Permit me to point out a little side repercussion of that bond issue which also tended to undermine confidence in the government's policy in this field.

The effective yield may be stated to be 4.76 per cent, but the effective yield to an investor who is in the 50 per cent income tax bracket is something quite different again. The yield provided by that bond is exactly the same as if such an investor bought at par a bond bearing an interest coupon of 6.6 per cent per annum. If anyone doubts how that works out I could place it on the record, but I believe it is quite clear. If you take the portion of the increase in capital within the thirteen months—that is 12/13 of that figure—and take that portion of the net gain of the purchaser together with the interest which he has at the end of the year, after taking his 50 per cent income tax off, you will find he is in the same circumstances as if he had bought a bond at par but having a yield of 6.6 per cent. In my opinion that is something that the government should not be proud of. It is not the kind of thing that creates confidence in investors although to a few investors it is a very fortunate circumstance.

Mr. Fleming (Eglinton): The Liberal government did it many times.

Mr. McIlraith: The Liberal government did not do it many times. I want to clear up that canard once and for all. I expected that interjection. If the minister will check the records he will find that when the Liberal government issued bonds below their face value, as indeed it did on many occasions, the bonds were of long term, the interest rate was lower and there was no such windfall to be made out of them. There were no 13-month or other short term bonds of that sort issued in that way by the Liberal government. I am glad the minister interjected because it gives me the opportunity to answer that canard once and for all.

There is another side to the operation of this particular issue of bonds. The minister does not explain that by that method the tax collecting authority, the Minister of National Revenue (Mr. Nowlan), receives a little less in tax collections than he would if interest were payable on the whole gain of the persons who bought the bonds. Therefore, in effect the tax load is distributed over those persons who did not buy the bonds because they are in the smaller income tax brackets. Surely the minister is not very proud or happy about that.

As I have said, the general public have been losing confidence in the government's ability in this field. They have lost all confidence in the worth of the bonds under present government management. That seems to me to be a very serious thing. These people were promised a good thing in buying these bonds. They were subjected to an abnormally intensive selling program. Perhaps it could be more appropriately described as ballyhoo but in any event there was a very strong, intensive selling program. The people were told that it was in the national interest to convert and that it would fight inflation. Surely in all this there was some implication that the bonds would maintain their value.

But we find now that the measures used in this whole transaction not only did not fight inflation but were directly inflationary. The fear of inflation has not subsided. The national interest in this respect has not been served by the conversion loan. Rather, the national interest has been dealt a cruel blow by this aspect of the conversion loan.

I indicated that we have had a very substantial increase in the money supply. In addition, I want to point out that for all practical purposes new borrowings in the year 1958 amounted to $1,360 million. As set out on page 7 of the Bank of Canada report, that amount is made up of some $1,250 million in new direct and guaranteed securities and to be added to that is the figure of $110 million representing the reduction in the holdings in government accounts. The minister can argue whether the correct figure should be $1,250 million or $1,360 million; it is open to argument but the explanation is to be found on page 7 of the Bank of Canada report. In any event, it is a very large figure.

But during the same period of time when the increase in borrowings was taking place the money supply increased by $1,324 million, from $11,923 million at December 31, 1957 to $13,247 million at December 31, 1958. The increase of $1,324 million in the money supply is very close to the amount of new government borrowings. In fact, it is almost identical. In the light of that fact, I confess I was completely unable to understand the argument of the Minister of Finance (Mr. Fleming) in his budget speech this year when he tended to indicate that government borrowings over the year as a whole had been achieved largely in a non-inflationary manner. So that the minister will understand my reasoning I refer him to his own budget speech, page 2415 of *Hansard*, where he will find he made that statement. I do not know anything that could be more inflationary than an increase in the money supply of that magnitude at that time, an increase in the money supply almost identical with the total borrowings of the government in the same period.

The government has produced another economic paradox by its monetary operations. At the same time as the sharp increase in the money supply, which many would term as easy money, we have had a sharp and very large increase in the interest rate. In popular terms we have what may be called easy money and dear money both at the same time. We have today the highest bank rate in the country's history with all its implications, all its ramifications with respect to government borrowings in the future, the high interest charges that will have to be paid on such borrowings and the effect it will have on provincial and municipal borrowings and borrowings by the private sector of the economy.

My goodness, when the members of the present government were in opposition I used to hear them argue about the evils and consequences of high interest rates. I often wonder what they think about that matter now. I will not embarrass them today with all their arguments on the subject but they are many. Indeed, if they believed those arguments they must be having a very unpleasant time now.

But we have this paradox. The last treasury bill rate announced was 4.72 per cent, an all-time high. I want to point out that the rate is very high compared with the United States rate. I want to emphasize the widening of the gap between the Canadian and the United States rates. I also wish to suggest to the minister that if he chooses to answer he might deal with the extent to which the widening gap is due to a loss of confidence by the Canadian people in the government of our country. I should also like him to contemplate the adverse effects on our economy that the widening gap, in addition to the high rate, may have. Incidentally, the last rate I have for United States treasury bills is 3.10 per cent compared with 4.72 per cent in Canada.

Mr. Fleming (Eglinton): What is the date?

Mr. McIlraith: I have it noted on my copy of the last weekly supplement. I will give you the date in a moment; I have it here. I have not got it in my hand, but I think I can find it later. It was 3.07 per cent the previous date, but I think it has gone up from 3.07 per cent to 3.10 per cent.

I want now to take the minister back to the argument which he advanced in referring to the conversion loan as the foundation for a sound debt management operation. If indeed it was such a foundation, then I want to point out that that foundation has failed miserably. It has contributed to an increase in the money supply to unprecedented high levels and to increasing the interest rate to an unprecedented high level. It is really a foundation to inflation, pure and simple.

The minister talked about reduced federal borrowings to leave room for existing dominion-provincial financing. I can only point out to him that if that is what he is planning to do by his monetary policies, then by his own actions he has left to the provinces and municipalities the right to borrow at extremely high interest rates. They are simply not in a position to do so.

I take the minister's position to be, as he has indicated, that he believes that the rate of personal savings in 1959 will be lower and as we proceed on the road to recovery the business sector will require more funds. If business conditions improve, and I for one certainly hope they do, it is reasonable to expect some liquidation of holdings of bonds by corporations and banks.

In addition to that, the government itself has to face the current requirements of 1959-60. Perhaps before I deal with these current requirements I should point out to the minister another instance of what has taken place under his policy, and that is the virtual removal from the Bank of Canada portfolio of short term treasury bill holdings. If he will look at page 91 of the March statistical summary he will find that during the time when there was a very sharp increase taking place in long term holdings, that is holdings of bonds having maturity of over 10 years, there was a correspondingly sharp reduction in the holdings of treasury bills. This summary indicates that from the end of March, which was just prior to the first borrowings of last year, the Bank of Canada's holding of treasury bills dropped from some $480 million, and dropped almost continuously and regularly, to a low of $6 million at the end of January, 1959. Since then, they have only increased slightly to $161 million at the end of March.

He will find also that their holdings of short term bonds, that is two years and under, have dropped from some $1,009 million at the end of April to some $91 million at the end of March of this year. There has been a similar but smaller drop in the holdings of bonds with maturities from two to five years. In other words, the bank has switched its portfolio to these long term bonds, so that they overhang the market. The bank has taken away from itself the ability to meet its requirements easily to support certain short term issues. The minister will see the seriousness of that dilemma. Incidentally, if he doubts what I have said about the loss of confidence in government bonds, if he will take the corresponding table which I do not propose to put on the record, for holdings by private individuals, he will see that of the total increase of bonds in the hands of the public almost exactly 50 per cent is in Canada savings bonds and short term treasury bills. The public have put themselves in a position where they can deal with short term securities and liquidate them as they see fit.

I was speaking of the requirements for the current year, and in speaking about that I think I must rely on the figures—I hope the minister will just catch these figures before he goes out—given by the minister in his budget speech, when he said that following the replacement of the cash deficit he will possibly have a budgetary and capital deficit of some $850 million. In addition to that, there are the bond maturities for this year, and if we include the maturities of April 1, 1960 the day after the end of the fiscal year the total will be $1,735 million. In other words, the country is confronted with finding this year by way of replacement of existing maturities and for new purposes, additional sums to the amount of $2,585 million, a very large sum indeed.

Well, you may ask how did we get ourselves into this horrible condition? I suggest that same question has been asked in other

places but has not been answered here. For instance, we find that the United States was concerned about some of these problems as far back as a year ago. We find that on August 18, 1958, Mr. Henry Hazlitt, as reported in *Newsweek*, in talking about inflation had this to say:

> It is time to ask some blunt questions of congress and the administration. Do you ever expect the debt to be paid off? Do you ever intend even to reduce it? If so, at what rate? Under what conditions? Are the conditions likely to be realized? Do you intend to pay off either principal or interest in dollars of even present (48 cent) purchasing power, or do you mean to keep short-changing the government's creditors by further depreciation?

Mr. Speaker, in that jurisdiction the President of the United States did indicate that he is seeking to balance the budget; he did indicate other policies that would seek to deal with the problem. In Canada there are also others concerned with this problem. On Saturday I received the eighty-ninth annual report of the Mutual Life Assurance Company of Canada. I find that in dealing with economic matters generally the president had something to say in his report which in my judgment is equally applicable to the problem we are discussing today, namely the minister's actions in the field of monetary policy. I would like to place the quotation on *Hansard*. The president had this to say:

> What can be done toward building a sound national economic policy?

Then, he answered his own question in this way:

> First, aim at improving the psychological atmosphere by making clear that every effort will be made to return sound dollars for the money our governments are now borrowing. This calls for action, not merely exhortation. It is a matter of honesty as well as economic good sense. A heavy responsibility rests on the federal government in this regard, for it is the only debtor which can exercise direct influence over the value of the currency in which its obligations will be repaid.

Mr. Speaker, the government has got itself into this position mainly through its own actions. To meet the problem that confronts us by way of borrowing the minister has told us that he expects the Canada savings bonds will yield about $250 million; but the big question outstanding is as to the policy to be applied in providing for the rest of the requirements. I will admit that the minister is facing a real dilemma. He can either increase the money supply or he can, I suppose, offer still higher interest rates for new government bonds. Let me point out it is quite clear that the governor of the Bank of Canada is opposed to an increase in the money supply at this stage. If we look at page 9 of the annual report we will find this statement:

> The central bank must continue to emphasize its major and essential role of regulating the rate of change in overall monetary supplies in such manner as is consistent with and, so far as monetary action can, will contribute to, sound and sustained economic growth under stable prices.
>
> I believe that monetary policy must strengthen and reaffirm its determination to remain true to the basic principles of sound money.

Certainly that is not what was done last year. It is certain that any material increase in the money supply will produce greater inflation and rising prices. I can only hope that the Minister of Finance will agree with the reasoning of the governor of the Bank of Canada and that the bond issue will not be created out of an increased money supply.

The other method, of course, is providing money by borrowing by paying a further increase in bond yield and that, I think, is going to be pretty unacceptable to the taxpayers and pretty unacceptable to the government.

Mr. Green: Are you in favour of it?

Mr. McIlraith: I am in complete accord with the Minister of Public Works (Mr. Green) that I am not always authorized to speak for the government, and certainly not for this present government.

Higher interest rates have as a necessary corollary to other borrowings that they would discourage private investors, that is private investors who would be borrowers, and they would also put the provinces and municipalities in a wholly intolerable position. This is the dilemma the government is in, largely through its own doing.

There is another method, I suppose, which could be used in dealing with this problem, and it has to do with the demands for money credit allocation. Quite a bit is said about this in the Bank of Canada report at page 7 and onward and I should like to quote some of it:

> If recovery and growth proceed very strongly the demand for money to finance apparently desirable projects—both the desirability and the number of which multiply rapidly under such circumstances—may once again increase more rapidly than the supply of savings and of loanable funds. Under such conditions also the demand for capital and credit for speculative or non-productive purposes would increase and become a strong competitor for money.

I think there can be nothing but agreement with this statement. Then the report goes on, on the next page, to point out that if such scarcity of funds develops it is the government's responsibility and not the bank's to take whatever measures that are taken designed to alleviate the credit squeeze which could victimize any segment of the borrowers or any certain group of borrowers. His exact words can be found on page 9 of the report,

and I have no desire to quote them other than the very last sentence where he says:

> Regardless of the desirability or feasibility of these measures, they are outside the powers of the Bank of Canada.

There is, of course, always another method that could be used and it is interesting to note that Mr. Fraser Robertson, in writing on this subject in the *Globe and Mail* of April 16, had this to say:

> Bluntly, that means that if the government cannot get money, or have money provided for what it considers necessary purposes, on a voluntary basis, it will use coercion.

There is a fourth method, of course, namely that of coercion. I think the implications of such government control over the capital market are not something that we, or anyone in the house, contemplate without the greatest concern, and I would hope that all would agree that this method is to be avoided. Yet the government has created a situation by its own actions which invites questions like these to be raised. It has not outlined to parliament its plans for dealing with our financial difficulties.

Surely, the government, having created the highest deficit in our peacetime history, with the announced intention of having the second highest deficit in the current fiscal year, and with nothing to indicate other than recurring deficits; having created the highest debt charges in the history of Canada; having increased the money supply by the greatest amount in any peacetime year and created doubt in the investing public's minds by these inflationary methods of doing its financing in the last fiscal year; having created the highest interest rates for years and years; having done all these things through its policies owes it to the country and to this house to outline its program and policy in the field of debt management, and its monetary policies.

These difficulties in which we find ourselves in this respect today are, as I have sought to indicate, largely of the government's doings. They have been substantially contributed to by them. I believe that the government is subject to censure for its ill-conceived and irresponsible actions in this field.

Accordingly, Mr. Speaker, I should like to move, seconded by the hon. member for Levis (Mr. Bourget), that:

> All the words after "that" to the end of the question be deleted and the following substituted therefor:
>
> "this house regrets the ill-conceived and irresponsible actions of the government in the field of debt management and monetary policy which have been characterized by:
>
> 1. The errors and inequities associated with the conversion loan:
>
> 2. The highest bank rate since the Bank of Canada was established;
>
> 3. The largest expansion of the money supply in any year since the war;
>
> 4. The greatest increase in peacetime in the national debt;
>
> 5. The highest public debt charges in Canada's history."

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I would like to speak to a point of order, if I may, before the hon. member for Kootenay West (Mr. Herridge) rises. It is in submission quite clear that the amendment which has just been submitted by the hon. member for Ottawa West (Mr. McIlraith) repeats in large measure the amendment which was introduced in this house on April 13 by the hon. member for Kenora-Rainy River (Mr. Benidickson) on the budget. I do not say it repeats it in full but it repeats a good deal of it. Because it repeats a good deal of it, I submit it is clearly out of order. May I remind you, Mr. Speaker, of the language of the amendment introduced by the hon. member for Kenora-Rainy River on April 13, which is to be found in *Hansard* at page 2619, the second column:

> That all the words after the word "that" be deleted and the following be substituted therefor:
>
> "this house regrets the bad faith of the government, which sought and secured support from the Canadian people on a program of lower taxes, reduced expenditures and a balanced budget, and which has now produced, in flagrant disregard of pre-election promises, a budget calling for higher taxes, record expenditures and a large deficit."

Mr. Speaker, we have noted, of course, that in his remarks leading up to his amendment the hon. member for Ottawa West has simply threshed straw which was threshed for eight days in this chamber in the course of the budget debate. These matters were touched on from time to time in discussion.

Mr. Martin (Essex East): Touched on.

Mr. Fleming (Eglinton): Examine, if you will, the language of this amendment. It touches on the conversion loan, the Bank of Canada rate, the expansion of money supply, the increase in the national debt, and then the highest public debt charges in Canada's history. These are all matters associated, Mr. Speaker, with the subject of the attempted indictment in the amendment of April 13: the higher taxes, the record expenditures and the large deficit. Surely, Mr. Speaker, however much effort has been expended to try to devise today an amendment which will somehow steer clear of repetition of any part of the amendment of April 13, the draftsman of this amendment has not succeeded.

For an amendment to be out of order on this occasion, Mr. Speaker, it is not necessary, in the light of former decisions, that it should cover entirely the language and purport of

the amendment of April 13. It is sufficient if it covers part of the area covered by the amendment of April 13. This amendment certainly does, Mr. Speaker. One cannot discuss any of these matters without trespassing again upon the realm of the budget debate and the language, as well as the purport, of the amendment of April 13. Mr. Speaker, in the light of the fact that at least part of the area covered by the amendment of April 13 is covered by today's amendment and that amendment of April 13 was rejected by the house by vote last week, in my respectful submission the present amendment is out of order and I ask it be so ruled.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I wonder if I might be permitted to say a word or two on the point of order raised by the Minister of Finance (Mr. Fleming): I should like to point out that if we look at the terms of the amendment proposed by the member for Ottawa West (Mr. McIlraith) and then compare it with the amendment proposed by the member for Kenora-Rainy River (Mr. Benidickson), as found on page 2619 of *Hansard* for April 13, it is my humble submission that each of the five complaints of the member for Ottawa West could obtain even if you had lower taxes, lower expenditures and a balanced budget. There might be some question as to No. 4, the greatest increase in peacetime in the national debt. However, may I point out that you could have a balanced budget and at the same time have heavy government borrowings on behalf of crown corporations. Such borrowings do not come into the picture as far as a balanced budget is concerned. So each of the five complaints in the amendment of the Liberal party could obtain even with lower taxes, lower expenditures and a balanced budget. Therefore it is our contention that the amendment is not out of order.

Mr. McIlraith: Mr. Speaker, I would like to draw to your attention one matter which seems to have been missed in the argument. The budget has to do with the national accounts and their administration by the government. It is a motion to go into committee of ways and means and is the traditional period in which the minister accounts for the receipts and disbursements of the government. The amendment today has nothing to do with that subject at all and is not couched in language capable of giving it that interpretation. Mr. Speaker, I would draw your attention to the fact that if the argument of the Minister of Finance were to be accepted no further subject matter of any kind could be brought before the house, because in some way or another the subject would have some relationship to something in the budget. It would be utterly impossible to bring any motion before the house for that reason.

[Mr. Fleming (Eglinton).]

However, I would like to draw your attention to the proposed amendment itself. The amendment is concerned with the ill-conceived and irresponsible actions of the government in the field of debt management and monetary policy. Surely it cannot be held that that is the same thing as lower taxes, reduced expenditures and a balanced budget, all of which were talked about in the amendment moved in the course of the budget debate. It is a wholly different subject, Mr. Speaker.

It is true that the mismanagement we allege in debt financing could indirectly affect the budget, but it is a wholly different subject matter. The amendment is one dealing with the field of debt management and monetary policy. Then the amendment gives a list by way of illustration of some of the incidents of mismanagement in that field.

Hon. Howard C. Green (Minister of Public Works): May I add a word on the point of order? The main portion of this amendment which has been moved by the hon. member for Ottawa West (Mr. McIlraith) is:

> This house regrets the ill-conceived and irresponsible actions of the government in the field of debt management and monetary policy which have been characterized by—

And then it goes on to list five so-called examples. But the essence of the amendment is contained in the first three lines. Surely that is an amendment to the budget. The purpose of the budget debate is to discuss these very things and, particularly, monetary policy. That is the essence of a budget debate, and in the attack which was made during the budget debate by the hon. member for Kenora-Rainy River (Mr. Benidickson) he took in effect exactly the same position as that which the hon. member for Ottawa West is taking today. In fact there has been a great deal of repetition in the speech which the hon. member for Ottawa West made this afternoon of what was said during the budget debate. If an amendment of this type, which is really a budgetary amendment, can be moved now, I would suggest that a similar amendment could be moved on the next supply motion simply by using words other than "debt management" and "monetary policy". Surely that was never the intention. The rules of the house provide for one budget debate which is supposed to deal with monetary policy. That debate has been held, and it finished only last week. Now we have another amendment put forward by the opposition which, in effect, I suggest is nothing more or less than a budget amendment and which, as such, is out of order.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to make a few observations based on those which have just been made by the leader of the house. The motion which is made by the minister of finance when he introduces the budget is, as Your Honour knows, that Your Honour should leave the chair. To say that anything said during the budget debate is decided by the house is, of course, not in accordance with the established rules. The amendments to the budget are therefore all that can be considered as limiting the freedom to go into supply, that is, amendments to the budget and any other matters which have already been settled by the house, and it seems to me that the hon. member for Burnaby-Coquitlam (Mr. Regier) and the hon. member for Ottawa West (Mr. McIlraith) have sufficiently disposed of the argument made by the Minister of Finance that there is any conflict between this motion and the motion moved by the hon. member for Kenora-Rainy River. The minister did, of course, refer only to that.

Mr. Fleming (Eglinton): Well, there was also the amendment to the amendment.

Mr. Pickersgill: There was the amendment to the amendment, but there was no conflict there, it seems to me, either. But if Your Honour is satisfied there is no need for further argument I will be very glad to sit down.

Mr. Speaker: I had rather thought, in view of the discussion which took place in the house on Friday, that the house had itself come to the conclusion that a discussion on the problem of interest rates could be expected today, and that caused me some difficulty, because there was a fairly specific subamendment about interest rates which was moved in the course of the budget debate.

Mr. Fleming (Eglinton): April 13.

Mr. Speaker: Yes. And then again, this present amendment does not take that course. There is no mention of interest rates in the amendment as submitted. Therefore, I suppose that that approach to the subject—that this was a debate which the house was expecting—really does not apply.

The point of order that we are entering upon a repetition of matters which have been decided must, I think, be judged in the light of what the procedure is on supply motions. Supply motions give a great deal of latitude for attack on the policy of the government on a fairly broad front, and I think that almost any supply motion would involve monetary and financial problems in some degree. But I am not satisfied from what the hon. minister has said that this amendment cannot be distinguished from the debate which took place on the budget. The budget deals with ways and means. It deals with taxation and expenditures, and the balance of the two. In other words, it is basically a taxation debate. This motion, to my mind, introduces the problem of public debt and public debt management, and it does not seem to me that the two fields entirely correspond. They overlap, it is true, but they are not co-equal, in the sense that the policy of the government with regard to the conversion loan is carried out entirely outside the budget resolutions and reflects independent actions of the government under authority which parliament has previously given.

As I look at the resolution it seems to refer to debt management and monetary policy basically, and the five instances cited have to do with the conversion loan, the public debt, the bank rate, which is not directly involved in the budget—I see I am in error in saying that interest is not involved, because the bank rate is a matter of interest—the expansion of money supply—something which could be independent of the budget debate and budget resolutions—the national debt itself, and public debt charges.

I would think there is scope for a debate on public debt management as distinct from the other fiscal policies which are involved in the budget. In any event, I would be disposed to consider the amendment liberally in view, first of all, of the fact that this is a supply motion and, second, in view of what was said in this house on Friday. In that light I would hope that the opposition to this resolution would not be pressed.

Mr. Fleming (Eglinton): May I draw your attention, Mr. Speaker, to two points, first to the amendment to the amendment which was moved in the budget debate on April 13 and which also covered part of the ground that is sought to be covered in the amendment now submitted. That subamendment reads, as recorded in *Hansard* at page 2623:

> That . . . this house further regrets that the government has failed to present to parliament a planned financial and economic program designed to develop the economic health of the nation by, among other things, (a) reversing the trend of rising interest rates—

That question is presented again today.

An hon. Member: Not at all.

Mr. Fleming (Eglinton): Yes, we have presented to us an attempt at an indictment based upon the highest bank rate since the Bank of Canada was established, which is

part and parcel of the same complaint which was made in the C.C.F. subamendment moved in the budget debate.

An hon. Member: No.

Mr. Fleming (Eglinton): As to what happened last Friday, may I point out that while some things were said about a discussion today, the Prime Minister, as reported at page 3013, was very careful to point out that the rules must, of course, apply with regard to any motion that might be introduced. Here are his words as reported in *Hansard* in the first column of that page. After the hon. member for Assiniboia (Mr. Argue) had attributed to the Prime Minister (Mr. Diefenbaker) what he called a suggestion that we should have a supply motion on Monday on the particular kind of amendment now under discussion, that is, an amendment relating to interest, the Prime Minister replied:

> No, not at all. There was no such suggestion. I said that opportunity would come on Monday, but as far as the rules are concerned the question still remains as to the propriety or regularity of such a motion.

There cannot be any suggestion that so far as this present amendment is concerned there was any agreement on the part of the Prime Minister or anyone else in this house to waive the rules of this house in regard to what is propriety and order on an amendment of this kind.

With great respect it is my submission, Mr. Speaker, that the ground in regard to the issue as to rising interest rates has already been covered by these two previous amendments which have been disposed of by vote of the house.

The final point I should like to mention is as to whether this present matter of debt management was embraced within the scope of the budget. With great respect I submit that was very much a part of the budget presentation. There will be found at page 2411 of the budget speech as recorded in *Hansard* a section extending over two and a half pages devoted to that very subject. The heading there is "Debt Management". That subject certainly was discussed in the course of the budget debate. The Leader of the Opposition (Mr. Pearson) also had something to say about it. This, it seems to me, disposes of any suggestion that we are here today breaking new ground and that the amendment now submitted breaks new ground that was not included within the scope of both the amendment and the amendment to the amendment during the budget debate.

Mr. Speaker: I am inclined to accept the latter argument of the minister that anything to be said on this amendment could have been said on the budget debate but that does not say this amendment is out of order; it points up certain and particular problems.

As I recall the budget debate the hon. member for Welland (Mr. McMillan) was the only hon. member who spoke for any length on the conversion loan and he was in order in speaking there, but this amendment focuses the attention of the house on monetary policy in the sense of the national debt and its management as well as certain other things of a specific character.

I have doubts about the second item in the amendment which refers to the highest bank rate. As I said, I expected that was the course this amendment would take and I realize that anything said on Friday, unless there is an order of the house, does not absolve me from the responsibility of dealing with this amendment on its merits today. I should think the house would understand from what I have said that I am disposed to regard this as a suitable amendment and to let it proceed reserving the right to limit the discussion under the second item of the amendment, because, as the minister has pointed out, we have had a specific amendment accusing the government of failure to act against high interest rates which is what is involved, I take it, in the clause "highest bank rates since the Bank of Canada was established". It may be possible to distinguish those. I would allow the debate to proceed and reserve the right to intervene if I feel that it is becoming a repetition of the budget debate.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I listened with a great deal of interest to the speech of the hon. member for Ottawa West (Mr. McIlraith) and particularly to those comments referring to the one facet of our fiscal problems that concerns us at the present time. I would say that in general this group can support this amendment but I want to make some qualifications with respect to clause 3 of the amendment which reads as follows:

> —the largest expansion of the money supply in any year since the war.

Under our present unplanned economy unrelated to monetary and fiscal policies, that is an evil. In the opinion of this group the expansion of the money supply would be quite a safe proposal if it were related to a planned economic policy and the planned development of this country. With that qualification we in this group can support this amendment.

I was somewhat interested in the failure of the hon. member for Ottawa West to make any alternative proposals with respect to his criticism of the government's fiscal policy.

I am one who is rather inclined to symbolize ideas, groups and things of that sort. While he was speaking I could not help thinking that all three parties in this house could be well represented or symbolized by certain animals. I would say the Progressive Conservatives would be well represented by the porcupine. As we know, they are inclined to climb a tree, look down on the rest of the world and shed their quills when annoyed, as the minister does on occasion. I would say the Liberals would be well represented by the rabbit. They are quite harmless, quite neutral and not given to construction or things of that sort. They are nice as a pet, particularly for children and people with immature minds. So far as our group is concerned it is obvious that there is only one animal by which it could be represented and that is the beaver. It is always building.

As I look over at the Minister of Finance I have memories of him when he was in opposition. At that time I used to regard him as a sort of symbolized connoisseur of the evils of waste and extravagance, high interest rates, high taxes and consequent inflation. I used to think of him as the lion rampant of the opposition roaring his demands for the remedy of these evils. According to the records, the last time I heard him roar in this respect was in the budget debate on March 21, 1957. Anyone taking the time to go back and read that debate will be most interested in observing how the minister has changed his tune. He is singing quite a different tune today, now that he has assumed the responsibility of the portfolio of Minister of Finance.

When I witness his present mellow meekness which represents such a marked change, his pallid smile in the face of opposition criticism, it appears to me that the former lion rampant of the opposition has become the minister quiescent. The minister has our sympathy and what we shall do this afternoon is to present constructive alternatives designed to bail the minister out of his very difficult situation. I want him to understand that our policy and program will be presented with the best intentions and in the best spirit.

It may be asked why the minister has our sympathy. He has it because he is the victim of circumstances, caught in the vise of the inherent contradictions of capitalism —I am now speaking as a democractic socialist—and also in the contradictions of the speeches he made while in opposition and those he has made as Minister of Finance. He is caught also by his party's philosophy, election problems and present policies which policies permitted the gain of $165 million by certain people who benefited by the conversion loan and also the looting of the public wealth of this country by certain persons who buy stock and make no contribution to the wealth of Canada at the same time. The minister is also caught in the vise of fixed interest charges, statutory payments and also the present recession and unemployment problems for which this government is not entirely without responsibility.

In the opinion of this group all this results from a system which leaves genuine economic control in the hands of a few people without direct responsibility to all the people in this country. Proof of this I think is clearly provided in the recent price increases, exceeding the tax increases, on the part of certain people who have things to sell in Canada whose actions in this regard were deplored even by the Prime Minister (Mr. Diefenbaker). I wonder what some of the same people would say if all wage earners in this country demanded an automatic increase in wages equal to the increase in taxes and the increase in the cost of living occasioned by the increase in prices by these people who accept no social responsibility to the country as a whole.

There is no question but that unemployment and inflation are the two current, major national problems. As a result of this amendment I intend to deal with the problem of inflation which is more correctly termed a debasement of currency. Whom does it affect? It is a very serious problem at this time which I think is being underestimated in some quarters. It affects all the working people of the country and the real value of their wages. It has affected farm costs and prices and we realized from the representations made by the delegation which came from the prairie provinces recently. It has affected our small business people. It has affected our young people trying to obtain an education. A good many young Canadians were unable to return to universities last fall because they could not obtain employment last summer. It has certainly affected the standard of living of our senior citizens. I am sure all members of the house have had representations in that connection.

To illustrate that point I want to read very briefly from an article in the Ottawa *Citizen* of Thursday, August 16 entitled "Welfare Report; 273,000 Ontario Aged In Impoverished State". It reads in part as follows:

> Between 180,000 and 273,000 of Ontario residents over 60 are living below a subsistence level, it was estimated yesterday.

This is largely occasioned at the present time by the increases in the cost of living and the low standard of their allowances. I think we should all recognize the fact that persons of small means, small earning power,

small income are always much more seriously affected by inflation or debasement of currency than persons of larger means or big business. Why? Because big business, industrialists or manufacturers, almost always have their entire wealth invested in natural resources or in equity capital which gives them ownership and control of the plants in question. That is why tremendous inflation occured in Germany after the first world war. The Krupps and others, the warmongers generally, suffered nothing. Their interest was in equity shares in their plants. The working people of that country suffered tremendously, and that was one reason why Hitler obtained their support at a later time.

Inflation or debasement of currency is caused by irresponsible, unplanned development, a lack of direction and tempo of investment, government fiscal policy, monopoly regulated prices, which has actually happened at the present time as I will demonstrate later, and lack of markets. Before proceeding with concrete proposals, as a democratic socialist I do wish to mention a few axioms with respect to inflation which we consider is an eruption of capitalism, a periodic disease because of the lack of control by governments of the economic system of the country which they are supposed to govern. I think we should not forget these axioms.

The first, in my opinion, is that value is determined by the amount of necessary labour incorporated in the production of the required amount of a commodity. Second, the production of any commodity over the required quantity does not add any value by way of the excess. For instance, the production of 1,000 tons of potatoes if the market requires only 500 tons will realize only the value of 500 tons. Inflation is not caused by high prices or high wages. Monopolies may vary the price to a limited degree. High monopoly prices tend to reduce the turnover and turnover is one of the most important objects of monopoly. If a commodity is sold above its value, money changes hands at less than its value. The commodity owner, if selling above value, takes a larger share of surplus value at the expense of the buyer capitalist. Sellers of labour power have excess included in their wages, as they have taxes. The eruption in capitalism, known as high prices or inflation, is the immediate effect of debasement of currency.

When we are dealing with this very complicated and difficult question I think we should remember some of these fundamental axioms. We do not suggest for a moment that this problem is an easy one which can be solved over night. We do maintain that, given correct policies, we can gradually work toward a solution of the problem. There are two major schools of thought when it comes to the question of inflation or the present situation which has developed through inflation. The classical school of thought—

Mr. Speaker: May I interrupt the hon. member? There was a debate on the failure of the government to take effective steps to combat inflation on an amendment moved by the leader of the hon. member's group to the address in reply to the speech from the throne, and that amendment was negatived. On a supply motion there was also a debate involving inflation. I would hope that the hon. member could relate his discussion of this problem to the public debt and the items in the amendment.

Mr. Herridge: I intend to do that, Mr. Speaker. I am dealing with inflation at the present time before proceeding to another argument having to do particularly with the largest increase in the money supply in any year since the war. Then I intend to put forward specific proposals. As a matter of fact, it is very hard to deal with monetary problems and policy without covering some previous ground that is related. I was saying that the classical economist sees the remedy to the situation in the arrested development of the economy, the restriction of the growth of social welfare services, a measure of unemployment and high interest rates. That is the classical approach to the situation we are experiencing at the present time.

What is the approach of democratic socialists? While we are conscious of the effect of inflation and the difficulties surrounding the problem, we believe it can be remedied by planned fiscal and economic policies and the planned direction and tempo of investment, which we think is very necessary. There is serious concern with this problem by a wide section of the community. I am sure all members realize that from their correspondence since the session commenced. Such correspondence largely relates, of course, to the increase in the cost of living. In that connection I want to quote from a few articles in various newspapers relating to this subject. I should like to read just the first paragraph from an interesting article in the Manchester *Guardian* of Saturday, February 14, 1959. It indicates the attitude of other countries toward the circumstances existing in Canada at this time. This is what the article has to say in part:

> Canada has been since the war one of the most rapidly developing free countries in the world, and her natural resources make her future economic potential almost boundless. But she is approaching a dangerous cross-roads. Too few of her leaders seem to appreciate, or to be willing to give public warning of, her growing monetary and financial problems.

That is from a very substantial newspaper. I want to quote a comment on an article in *Saturday Night* entitled, "How the Banks Can Halt Inflation." I think it is a very good illustration of how government policy has permitted the banks to benefit from the present situation. It reads as follows:

An enlightening article on "How the Banks Can Halt Inflation" appeared in the February issue of *Saturday Night*. It was from the pen of Kenneth Gouldie. He relates how, prior to 1954, chartered banks were permitted by law to lend $10 in credit for every dollar held by the bank. That was the legal minimum cash reserve ratio. He goes on to tell how the Bank Act was amended in 1954 providing that the minimum reserve ratio be reduced from 10 per cent to 8 per cent. The writer then goes on to tell us exactly what happened as a result of this change and incidentally lets some light in on the way bankers become rich.

The *Saturday Night* article says: "During the first half of 1954 the mean cash reserve of the chartered banks amounted to a total of $894 million and the average amount of deposits (every loan being in fact a deposit) was $8,940 million. But in July of that year, after the legal minimum cash reserve ratio had been reduced to 8 per cent the banks could legally lend $11,170 million."

But that was not all that happened by reducing the reserve. Here is how *Saturday Night* tells it: "By consenting to reduction of the cash reserve ratio from 10 to 8 per cent, parliament then, in effect, made a gift worth $223 million to the shareholders of the chartered banks for which, in the higher prices of everything which Canadians have since bought and now buy, they have paid and are still paying."

I cannot blame the present government for that action. Now that shows that government policy has an effect on the cost of living. There have been some other articles with respect to other persons who have an effect on the cost of living. I want to quote briefly from an article from the Ottawa *Citizen* of March 24, 1959 entitled "Price Increases and Inflation". It is quite brief. At one point, this article reads:

But one of the questions now being raised most consistently in hearings here is that the big steel and auto industries themselves may be equally to blame for unnecessary prices rises, which have helped the inflationary spiral. This view may have some application in Canada, too...

The more conservative economists have been unwilling to assess any blame to industry, but even some of them have admitted that the concentrated heavy industries, by their use of "administered prices", have contributed to the unique situation of the past two years, inflation in the midst of a severe recession. The theory of "administered prices" is that the few dominant corporations in the industry itself have the major control over pricing, rather than the market-place control by supply and demand.

And one noted economist, Gardner C. Means, who with Adolf A. Berle wrote a revolutionary volume on big business in the 1930's, "The Modern Corporation and Private Property", has been testifying to an increasingly interested group of senators that this is an entirely new type of inflation—an administered price inflation.

The heart of the Means thesis, which he buttresses with all kinds of charts and statistics, is that when big price increases come in the concentrated heavy industries like steel, rather than in the more competitive durable goods industries, it is largely because of administered pricing, and the effect of this rolls through all sections of the economy.

Mr. Speaker: I think the hon. member is getting quite a distance away from the amendment. I appreciate what he said about the difficulty there was in discussing monetary policy, and how easy it is for one to wander into many fields. However, there is nothing about prices and inflation in the amendment. The only question in relation to inflation is the money supply, and if he wants to relate his discussion to money supply, he may proceed.

Mr. Herridge: I am coming right now to money supply; I am closer to it than I have ever been in my life before. I do want to emphasize that this indicates there is a possibility of regulated prices by large industries, such as steel, and I think we have to consider that in considering our proposals.

I want to mention a brief that was presented to the government on behalf of the united steelworkers of America concerning steel prices in Canada. On page 2 they suggest the government should require steel producers to make public the actual prices and price changes for all of their products.

Mr. Speaker: I am sorry, but the hon. member does not seem to be paying very much attention to what I have said. He is going on to discuss the question of prices.

Mr. Herridge: Mr. Speaker, if you allow me to continue I can be right there. Now I come to money supply. I am just relating the actions of these companies to the effect on our cost of living and the price increases suffered by persons generally. This amendment moved by the hon. member for Ottawa West deals with the question of the largest expansion in money supply in any year since the war and the highest bank rate since the Bank of Canada was established. I want to deal with those aspects of the amendment, Mr. Speaker.

In order to buttress my argument, I do want to quote from Mr. Reginald McKenna in the *Monetary Times* of April, 1959. This is a very respectable organ, I should think, from a government point of view. This is what he has to say:

History has shown that apart perhaps from wars and religious intolerance no single factor has been more productive of misery and misfortune than the high degree of variability in the general price level. This may sound like an extravagant statement, but so far from being of the nature of a demagogic outburst it is clearly demonstrable from the course of events in various countries ever since money became an important element in the life of civilized communities. A stable price level is a thing to be desired, second only to international and domestic peace.—Reginald McKenna, chairman (president of Midland Bank Ltd.).

Monetary Policy

This is a statement by Sir Josiah Stamp, and I mention this to indicate the use of this very outstanding opinion on monetary policy; I am very interested in quoting from what Sir Josiah Stamp had to say because, on one occasion, I wrote him and he sent me a copy of a book he wrote entitled, "Christianity and the Economic and Social Order". This is what Sir Josiah Stamp had to say:

> When I have said quite seriously, as I have done on a number of occasions, that the problem of price level is the most important single problem of our age, I have been accused either of exaggeration or flippancy. What about trade depression in the basic industries, unemployment, labour unrest, class hatred, high taxation and the rest. My answer is that the problem of the price level is fundamental to a solution of them all.

This matter has been of great interest lately in the United States. I want to quote from the *Congressional Record* of February 26 of this year. There was a long debate on this question, but I shall read only from one or two statements. This is a speech by the Hon. Chester Bowles in the house of representatives, and at one point he says:

> But one point, at least, is clear: If we are to succeed in our efforts to secure peace in the world and prosperity for our own people, we cannot afford to wait for the least likely development of all—for the problems themselves to grow smaller. Instead both we and our economy must grow to meet them.

Then he goes on to say:

> These men have honestly convinced themselves that the American people and their congress must choose between rapid growth with inflation on the one hand or minimal growth with stable prices and some unemployment on the other.

These are the persons advocating a classical approach to inflation. Then, he continues:

> —I deeply believe that those among us who assume that we must accept a slow rate of expansion with some unemployment as the best means of preventing inflation, are gravely misjudging the problems which we face.

He goes on to criticize the whole approach and to suggest some regulation of the monetary system and of the economy, although somewhat limited in its extent. We all know, that former President Lincoln made some strong statements concerning monetary policy and the purpose and place of money in our society. He said on one occasion:

> To what extent has the government a responsibility to protect the currency of the nation?
>
> Money is the creature of law and the creation of the original issue of money should be maintained as an exclusive monopoly of national government.
>
> The monetary needs of increasing numbers of people advancing toward higher standards of living can and should be met by the government. The circulation of a medium of exchange issued and backed by the government can be properly regulated and redundancy of issue avoided by withdrawing from circulation such amounts as may be necessary by taxation, re-deposit and otherwise.
>
> The privilege of creating and issuing money is not only the supreme prerogative of government, but it is the government's greatest creative opportunity.

Then, I want to mention again the words of a former prime minister, the Right Hon. Mackenzie King who said:

> Until the control and issue of money is restored to the government, and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of parliament and of democracy is idle and futile.

We in this group, Mr. Speaker, certainly support this statement, as we have in the past. In our opinion the present situation provides the government with a creative opportunity. We in this group suggest the necessity for a planned national development policy, but at the same time we recognize the fact that the natural resources are under the jurisdiction of the provinces, and the fact that co-operation with the provinces in a program of this type is essential. We believe that is absolutely the first essential with respect to overcoming the situation we are faced with at the present time. We believe the federal government should give leadership in that direction.

Then we believe it is necessary to have a planned fiscal policy. In this connection we believe a national development plan and the accumulation of capital for this purpose should be established. Capital could be provided by bond issues, by obtaining the savings of the people, and this is completely non-inflationary. It is a matter that will have to be explored by this government to its ultimate possibilities and limits.

What has been done to secure the co-operation of the people of this country in support of a national development policy by lending their moneys themselves for projects for which they would be directly concerned? In that connection I think it would be a good idea to appeal to people's local loyalty. You could have a national loan for the South Saskatchewan dam, a national loan for maritime dams, or for maritime development. We have not started to mobilize the resources or to attract the interest of the Canadian people in this direction. We could secure some capital by taxing where appropriate—this is not inflationary—toward a development policy, and we could use national credit through the Bank of Canada under circumstances that will not create inflation. In order not to create inflation it must be directly related to a planned economic policy and to the rate of production.

As socialists we urge the government to consider our common sense proposals which have been proven by experience. We are not just getting up here and talking Utopian nonsense from the government members' point of view, or a lot of tommyrot. The

ideas we are expounding and do expound from time to time with respect to these problems have been proved by experience.

In this connection I want to bring to the attention of hon. members a book entitled: "Norway The Planned Revival", written by Miss Alice Bourneuf. I read this book with great interest, and I recommend it to the members of the house. I may say I was led to search into this problem by my great admiration for the Norwegians both in peace and in war, and I have friends who are Norwegians. I am one of those who recognizes that they have made a great contribution to Canadian development. I have always looked upon the Norwegians as Englishmen who failed to come over from Norway with their brothers to Britain prior to the Roman invasion. I want to bring this to the attention of the house, and to read briefly from the cover blurb:

Her emphasis is on the over-all national accounts aspect of the plans—the program for total investment, private and public consumption, output increases, and import surpluses to be financed with aid or credits. And since monetary, fiscal, and wage-price policies were an important part of Norwegian economic planning, the book devotes considerable time to an analysis of the stabilization program—

This is the sort of program we are suggesting the government should undertake at the present time. I continue:

—the gradual easing of inflationary pressures, the importance of high public savings, and the measures which led to a very high rate of private savings. Also discussed in detail is the problem of maintaining some degree of price-wage stability in spite of rapidly rising import prices, the 1949 devaluation, over-full employment, and a domestic price and wage level held down by means of subsidies and price controls.

Norway's experience is important not only in and for itself, but as a pilot study for other countries engaged in economic planning.

I bring this to the attention of the Minister of Finance. I would like to see him give some consideration to the outline in this book of the policies of the Norwegian government, which is a labour government, a democratic socialist government that has been engaged in socialist planning and the maintenance of real freedom both in the economic and political spheres. In this connection I want to read a short paragraph or two from this book. From page 210 I read this:

One obvious fact is that Norway eliminated inflationary pressures in the consumer section only by a strong combination of fiscal policy, price-wage policy, and policy on the use of resources for consumption. The heavy reliance on fiscal and price-wage policies to keep the controlled price system from getting too far out of line with disposable incomes, and gradually to bring it more into line, was of the utmost importance. Fiscal and wage policies are less manageable in many countries.

Then, on page 211, the writer goes on to say:

One last point to be made in connection with the progress toward elimination of suppressed inflation in Norway is that over-all economic planning clearly helped in meeting a difficult situation. When the whole period from 1946 to 1956 is considered, national budgeting for resource uses appears to have contributed to the handling of a series of difficult problems and critical situations.

I would like the Minister of Finance (Mr. Fleming) and also hon. members to read this book. It is a very interesting study and demonstrates what can be done when the government takes hold of and makes itself wholly responsible for the control of the economic system. This is something the C.C.F. has suggested on many occasions. There have been difficult situations to meet in all countries, and there have been difficulties every where with respect to inflationary pressure since the war. This has applied to Norway, but the government took action on voluntary price reductions. I should like to read this:

The Norwegian price directorate has received reports from four major industrial and business organizations on the results of efforts to put through voluntary price reductions, as urged by the government.

They did that through the co-operation of business itself. They established a committee representing government, industry, labour and the farmers, as I said, to suggest means of controlling the price-wage spiral. I quote:

The report strongly advocates the establishment of a permanent co-operation council to watch Norwegian economic developments and to offer such proposals as it might deem necessary.

Moreover, efforts should be made to co-ordinate price and wage negotiations through a co-operation council in which the government, wage-earners, employers and agriculture would be represented.

That has been the approach of the democratic socialist government of Norway, and it has met with considerable success to date. Surely we in Canada with our greater natural resources and opportunities can approach this problem along similar lines. Therefore we suggest similar planning be undertaken in Canada, with co-operation between the government, wage-earners, employers and agriculture, and as a result of that co-operation it is our opinion that we would get a stabilization of prices and wages which would be of great benefit to the working people of this country.

Mr. Morris: Would the hon. member permit a question at this time?

Mr. Herridge: All right.

Mr. Morris: Does the hon. member carry a similar affection for the economic control of the workers of Sweden?

Mr. Herridge: I am afraid I did not hear my friend's question.

Mr. Morris: I say, does the hon. member carry a similar affection for the regulated economic life of Sweden?

Mr. Herridge: The government of Sweden has somewhat different policies, possibly, from the government of Norway, but basically they are alike. I would suggest that if the government of Canada had conserved our human and natural resources as well as the government of Sweden has in the past, the Canadian people would be much better off today.

Mr. Morris: Is the hon. member aware that the government of Sweden has announced it will not be able, because of its regulated economic life, to finance any further social adjustments for a period of ten years?

Mr. Herridge: Possibly the hon. gentleman does not realize the level of social services provided in Sweden at the present time. There are a great many other countries which have a long way to go to catch up.

Mr. Speaker, we believe that the policy I have outlined in these brief remarks on national planning and development related to governmental control of the issue of currency, plus co-operation between the government, industry, labour and agriculture, will be a great step forward. We believe these proposals will lead toward a planned development of our resources, a stable fiscal policy, full employment and security for all Canadians. Therefore, Mr. Speaker, in concluding my remarks I wish to move, seconded by the hon. member for Burnaby-Coquitlam (Mr. Regier):

That the amendment be amended by adding thereto the following words:

"this house further regrets the failure of the government to assume full responsibility for the control of credit, and particularly, its failure to establish a national investment board."

Mr. Speaker: I am not very clear how the subamendment relates to the amendment. Would the hon. member moving this subamendment indicate where the control of credit and the establishment of a national investment board is related to the points covered by the amendment?

Mr. Herridge: Mr. Speaker, I submit that the amendment moved by the member for Ottawa West (Mr. McIlraith) deals with the high bank rate, which affects all Canadians; the expansion of money supply, which affects all Canadians; the increase in the debt and also in the charges. We move this subamendment because of the belief that if the government had complete control over the issue of credit it would have a beneficial effect on the conditions complained of in the amendment itself.

Mr. Speaker: The point I want clarified, if the hon. member would be good enough, is this. The amendment regrets the ill-conceived and irresponsible actions of the government in the field of debt management and monetary policy characterized by, amongst other things, the highest bank rate since the Bank of Canada was established. I ask the hon. member what item in the amendment involves the control of credit referred to in the subamendment? The subamendment also alleges a failure to establish a national investment board, and before I allow or disallow the subamendment I would like to know what relationship it has to the main amendment.

Mr. Regier: Mr. Speaker, on looking over the amendment we notice that no approach seems to have been made as to what action ought to have been taken by the government. The amendment regrets a number of things resulting from government policy, and therefore we move an additional amendment whereby we hope to supply the answer to the complaints. While we acknowledge the existence of the five points listed in the Liberal amendment, we feel as a responsible group that we have an alternative to offer. In our opinion the establishment of a national investment board would eliminate the complaints contained in the Liberal amendment.

Mr. Speaker: I appreciate what the hon. member says, but it seems to me that the establishment of a national investment board to control investment funds is an entirely new subject and not one which can readily be discussed in conjunction with the amendment, which relates basically to debt management and monetary policy, an increase in the national debt and an increase in the bank rate.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, if I may say one word, this matter of investment of course is very interesting, but I would call your attention to the fact that the original motion moved has to do with the expansion of the money supply. It has to do both directly and indirectly with the matter of investment of money, and that comes into every point. The subamendment moved by the C.C.F. party regrets the failure to establish an investment board. Item No. 3 of the Liberal amendment definitely ties in with the question of an investment board on the question of finance.

Mr. Speaker: The first part of the proposed subamendment seems to me to be fully

covered in the amendment itself, and therefore any discussion relating to the control of credit in so far as it is relevant to the main amendment can take place. But with all respect, it seems to me that the establishment of a national investment board deals with an entirely unrelated subject. I feel it should be possible to confine this debate to the subjects relevant to the amendment, which could not be done if the proposed subamendment were accepted, and therefore I declare the amendment out of order.

Mr. W. H. McMillan (Welland): Mr. Speaker, in referring to the way in which the government has handled our debt I wish first of all to refer briefly to what I consider to be the greatest financial fiasco in the history of our country, namely the conversion loan. Our people will feel the effect of this loan for a generation.

I have said previously in this house that less than 55 per cent of those bonds were in fact being extended over a longer term. Over 45 per cent of those victory bonds must again be dealt with as they have been converted into short term loans maturing in either 1961 or 1965, and both issues come due before the ninth victory loan would have come due and been ready for conversion. The 1961 loan amounting to $1 billion will need to be converted during the lifetime of this parliament, and the 1965 loan amounting to over $1.2 billion will come due in the year I have mentioned, and will need to be converted during the lifetime of the next parliament. I think we have paid a very high price in order to get just slightly over half of these bonds extended to bonds of a longer due date. We have heard all kinds of prices mentioned, and a figure of over $70 million has been named as the cost of that conversion.

At the time of the conversion, I well recall saying that I could not condone the expenditure of over $16 million for the printing bureau, especially if there was any irregularity, and none was proved. I told the minister that in extra debt charges his conversion policy would be costing the people of Canada the equivalent of one printing bureau every three months for a generation, or one almost every mile from here to Montreal. The minister told me then that I was irresponsible. Well, let us see how irresponsible I was. Including the cost of the loan—over $70 million —and the extra interest, the minister, had he been building printing bureaux, would, starting at Eastview, have completed four, with another four nearing completion. By the fall he would be starting work on four more, and be 12 miles out of the city toward Montreal with 23 years yet to go. And this would represent only part of the cost, because on the other side of the road he would also have as many other imposing structures, progressively more ornate as you go east representing the extra interest our people have to pay for provincial, municipal and other loans because of that conversion program.

Every new sidewalk, new school, new hospital, sewer or road will cost more because of that conversion loan. As an example, the city of Welland and the township of Crowland in my own county are building a new hospital; the two municipalities are underwriting a substantial share of the cost. When they come to sell debentures they will get some concept of what that conversion loan and the fiscal policy of this government have done to them. A good many municipalities have not built new projects since the time of the conversion loan. They will be going on the market soon to borrow money, and at that point they will speedily realize what this conversion loan and what the other activities of this government have cost the people of Canada. If we turn to table 48, page 87, of the budgetary papers it will be seen that the minister is in big business. In the last fiscal year the total amount of securities issued was $9.2 billion. Renewals or conversions amounted to $6.8 billion, and the amount issued for new cash was $2.4 billion. The trouble is that so much of the new borrowing by this government to meet deficits and other expenditures was on short term. The issues are again right on top of us to finance again in this current year and in the year which lies ahead.

The minister talked a great deal about the victory loans, amounting to $6.4 billion, overhanging the market. He has now worked himself into a position where, as will be seen from an examination of the budgetary papers, he has over $7 billion overhanging the market between now and the end of 1966 when the ninth victory bond was due—I am including the new borrowing which he must make this year to cover the deficit and other budgetary loans. This calculation does not, however, include the $1.59 billion of treasury bills which was increased by $70 million last year in order to get more cash, or new borrowings, or the deficit in succeeding years.

As I said before, the total amount of bonds issued in the last fiscal year by conversion for new cash amounted to 9.2 billion. If nearly $1.6 billion of three months treasury bills is added to this hon. members will see that the minister has been fooling around with over half our total debt, and this costs money, as is evidenced by the conversion loan itself. Truly this government's greed for cash is insatiable. In spite of their promises, they had to get more money.

Monetary Policy

The minister has told us that as far as he can judge the Canadian public has been well informed about the situation with regard to our debt and the money we have to raise. Well, the overspending in deficits and the depletion in government accounts amount to more than twice the total budget for 1939. The "moderate increase" in taxes of $352 million—and this is the only time I will refer to the budget—is 75 per cent of the total budget of 1939, with an estimated deficit amounting to some $400 million which is, itself, not far off the total 1939 budget.

This year the estimates are away up again, and there seems no end to the increase in spending. The government is taking so much of our earnings, and competing so strongly for money which the provinces, the municipalities and the school boards have to find on the open market in competition with the government to finance their legitimate needs, that the future cannot possibly be regarded with confidence. There surely must be a limit to all this. At the time of the conversion loan, the minister said one result would be that the provinces and the municipalities would be able to get money at better advantage, by which he meant at more satisfactory rates of interest. But in his last pronouncement, the minister did not go out on a limb. He merely said he wanted to leave more room for the provinces and municipalities to borrow money. I am afraid he has not left them much room unless they pay very high rates.

If the minister had sold his short term bonds at par around a rate commensurate with present yields instead of putting in income tax gimmicks costing our treasury a net 6.6 per cent when sold to corporations he would have a more stable market. Bond buyers are holding back in full knowledge of the number of bonds the minister must finance, waiting to see what gimmicks might be in store for them. Surely, the minister is directly responsible for creating an irregular and unsatisfactory bond market.

The next time the minister has a bond issue with gimmicks I think he should make the bonds available in smaller denominations to the small businessmen. The last bonds were sold in denominations of $1,000, $5,000, $100,000 and $1 million. The small businessmen might as well get in on the benefits at this time because they will be shown no discrimination when the bill is to be paid. The next bond issue should not be handled on the basis of a 15-minute rush. As the minister said, at the time of the last loan the books were opened and closed in 15 minutes. Certainly the ordinary man did not get much chance to get a bond even if he had $1,000, the amount of the lowest denomination.

At any time I have heard the minister speak in the budget debate or on any other occasion he has nearly always justified the high interest rates in Canada on the basis of those in the United States. Let us review what has been done in that country. There were three issues in the United States sold immediately prior to our conversion loan bond issue. They were in May and June of 1958. The United States treasury sold $1 billion worth of bonds representing only one-third of 1 per cent of their total debt in 27-year 3¼ per cent bonds slightly above par. They were 50 cents for each $100 above par. There was so much criticism of the United States treasury over this high interest rate of 3¼ per cent that the treasury went into shorter term bonds. On June 15, 1958 they had to refund $9.5 billion of notes and bonds coming due. They did this in two parcels which I will describe. They floated $1.8 billion in 11-month 1¼ per cent certificates. The larger one involved the sum of $7.4 billion which was floated in 6-year 8-month bonds to yield 2.58 per cent. They were doing this at a time when we were getting rid of the 8th and 9th series of bonds. At the corresponding time they sold new bonds to return to the buyer 2.58 per cent. These were sold to the public at 50 cents per $100 above par. The whole issue was sold and this left $356 million that had to be redeemed for cash. The point is that our 4½ per cent bonds were 1¼ per cent in yield over the comparatively small amount sold by the United States treasury at 3¼ per cent and for which they were severely criticized, and 1⅞ or nearly 2 per cent over the larger United States 2⅝ per cent issue.

It is true that United States short term money is up; in fact, the figure of 4 per cent was mentioned in today's *Globe and Mail.* It may be pointed out, however, that our last short term 13-month loan sold in February, with its income tax gimmicks, cost our government 6.6 per cent net when sold to big corporations. This is still considerably more than 2 per cent over United States short term loans. We surely want to keep ahead of the United States.

One bad feature in connection with our borrowings is the lack of stability on the part of the Department of Finance. Most of our bonds were selling on the market to yield slightly under 5 per cent and then the minister offered $200 million of bonds in two issues, both of which carried income tax gimmicks. As I said before the shorter term 13-month bonds because of the income tax gimmicks returned 6.6 per cent. This is

bad in itself but there is another bad aspect of this. Because of these sudden upward jumps in interest rates the people who have money to invest in the bond market are sitting back waiting to see if any new income tax gimmicks might come their way. No one buying a bond returning a high interest rate wants to see his bond go down as a result of the Department of Finance offering a bond at a higher interest rate. Many of the bond buyers are afraid of this. Both the man buying a $50 bond and the man buying a $1 million bond do not want to see their bonds go down in price next month.

May I call it six o'clock, Mr. Speaker.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. McMillan: Mr. Speaker, nobody in this country can deny that we are approaching or are in some form of financial crisis. Last Thursday I asked the Minister of Finance this question, as found at page 2968 of *Hansard*:

Is it true that the new treasury bill rate is now 4.72 per cent, and that the bank rate has reached another unprecedented record high of close to 5 per cent?

His answer was:

I have not the precise figure for this week's rates, but I would say that the movement in the rate on treasury bills lately has been attributable directly to the tremendous demands for commercial loans which are being made at this time on the chartered banks, reflecting the very great expansion in the economy of this country which is under way at present.

I would say that these rate increases were depressing financial news to the people of the country. The minister evidently did not know how many percentage points rise had occurred in the treasury bill rate. This rate sets the bank rate which is .25 above it, and it also in effect sets the commercial rate which now stands at 5¾ per cent. These rates have a tremendous effect on the business tempo in our country.

I realize that there has been some industrial pick-up, I think about two points, but if it is to be sustained and if it is to progress we must have money at reasonable rates in order that it may do so. If there ever was a time when a pick-up of the business tempo was needed it is now because we have so many people unemployed. Yet the minister did not know what the interest rates were at a time when later that day and the following morning they made headline news in the papers across our country. The minister should do all he can to stimulate an industrial pick-up. The time has come when the minister should take the people of Canada into his confidence. They have the right to expect honest and straightforward statements as to our fiscal policy and not misleading ones such as have been given by the minister, three examples of which I referred to in the budget debate.

Nothing will precipitate a crisis faster than lack of candour on the part of the minister. Doubt is worse than reality. In February, as you know, our short term bonds were sold, as I said before, on a basis actually costing the government 6.6 per cent but most of our bonds were selling on the Canadian market to yield between 4.75 and 5 per cent. I think there must be something seriously wrong with our fiscal policy when the Minister of Finance finds it necessary to put out bonds at such a high rate and such a high cost to the government of our country. I said before that our money was costing us more and therefore our bonds are selling lower than bonds of most countries of the western free world.

Federal government borrowings are the senior security in our country. In my lifetime they have always been considered to be the best and safest investment and they have always sold to give a lower yield than provincial and municipal bonds. This is not so today because many equivalent maturities of most provincial and provincial guaranteed bonds are selling either on a par with or slightly above Canadian government bonds. I said in the speech from the throne debate that the minister would soon be competing with our cities, towns, and townships for money, and that has come about at the present time. Even at present many of our fellow Canadians are willing to buy some of these debentures ahead of the senior maturities of our country and I know that some of our municipalities do not have to pay 6.6 per cent. They get their money cheaper than that.

Why is this so? It has never been the case in our country that municipalities have been able to obtain money as cheaply as the Dominion of Canada. The reason must be that many investors have greater faith in municipal councils and the way they manage their affairs. This has occurred only during the time that the present minister has been in office.

The Conservative party has never been outstanding in their handling of financial matters in Canada. Only twice since confederation have they had a surplus of more than $1 million, once in this century and once in the last century. It is true that they had two other surpluses but they were both less than $1 million. Altogether their past surpluses did not amount to over $15 million,

and the government has been overspending by that amount in every week of the last fiscal year.

After all, what can we expect? The government has no fiscal policy. It has no long term or short term fiscal policy. They go along day by day and I think their consciences are plagued by their promises. They deal with financial problems one at a time but unfortunately debt, deficits and poor financing are not easily dismissed. They stay to plague them. I know that the firing of a sub-postmaster and the firing of a lot of men who worked on the Arrow project are matters that the government hopes the people will soon forget but certainly their fiscal policy stays with them and it has become a nightmare.

I am not going to refer extensively to what the minister said in the budget debate, but as found at page 2889 of *Hansard* of April 21, 1959 the minister did say this:

> If we had been elected earlier unquestionably we could have saved this country money by eliminating waste and extravagance.

Mr. Speaker: Order. May I say at this point that it seems to me that the hon. member is reverting to the budget debate rather than dealing with the question before us.

Mr. McMillan: I will not do so further except to quote one sentence with reference to capital. I was really glad to hear the minister say this in the budget debate. The minister said: "Capital in this country is not unlimited." I think that refers to something we are debating. He also said:

> Our policy has been, as hon. members know, to resist as far as lies within our power the payment of high interest rates on federal borrowings.

For the life of me I cannot understand that statement after the conversion loan fiasco and after the loans at 6.6 per cent with respect to which the bonds were sold, as I said before, to corporations, most of whom would be paying 50 per cent or more income tax. I think it is over 50 per cent now when you take in the old age pension part of it. When the minister gets into trouble he seems to blame the United States but I have already put on the record today some facts as to how the United States has handled its loans. I think I put on the record here today that the United States, certainly before the conversion loan, was able to obtain money cheaper, often up to 2 per cent.

There was no mention by the minister of the British budget. I do not suppose I should mention the British budget, but this year Britain was able to grant tax reductions amounting to about $1 billion, with an indicated surplus of $102 million.

One reason back of our trouble in this country is the lack of foreign investment. It is certainly not coming into the country as fast as it used to come. One reason for this is the anti-Americanism which was created in this country and stirred up on many Tory platforms and by some of the Tory press. It certainly was so in my part of the country. I saw in the newspapers a story about a broker from Montreal who said he used to have a lot of Canadian bond buyers from the United States, but since the conversion loan he has not had any. I have cited before in this house how unpopular our bonds are in New York. I refer to the fact that one week one lone Canadian $1,000 bond was sold on the New York market during a week as against $375,000 worth of Australian bonds. During the week following that, not one Canadian bond was sold, while practically the same number of Australian bonds were sold. I know a few Canadians personally who used to buy our bonds but now they not only do not buy our bonds but they have sold the ones they bought at a loss.

Even the unemployment insurance commission fund, over which the minister has control, I understand took a loss of $10,115,-171.51 in the government bonds they had to sell within the last year. I am surprised that the minister would be forced to take such a loss in one of the government accounts. I am often asked by people from the United States when I meet them, "What kind of government have you in Canada, anyhow?" I can only reply in the words used by the Minister of Trade and Commerce (Mr. Churchill) when he was asked in Chicago about the diversion of trade and the anti-Americanism he said, "That was only election talk". Unfortunately, the words of the Minister of Trade and Commerce do not catch up with the publicity in the United States press emanating from Ottawa about the diversion of 15 per cent of the trade and the criticism of United States investments in Canada. The average citizen of the United States, therefore, who might help us by buying bonds or who might invest some money in Canada, does not do so. He merely asks, "What kind of government have you in Canada, anyhow?" Even I wonder. After all this anti-Americanism, after all the great pronouncements by the Prime Minister (Mr. Diefenbaker) about maintaining our sovereignty in Canada our government leases oil and gas rights on three million acres to corporations, 90 per cent of which were either United States corporations or United States controlled.

The press has referred to this time in our history as a strange interlude, as being unpredictable and not knowing where we are

going. Certainly, this government is strange and their actions seem to be stranger than fiction. I hear the minister is going to the Department of External Affairs. I wish him well, and I would say that the department is badly in need of a head at the present time. I think the minister will do well there because lately he has demonstrated more tact and patience than I thought was possible. In my opinion, he has many admirable qualities and accomplishments, although I do not believe mathematics is one of them. I congratulate the minister upon his work and his industry, but I regret that our fiscal policy is in such a mess that our Prime Minister feels it is necessary to move him.

Mr. Romuald Bourque (Outremont-St. Jean): Mr. Speaker, I am sure that many of the mayors and aldermen of the municipalities of Canada were shocked when they read in the newspapers over the week end that in the future the rate of interest for money would be 5¾ per cent. Municipal debentures at 5½ or 5¾ per cent will cripple the Canadian municipalities and discourage the undertaking of public works throughout the whole of Canada. A $2 million debenture at 5¾ per cent would cost a municipality $115,000 a year in interest alone. If the population were approximately 9,000 in that municipality, the cost per year for interest charges only would amount to $12.78 per person or $63.90 per year for an average family of five. A municipality with a total taxable valuation of $25 million would have to collect from the proprietor of an immovable valued at $20,000 an annual tax of $92 for interest alone. This amount would be over and above the ordinary taxes levied.

If the ordinary municipal tax imposed on this property were $360, adding $92 would raise the taxes to $452, an increase of 25.5 per cent. At the present time it is very difficult to borrow money at less than 5½ or 5¾ per cent. I have here a clipping from a newspaper in which the city of Kitchener is inviting tenders for debentures and the maturity rates are 5½ per cent, one to ten years; 5½ per cent, one to fifteen years, and 5½ per cent, one to fifteen years. In one of the latest booklets issued by a broker in Montreal it is indicated that the rate of interest for municipal hospital and school debentures is 5 to 5¾ per cent.

Now an interest rate of 5¾ per cent is the highest rate in recent years. It was at this rate in August, 1957 and it dropped to 5¼ per cent in February, 1958. It rose to 5½ per cent in March, 1959 and at the end of this April it rose again to 5¾ per cent. Now the increase in the cost of wages and salaries, as a result of the increased cost of living, plus the higher cost of the necessary equipment, placed the municipalities of Canada in a very difficult situation.

Mr. Speaker: Order; the hon. member seems to be addressing his remarks to the problem of interest on municipal borrowings. There is no mention of that in the amendment before the house, and I should like to remind him that on the first supply motion during this session a subamendment called for consideration at a conference of such federal proposals to reduce the burden of interest rates on new provincial and municipal borrowings, which subamendment was negatived by the house. It seems to me that only a limited reference to the effect of the bank rate on municipal borrowings would be in order at this time. In fact, it is only section 2 relating to the bank rate which seems to permit any discussion at all. I hope the hon. member will keep more closely to the matter before the house.

Hon. Paul Martin (Essex East): I wonder if I might speak to the point Your Honour has just made. The governing part of the amendment before the house is what I would think should really be discussed at this time. It reads as follows:

> This house regrets the ill-conceived and irresponsible actions of the government in the field of debt management and monetary policy—

Points 1, 2, 3, 4 and 5 are descriptive only and are by no means all inclusive of the effects of the government's debt management and monetary policy.

What the hon. gentleman is seeking to do is quite obviously, I submit with great respect, to show that as a result of the government's debt management and monetary policies municipal financing has been rendered more difficult. The effect of the government's monetary policy is to provoke the kind of situation to which the hon. gentleman has just directed our attention.

With regard to the specific characteristic in No. 2, it should be noted that the bank rate does not preclude a discussion of the matter of interest rates, I submit, within the proper context of the question because the highest bank rate is not what we mean by interest rate. The bank rate is something which may have a determining factor on what the interest rate is but by itself it is not to be regarded as meaning the same thing as the interest rate.

I would submit with respect that the hon. gentleman deserves the latitude he is seeking because he is seeking to show that the situation confronting municipal financing is the product of the government's monetary policy and debt management.

Mr. Speaker: May I say this with respect to what the hon. member for Essex East has submitted? If the amendment had simply the first paragraph it would scarcely have been admissible because the term "monetary policy" is too broad, and would take us back over the ground of the budget debate which we have just finished. Therefore I regard the amendment, which deals with debt management and monetary policy, to be limited by the five specific items which follows; otherwise it seems to me that it overlaps a good part of what has been discussed in other debates during this session. Therefore I feel that the discussion should be restricted to the specific items one to five which are specified as the aspects of debt management and monetary policy which the house is to discuss.

Now with respect to the line which has been taken by the hon. member for Outremont-St. Jean. He goes directly over ground which has been debated in the house, and that is the reason why I felt in discussing municipal and provincial finances, and this government's attitude towards the problem, he was repeating a previous debate, and more properly should have made his speech at that time rather than this time. I do not feel that I should allow a wide range of debate on the amendment before the house.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Would Your Honour hear another word on this point? It seems to me that the governing word in the motion moved by the hon. member for Ottawa West (Mr. McIlraith) is the verb "regrets". The house is asked to regret what we on this side of the house feel to have been the ill-conceived and irresponsible actions of the government in the field of debt management and monetary policy. It seems to me my hon. friend from Outremont-St. Jean (Mr. Bourque) is pointing out to the house one reason why he feels the house should regret this. He feels that the interest rates which municipalities are now having to pay are a direct result of the debt management of the government, and from his point of view that is the most regrettable feature of it, though I should not anticipate his speech. It seems to me that this is quite different from the motion that was decided by the house earlier. The house was asked earlier to take some specific action about this interest; but I apprehend that my hon. friend is not asking the house to take any specific course of action but to express regret about the subject, and he has given his reason why we should regret that. All of us have our own reasons for regretting it.

An hon. Member: The last election.

Mr. Pickersgill: That is right.

[Mr. Martin (Essex East).]

Mr. Speaker: All I can say in amplification of what I said before is that the house refused to regret the matter that was before the house on the previous supply motion.

Mr. Bourque: If I may say so, Mr. Speaker, the sheet which I hold in my hand refers not only to municipal debentures but to hospitals, schools, churches and all the different people who have to borrow money. A rate of 5¾ per cent is going to be a very serious handicap to all of these organizations. In my municipality, if I may say so, in 1947, we paid $515,568 in wages, and now in 1959 we are paying—

Mr. Speaker: I hope the hon. member did not misunderstand me. I have not accepted the proposition which has been made that we can go into a discussion of municipal and provincial debt. I do not want to suggest what the hon. member should say as he has to make his own speech but it seems to me that municipal borrowing is a subject which has been covered before and voted on by the house, and there should not be any more than a passing reference to it. The hon. member should confine himself to the matter before the house.

Mr. Bourque: This interest of 5¾ per cent is going to have a serious effect on employment in the province of Quebec because municipalities and all of these other organizations borrow to create work and to build. On March 22, 1958 we had 222,000 unemployed in the province of Quebec. On March 21, 1959 we had 215,000. If we could borrow money at a reasonable rate we could build all kinds of things which would create work and it would enable the unemployment figure to go down. At the rate of 5¾ per cent it is practically impossible because the costs are too high.

The new rate of 5¾ per cent is going to have a serious effect on the finance charges on automobiles and appliances, and it will place a heavy burden on the average citizen who, through unemployment, illness or a bad investment has to borrow through regular channels.

The stockbrokers and investment houses will certainly suffer from this high rate of interest. It is going to place a heavy burden on their shoulders, and I am sure the number of investors will become fewer and fewer as time goes on.

This high rate of interest will curtail the exports of Canadian goods, and it will add to the cost of manufacture. Already the Canadian production and shipment of newsprint in the first three months of the year is at 1,469,000 tons and 1,335,000 tons which is still 1.7 per cent and 3.3 per cent below the 1958 level. The Alberta production of crude

oil in April has fallen to around 300,000 barrels a day, after being in excess of 400,000 barrels during the first two months of the year.

I have a lot of statistics, but in deference to your ruling, I suppose I had better let them go. That will be all.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I shall do my utmost to remain within your decree. I notice there have been a large number of rulings today. It is with a little bit of difficulty that we have to debate the amendment to the supply motion which is now before the house. I would like to begin by reading into the record the amendment that is now before us, as moved by the hon. member for Ottawa West (Mr. McIlraith):

> This house regrets the ill-conceived and irresponsible actions of the government in the field of debt management and monetary policy which have been characterized by:
>
> 1. The errors and inequities associated with the conversion loan;
> 2. The highest bank rate since the Bank of Canada was established;
> 3. The largest expansion of the money supply in any year since the war;
> 4. The greatest increase in peacetime in the national debt;
> 5. The highest public debt charges in Canada's history.

We in our group, Mr. Speaker, admit the complaints that the Liberal spokesman raised. We admit that there have been ill-conceived and irresponsible actions on the part of the government in the field of debt management and monetary policy. It is our contention that since the days of the hungry thirties, the years 1930 to 1935, the Conservatives have learned nothing, and that all the remedies they have to offer to meet head on the problem in an attempt to reverse the trend of an ever-worsening recession in Canada are higher taxes, higher tariffs and higher interest rates. I regret very much that the Liberals did not lodge any complaint in their amendment about the lack of action. They mentioned the ill-conceived and irresponsible actions of the government in the matter of debt management and monetary policies, and we agree that whatever action has been taken by the government and the Minister of Finance (Mr. Fleming), has been irresponsible and ill-conceived. However, we very much regret that there was no proposal offered in the amendment that might have suggested a solution to the difficulty that the amendment complains about.

Mr. Pickersgill: Would the hon. gentleman permit a question?

Mr. Regier: Yes.

Mr. Pickersgill: If the hon. gentleman has that regret, why does he not fill that vacuum?

Mr. Regier: Mr. Speaker, I think the hon. member for Bonavista-Twillingate (Mr. Pickersgill) is a sharp enough observer in this house to realize very well indeed that our subamendment was ruled out of order.

Mr. Pickersgill: That does not preclude another.

Mr. Regier: Therefore our proposals as to a remedy may not be debated at this time. However, to get back to the Conservatives, as I indicated before, since 1935 they have learned nothing; hence the reason for the complaints at the present time.

The over-all approach which I can only assume is being taken by the Conservative government at this time is that matters will right themselves. I regret that my colleague, the member for Kootenay West (Mr. Herridge), had to file his documents with the *Hansard* office a little while ago and I therefore have not with me the copy of the speech rendered to the house of representatives in Washington by the Honourable Chester Bowles, where he warned in unmistakable terms that if we are going to adopt the philosophy that our problems will resolve themselves, we are headed for serious trouble indeed. I imagine that applies in the United States of America equally as well as here in Canada. The only way out of our difficulties is for the government to see the problems and to resolve upon a course of action. It is our contention that almost any plan of action would be preferable to lack of action and to a philosophy of letting sleeping dogs lie and matters will adjust themselves.

Mr. Speaker, I would like to review the complaints that we note in the amendment. I see that the first one is a complaint that the government's policy in regard to management of debt and monetary matters has been characterized by errors and inequities associated with the conversion loan. Our complaint about the conversion loan is, first of all, that the rate of interest offered was needlessly high. As evidence we call attention to the activities on the money markets of Canada. If the rate which had been offered had been realistic at the time and in line with market conditions, government of Canada bonds would not have suddenly leaped ahead as they did, especially victory bonds.

Our next complaint on the conversion loan is that with regard to the new bonds which have been issued—I have particular reference now to the 4½ per cent, 25-year bonds—they were non-callable. We feel that action was most irresponsible. We also complain that the Minister of Finance and the Prime Minister (Mr. Diefenbaker) appeared on a

national network of radio and television and urged the people, the taxpayers of Canada, to have confidence in the bonds that were then being offered. However, what they did not inform the people of Canada was that these conversion bonds were going to be subject to the fluctuations of the money market of the country. We feel that the people of Canada have been taken for a ride.

Those honest citizens of Canada who accepted our Prime Minister and Minister of Finance at their word at that time and invested in these conversion bonds now find, through circumstances not then foreseen, that they have to market these bonds at a lower figure. I have today's copy of an Ottawa newspaper in my hand, and the financial page of that newspaper shows that anyone who now has to sell those bonds can obtain only 94 cents on the dollar. I feel the people of Canada suffered a delusion of the worst order. A man so highly respected as the Prime Minister, with the next in line in public respect the Minister of Finance—or he ought to be—appeared on television and appealed to the people of Canada to have faith and confidence in these bonds, and less than six months later, despite the lure of the cash bonus offered at the time, they now have to sell those bonds at 94 cents on the dollar.

No wonder the people of Canada are becoming very cynical indeed, and are losing confidence in the parliament of Canada. Regardless of what the Right Hon. C. D. Howe may have done to cause a decline in public confidence in the parliament of Canada, this action on the part of the Prime Minister and the Minister of Finance was far worse than anything which the Right Hon. C. D. Howe ever did in my time in this parliament. They assured the people of Canada that they had nothing to fear and encouraged them to buy these conversion bonds and then, six months later, they had to inform them that, regrettably and due to circumstances beyond their control, if they were obliged to sell them they could get only 94 cents on the dollar.

I should like to ask at this time—and I am glad to see the Prime Minister in his seat—who is really running this country, anyway, is it the Prime Minister and the Minister of Finance, or is it the moneylenders? There is a growing number of people who believe, and I would say not without reason, that this government is in hock to the moneylenders of Canada and does not know what to do about the situation and lacks the intestinal fortitude to take such action as they might take if they were really interested in the welfare of this nation.

[Mr. Regier.]

Who does not remember the claims which the minister made at the time of the conversion? The hon. gentleman said it was necessary to clear the decks, as it were, and remove from the money market these early maturing and short term obligations of the federal government. We all know what happened. No sooner was the bond conversion campaign over than the Minister of Finance himself flooded the market once again as it had never been flooded before with short term offerings, thereby making it almost impossible for our ten provincial governments and for our municipalities to market their securities adequately. And yet the Minister of Finance assured us time after time that his bond conversion deal would make it easier for other levels of government to market their securities. He informed us at the time that the bond conversion program would be anti-inflationary. We at that time, and I admit it, agreed that it might, indeed, be anti-inflationary. However, in the light of what happened later, events now make us realize that this bond conversion deal was not anti-inflationary, and that we have had inflation with us ever since.

The Minister of Finance told us that this deal would provide a solid basis for federal operations in the future. All we need to do is look at the money market and we will realize that the hon. gentleman has failed to provide the solid basis for which he had hoped. When the Canadian public loses its faith in the integrity of government and in the financial policy conducted by members of the government, that is more dangerous to the economy than any other single factor.

This government seems to be following a policy of expediency rather than a policy of planning; it seems to be following a thoroughly Machiavellian approach; it seems to be saying: "Let us see what we can get away with now, and never worry about next year until it shows up." The investors of Canada are not fooled. They were not fooled by the Minister of Finance last year when he launched his conversion plan. They were not fooled by the budget, and all hon. members need to do to verify this contention is to look at what happened to the 1983 4½ per cent bond. I am sure that the Minister of Finance hoped that his budget would lead to the restoration of a feeling of confidence among investors and that the market would show an improvement as far as federal borrowings were concerned. All I know is that the 1983 4½ per cent offering was $94.50 and that today it is only $94 on $100.

The investors of Canada were not fooled. It is true that the brokerage houses called

the conversion bond deal a tremendous success, and so it was—it was a tremendous success for the brokerage houses. But for the government of Canada and for the Canadian people it was not a tremendous success. All it means is that the Minister of Finance is now placed in such a position that he does not know where to turn. He has to market over $2,000 million of bonds this year, and he does not know where he is going to do that. Meanwhile the people of Canada are being bled by excessively high interest rates.

The interest rate about which the amendment complains is the highest rate since the Bank of Canada was established, and this at the hands of a government which won an election on its pledge to moderate the tight money policy of the former government. Week after week I asked the minister to explain the reason for the rising rates on government borrowings, and the minister continually replied to the effect that the rate on government borrowings, especially the rate on government treasury bills, was influenced and determined by rates in the United States. He also informed me on several occasions that I ought to pay some attention to what was happening on the money markets of Canada and the United States. Now, Mr. Speaker, when we look at the rise in rates on Dominion of Canada treasury bills, we see that they have risen to a marked extent. The figures with regard to this were filed by my colleague, the hon. member for Timmins (Mr. Martin), on April 14 last and are to be found on page 2672 of *Hansard*. The rate rose from 3.25 per cent on January 7 to 4.42 per cent on April 8 last.

This increase of 1.17 per cent in the interest rate on the borrowings of the federal government since January 1 would mean, if it were applied to the whole of the bonded indebtedness of all governments and institutions of Canada, and added levy on the taxpayers of Canada of $379,723,500. An investor can buy federal government bonds on the market today and his yield would be in excess of 5 per cent. But if we take these rates which the Minister of Finance has produced on federal government indebtedness to reach the exceptionally high rate of 5 per cent, then the people of Canada on the bonded indebtedness of institutions, municipal corporations, provincial governments and the federal government will have to bear an annual interest levy of some $1,600 million or, on the bonded indebtedness of this government alone, $800 million a year. That is $50 per capita. Taking all the bonded indebtedness of Canada into consideration it means a levy of $100 per capita.

We complain about our huge expenditures for national defence. That is a subject about which no one in this house knows very much. We always hesitate when we attack defence expenditures lest we be branded as irresponsible. Here we have an instance of an expenditure on the part of the government that almost equals our defence expenditure. We maintain it is needlessly high and the result of most irresponsible action on the part of this government. When the government finds itself in the position of paying to the moneylenders of Canada 13 per cent of its income at a time when the government should assume complete authority over the issue of currency and credit within the nation, there is something radically wrong.

The next complaint I find in the amendment is a complaint about the expansion of the money supply that has taken place over the past year. As the hon. member for Kootenay West (Mr. Herridge) mentioned this afternoon, we in this group do not necessarily regard the expansion of the money supply as an evil if—and I emphasize "if"—it is accompanied by adequate measures to combat inflation. There might well be a need for an expansion of the money supply but it should be accomplished without inflation occurring simultaneously.

In paragraph 4 of the amendment there is a complaint about the rise in the national debt of the country. We in this group also do not regard a rise in the debt of Canada as necessarily evil where it may be required. However, we would attach the important condition that as our obligations rise we must see a comparable rise in our ability to repay those obligations. We regret that we have observed a rise in the debt of the federal government without a corresponding rise in the productivity of the Canadian economy. We must agree, therefore, with that part of the amendment expressing regret over the rise in the debt of the nation.

The last item in the amendment complains about the charges on the debt of the country. The interest charges paid by the Minister of Finance at the present time are in excess of $600 million a year. I have not had time to examine the facts so I do not know how this corresponds, but I believe the amount paid by the minister in interest charges is considerably in excess of the amount paid annually on all old age pensions in Canada and I believe it is almost equal to the amount paid by the government annually in the form of family allowances. We feel that a considerable saving might have been made in this regard.

The cost to the Canadian people of the present policies of the government in regard to high interest rates is fantastic. It will

add to the tax burden of every Canadian. The action—and more especially the lack of action—on the part of this government will cause municipal and provincial taxes to rise and will, as the minister admitted in the budget, cause an increase in federal taxes. It will mean in effect that our municipalities and provinces will be unable to take action concerning much needed services and activities of this nature will of necessity be curtailed.

One of the most shameful things that has happened in Canada took place about a month ago when the old age pensioners were blamed for tax increases. I believe that the monetary policies of this government rather than the old age pensioners are to be blamed. High interest rates result in increased costs of production and make worse the cost-price squeeze. At this time when we are particularly concerned about unemployment I regret that the actions and the lack of action on the part of this government in the field of monetary policy generally and specifically with respect to interest charges is causing a slowdown of the industrial development of Canada. When you think of automation especially you will realize the important relationship this has to the ever-increasing number of unemployed from one end of the country to the other. When industrial enterprises are faced with high carrying charges and capital costs there is a tendency to delay and postpone any planned industrial expansion that may have been contemplated and jobs that might have been provided to the unemployed do not come into existence.

We also regret the influence that the policies of the government have on the buying power of the average Canadian. This has a tremendous effect on the home market which is, after all, our most important market. When you take away from the purchasing power of the people in order to meet these high interest charges you interfere with the ability of Canadians to provide themselves with the necessities of life.

The Liberals in this house have complained that the actions of the government were wrong and we in this group agree that the little action the government has taken to meet the problems of the day has been unwise, especially in relation to monetary policy and more specifically in relation to interest charges. The government follows a policy of sitting it out, waiting it out and letting problems resolve themselves. We regret that the only action the government will see fit to take will be in the application of the outmoded Tory policies of the hungry thirties.

In the main, however, we complain about the lack of policy which we contend might be remedied by this parliament assuming control of the currency and credit of the nation. I know that the Prime Minister is a westerner. I only wish that at an early date we would have the announcement of the appointment of a new secretary of state for external affairs. While the knowledge of the Prime Minister with respect to economics may be weak I have sufficient confidence in him as a westerner to entertain some hope that he may be amenable to the advice of modern economists. I would like to see him seize the responsibility that is his and aid the people of Canada by implementing our proposal that this parliament must assume complete responsibility for the issuance of all currency, for the control of all credit and more specifically for the early establishment of a national investment board in Canada.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I must say I feel deeply flattered by the compliment that was paid today by the Liberal opposition in renewing to all intents and purposes the budget debate. I sat through the budget debate for eight days. I inflicted upon the house a very long speech to begin with and then last Tuesday inflicted upon the house a rather long reply to the Liberal amendment. Now they are back again today extending in effect the budget debate and I am afraid the house will have to submit to a speech from me on this third occasion.

We have in effect seen here an extension of the budget debate today, Mr. Speaker, because while I will not renew the argument that was addressed to you on the subject of whether the amendment was in order I will point out that everything that has been said today has touched on something that was said at one time or another during the budget debate, and something that relates to matters that the house must concern itself with in any budget debate. Indeed, the speeches have abounded with references, direct or indirect, to the budget and to things that were said in the course of the budget debate.

As I have on other occasions, Mr. Speaker, I express regret at the utter absence on the part of the official opposition of anything constructive in their approach to the matters they discussed today. They have not put forward one single constructive idea in this debate. There have been plenty, of course, that were destructive. They were under no inhibitions or restraints or restrictions in the things they had to say that pilloried the credit of Canada. Apparently the responsibility which they bear as members of parliament in

discussing matters that mean a great deal to the welfare of Canada is something that is of small concern to them. I will say this for the C.C.F., that at least they tried to put forward some ideas. However mistaken, however misjudged, however wrong those ideas were, they at least tried to put forward their ideas, but from the official opposition we have yet to hear one single inkling of how they would approach these problems.

They have talked about the problems, as was the case in the debate that ended last week. They have magnified and exaggerated the problems out of all recognition, but never once did they allow to escape from their lips a single constructive utterance or inkling or suggestion of how they would approach these problems. We will look in vain to that quarter for any suggestion as to how these problems should be met.

Mr. Pickersgill: I am rising on a point of order. I submit to Your Honour that there is a rule of the house against tedious repetition.

Mr. Fleming (Eglinton): Mr. Speaker, no member of the house should know that rule better than the hon. gentleman because no one breaks it more than he does.

Mr. Pickersgill: I am not tedious.

Mr. Fleming (Eglinton): So, Mr. Speaker, I dismiss this latest interruption from the talkative member by quoting the words of scripture, "Physician, heal thyself".

Mr. Pickersgill: The hon. gentleman would not say my speeches were tedious.

Mr. Fleming (Eglinton): If I said they were only tedious I would be more than generous and polite to him. So, Mr. Speaker, I say in review that this kind of performance on the part of the official opposition is not a responsible performance in this house. When they can, by their tactics of exaggeration, make any problem that Canada faces today look grim, how happy they are. Indeed, they are not happy until they exaggerate these problems beyond recognition.

There is nothing that has been said today thus far that is going to help Canada's credit. There is not one thing that has been said by a member of the opposition in this debate that is going to help Canada meet her financial problems on better terms or to improve in any respect Canada's position. Such is the test of the performance by hon. members opposite.

It is regrettable that, whether by calculated design or accident or their failure to grasp the problem, they have a confused approach to these questions. I do not pretend for one minute that I shall be able to assist them out of their confusion but in my remarks in the course of this debate I shall try as best I can to set the record straight and remove some of the error and confusion and clouding of issues that have been caused by hon. members of the opposition opposite.

It is no secret that a government must have money. Governments have no secret source of money. They must turn to the people for it. There is no magic source available to governments. What are the sources open to governments that need cash? They can raise it by taxation, they can raise it by borrowing or they can, if they were so disposed, create money by turning loose the printing presses.

I do not need to say to the house that the government has no intention whatever now or any other time, I take it, of debauching the currency of the country by resorting to the printing press. Such things have been advocated in the house in past years, but it is no part of our approach to financial problems to resort to that kind of destructive expedient. Therefore, Mr. Speaker, we are faced with the necessity of finding money for the necessary purposes of government, either by taxation or by borrowing.

The borrowings of the government of Canada take several forms. First of all, there are treasury bills which are issued each week. The government invites tenders each week for a stipulated amount of money and, according to our current practice, these treasury bills expire in 91 days. In the United States they have treasury bills of various maturities. Our practice in this country in recent years has been to issue treasury bills for the uniform period of 91 days. We also issue bonds and, without trying to draw exact lines, bonds are classified in the market according to those of short duration, medium and long, and, of course, the approach to each of these classes of maturities is governed by the return involved. Very often we find a measurable difference in return in these various classes of maturities. The market at any one time may favour one class of government obligation as against another or others and from time to time there will be a shift in the public reception of the different classes of offerings.

I think I should begin this reply, Mr. Speaker, by a reference to what actually has occurred in the money market of Canada. We have had a money market in this country now for approximately the last four years. Money markets are not greatly different from commodity markets in this respect, that they are governed, not entirely but very largely, by the law of supply and demand. Obviously if the

demand is large in relation to supply the return on borrowings must be larger because the earning power of money is greater. Alternatively, when the supply is large in relation to demand, the earning power of money will be reduced and borrowing can then be had at lower rates of interest. Interest is simply a means we have of measuring the value of money as a return on the use of it.

Now, Mr. Speaker, let us put some facts straight at the outset. We are told here in this house that the rates that the government of Canada must pay on borrowings have been rising and, indeed, have reached record proportions. It is one thing to talk about treasury bills, and it is another thing to talk in generalities. Hon. members opposite today, when they have launched out on the subject of treasury bill rates, have either confused themselves or by typical sophistry jumped into an area of generalities from that point concerning interest rates in general. We should put some facts straight. It is true that last Thursday the Bank of Canada rate reached a record 4.97 per cent. This is somewhat larger than the rate was about 20 months ago.

The fact is, Mr. Speaker, that in the year 1957, before we came into office, interest rates were moving up. Indeed, from 1955 forward interest rates in general were moving upwards. This is not a phenomenon that has suddenly emerged since June 21, 1957, and attempts by speakers to leave that impression of course are not only nonsensical but they are contrary to fact. Effective interest rates began to rise in this country measurably in 1955; they were rising steadily in the early part of 1957. It was only after the new government had been in office about two months that the change came about and interest rates then began to recede. Interest rates, from that point on, dropped steadily. I am speaking now particularly of the treasury bill rate and the Bank of Canada rate associated with it. These rates dropped steadily until the spring of 1958, and then in 1958 the treasury bill rate began to rise again.

While there were fluctuations up and down, the interest rate today on treasury bills is higher than it has been in these past times. It is not a great deal higher than it was in the summer of 1957, but it is admittedly higher. Let us look at some of these figures, Mr. Speaker. On the three-month treasury bills, the rate in the summer of 1957, August, was 4.08; at the end of 1957, the rate had dropped to 3.60.

Mr. McIlraith: I wonder if the minister would permit a question on that figure? I have the Bank of Canada statistical summary before me, and the rates seem to be a little different. I wonder if he would give me the statistical authority? I am not questioning his figure, but I should like to have the same one.

Mr. Fleming (Eglinton): The hon. member should be aware of the fact that the treasury bill rate as reported on page 111 of the statistical summary of the Bank of Canada for March, 1959 selects the weekly rate for the last week of the month. Now the weekly rate for the last week of the month of August, which was August 28 of that year, was 4.03 per cent, but the rate during that month reached 4.08 per cent.

By December 31, 1957, the rate as I have indicated had dropped to 3.60 per cent; by April 21, 1958 it had dropped to 1.37 and it reached its low in July, 1958, when the rate dropped to .87 per cent, the lowest for years, a rate of less than 1 per cent. Then, as I have indicated, a rise began in the late summer of 1958, and the rate has moved up gradually, just as it did in the United States. We have a rate on November 19, 1958 of 3 per cent; December 31, 1958, 3.49 per cent; and on April 24, 1959, 4.72 per cent. This is the treasury bill rate.

Now, Mr. Speaker, hon. members opposite have chosen, without any more factual basis than that, to picture this country as going to the bow-wows, as though we were heading straight for a crisis. Let us see this matter in its true proportions. No minister of finance, no government enjoys paying any more for the money it has to borrow than it must pay. Believe me, there is no pleasure in paying high interest rates. The fact is that these are weekly offerings. The treasury bill rate is the most volatile rate amongst all government obligations, and the fluctuations in the rate can at least be understood in relation to this fact, which has some comfort in it, that these rates exist for only three months. When reductions occur, the reductions in rate are quickly felt and the government is in a position to take immediate advantage of them because they are weekly offerings.

What are some of the other movements in interest rates? We have been told here today that the country is going to perdition because the chartered bank prime rate has risen, as of today, to 5¾ per cent. Mr. Speaker, again let us, while not taking any satisfaction out of the fact that this rate has gone up, see this in its true relationship. This rate has gone back to what it was in the summer of 1957.

Mr. Pickersgill: What did you say about it then?

Mr. Fleming (Eglinton): I had this to say, that we inherited a situation from our predecessors, who were very generous in bequeathing problems to us that they did not have either the courage or competence to handle.

Mr. Pickersgill: More tedious repetition.

Mr. Fleming (Eglinton): You would think from their talking today that a rise in interest rates had never occurred before. Let us look at what happened in the regime of these gentlemen who are so boastful today. Let us just go back to 1945. These figures that I give now are the prime interest rate charged by the chartered banks of Canada.

From 1945 to April 23, 1956 the rate was 4½ per cent. On April 23, 1956 it was moved up to 5 per cent. On August 20, 1956 it was moved up to 5¼ per cent. On October 22, 1956 it was moved up to 5½ per cent. On August 26, 1957 it was moved up to 5¾ per cent. On December 2, 1957 it went down to 5½ per cent. On February 17, 1958 it went down to 5¼ per cent. On March 8, 1959 it went up to 5½ per cent. On April 27 it went up to 5¾ per cent.

Therefore, Mr. Speaker, seen in the light of these figures, while we may not like it—and I do not suppose any of us do like to see this present rise in interest rates—the fact is that it is a rise that brings us back to the figure that was reached over 20 months ago, and that following that, through the late part of 1957 and the first half of 1958, the rate went down. This is a rate that has fluctuated frequently according to conditions.

We are told it is deplorable that the Bank of Canada rate should have risen. The Bank of Canada sometime ago chose to set its rate in terms of a formula attached to the treasury bill rate. This was not always the case. For years the Bank of Canada set a rate. That rate stood at 2 per cent from October, 1950 to February 14, 1955. It was then reduced to 1½ per cent. It was raised to 2 per cent on August 5, 1955; to 2¼ per cent on October 12, 1955; to 2¾ per cent on November 18, 1955; to 3 per cent on April 4, 1956; to 3¼ per cent on August 9, 1956; and to 3½ per cent on October 17, 1956.

Now, Mr. Speaker, will you note that in the days when hon. members opposite were in power the rate set by the Bank of Canada advanced from 1½ per cent in February, 1955 to 3½ per cent in October, 1956. In other words, the treasury bill rate rose by 2 per cent within a space of some 20 months. It advanced from 1½ per cent to 3½ per cent, a rise, if you want to measure it in percentage terms, of 133 per cent in terms of the rate prevailing in February, 1955. That was the extent of the rise in the treasury bill rate before we came into office while the rate was still set by the Bank of Canada without reference to the treasury bill rates.

Then, the Bank of Canada, on November 1, 1956 set its rates in terms of a formula attached to the treasury bill rate. In other words, from that point on the Bank of Canada did not attempt to set on its own account the rate on its loans. It simply accepted week by week the treasury bill rate and added a quarter of 1 per cent to it. That was the decision of the Bank of Canada. Whether the government of that day or the minister of finance of that day expressed any opinion on that subject outside the house, we do not know. We do know that he was chary about expressing any opinion on the subject in the house. The Bank of Canada did give its reasons for establishing its rate at that time in terms of this formula. Let us bear in mind that the government of Canada does not establish the Bank of Canada rate.

There are matters within the subject of the amendment that fall within the responsibility of government; there are things that fall within the responsibility of the Bank of Canada. The government is responsible for fiscal policy. The Bank of Canada, by an act of the parliament of Canada, is responsible for monetary policy, and this bank rate, as it is called, is set each week by the Bank of Canada in the exercise of its statutory powers.

I should like to place on *Hansard* simply for the information of the house, without either attacking or defending it, the reasons given by the Bank of Canada for attaching the bank rate to the treasury bill rate. I am reading now, from the press release issued by the Bank of Canada on November 1, 1956:

> The Bank of Canada announced today that it was carrying a step further the policy announced in February 1955 of making its bank rate more flexible and responsive to changing conditions in the short-term money market. Henceforth and until further notice the bank rate, which is the minimum rate at which the central bank is prepared as a lender of last resort to make very short term loans to chartered banks and money market dealers will be at a fixed margin of one-quarter of one per cent above the latest weekly average tender rate for 91-day treasury bills. The average tender rates on treasury bills today was 3.34 per cent, a decline of .03 per cent as compared with a week ago. Accordingly the bank rate until next Thursday will be 3.59 per cent.
>
> As indicated on several occasions by the bank, the bank rate is not changed arbitrarily or with a view to bringing about other interest rate changes. On the contrary, it has been desired since the development of the money market in Canada in late 1954 and early 1955 that the bank rate should be kept in line with other interest rates and should move when they do, but usually not otherwise. The present technical change in the method of setting the bank rate from week to week is

intended to clarify this relationship and remove what has evidently been a source of some public misunderstanding.

Interest rates are determined in the market by the interplay between the supply of and the demand for loanable funds. Transactions take place every day in considerable volume; yields on marketable securities may change by small amounts from day to day, according to changes in the views of holders and of prospective buyers of various categories of securities as to the prices at which they are prepared to sell or buy. In general, interest rates have been rising for nearly two years because of a great growth in demand to borrow money, or to raise money by selling securities. The supply of money has increased, but the demand for it has grown even faster.

The bank rate has been increased from time to time in Canada as in other countries in line with this movement in market rates of interest. It would be clearly undesirable that banks and dealers should be able to borrow from the central bank at a lower cost than the yield on the most liquid form of government securities. Such an encouragement to borrowing from the central bank would be apt to induce an inflationary increase in the volume of money.

Changes in bank rate in the past two years have taken place in steps of one-quarter per cent or one-half per cent. One result of having the bank rate change by smaller amounts each week in closer touch with other short-term interest rates is that it will direct public attention more to the basic factors in the monetary situation, that is, changes in the supply of and demand for money.

Then, further down:

If at any time it appears that the treasury bill rate is not the best indicator of market conditions or if it is found that a different margin between market rates and bank rate would be more suitable, or that a change in monetary conditions should be more strikingly signalized, a change in the practice will be made and announced. For the time being, however, it is proposed, as indicated, to keep the bank rate at a fixed margin of one-quarter of one per cent above the average rate at the most recent weekly tender for government of Canada treasury bills, the rate which is made public at approximately 1 p.m. each Thursday immediately following the tender.

Mr. Pickersgill: Would the minister permit a question?

Mr. Fleming (Eglinton): Yes.

Mr. Pickersgill: I would like to ask the minister whether he approves of this technique followed by the Bank of Canada?

Mr. Fleming (Eglinton): Mr. Speaker, whether I approve or not matters not at all, because this is a rate which is set by the Bank of Canada under the power conferred upon it by parliament.

I draw attention to two facts in this statement. The first is that the bank has stated that if at any time it is satisfied that the treasury bill rate is not the best indicator of market conditions, or if it is found that a different margin between market rates and bank rate would be more suitable, or that a change in monetary conditions should be more strikingly signalized, they can and will make a change in the basis of establishing the bank rate and will announce the changes. Mr. Speaker, it is a fact that they have not made any change since this basis of establishing the bank rate was first adopted on November 1, 1956, and as far as I know the bank does not contemplate any departure from that formula.

The other factor to which I draw attention in this press release of November 1, 1956 by the Bank of Canada is this. They are drawing attention to the reason why in their view the bank rate must always be above the rate charged by the most liquid of government securities, which of course is to all intents and purposes the treasury bill. They are saying in effect that if the bank rate were ever established at a rate lower than the treasury bill rate, immediately it would become profitable for the chartered banks to borrow from the Bank of Canada at that lower rate and then purchase treasury bills at the higher rate, and in that way gain an easy profit. That is a clear and understandable reason for establishing the bank rate in terms higher than the rate on the treasury bills.

This subject has been developed further. In order that this matter may be clearly understood, I would like to give to the house some extracts from the report of the governor of the Bank of Canada for the year 1956. I begin first of all at page 45. Here the report speaks of the bank rate:

Since the Bank of Canada acts in the role of lender of last resort, its lending rates should not be as low as the interest rate on the most liquid form of security in the market, namely treasury bills. If the treasury bill rate were to rise above the bank rate for any length of time, so that the cost of borrowing from the bank was less than the return on treasury bills, there would be an incentive to rely on Bank of Canada advances rather than to use the money market. Prior to November 1, 1956 the bank had followed the practice of keeping its lending rate above the treasury bill rate by raising the bank rate at intervals of some months whenever the treasury bill rate approached or temporarily exceeded the previous level of the bank rate. In 1956 the bank rate was increased from 2¾ per cent to 3 per cent on April 4, to 3¼ per cent on August 9 and to 3½ per cent on October 17. This procedure gave rise to some misunderstanding; in some quarters it was apparently thought that the central bank was setting or fixing or controlling interest rates of all kinds by its action in changing and publishing its own minimum lending rate. (The actual influence of the central bank on interest rates is discussed in a subsequent section.)

The simplest method of ensuring that the bank rate will always be higher than the treasury bill rate is to keep it at some specified and published margin above the treasury bill rate, whatever the latter may be. This method was adopted on November 1 when the bank announced that it would thereafter until further notice adjust its lending rate once a week in order to maintain it at a level of ¼ of one per cent above the average

rate on treasury bills at the most recent tender or auction of treasury bills. At the close of the year the bank rate was 3.92 per cent.

Another reason for adopting the new method of determining the bank rate was that weekly changes in the treasury bill rate are relatively small in either direction and the fact that such changes occur weekly has become well understood. On the other hand, unexpected, unpredictable, infrequent and relatively large changes in the bank's lending rate under the previous system were known to have a disturbing effect on business in general and on all persons who might be contemplating the making of investments or entering into business arrangements involving credit and rates of interest. No difficulties of this sort have been reported since the adoption of the new system.

If, with changing circumstances, the new system of determining the bank rate were to be found to be undesirable for any reason, the bank could, of course, again change the basis on which it sets its rate.

Then, I turn to another subject dealt with in this report of the governor for the year 1956. At page 48 the governor deals with the subject of "the Bank of Canada and interest rates", as follows:

Basically, interest rates are determined by the strength of demand for borrowed funds and the availability of the funds from willing lenders. The influence of the central bank (as described below) does not arise from changes in the bank rate which, as already indicated, tend to follow market changes, but rather from the operations which the bank undertakes in order to affect the money supply and from the effect of the resulting changes in the supply of money.

The central bank, like other institutions operating in the capital market, buys and sells government securities and bids from treasury bills at the weekly tender. These and other day-to-day operations of the bank, including its lending to banks and money market dealers, have an influence on the level of interest rates, generally in the direction of resisting rather than inducing or adding to movements of interest rates. In other words the bank will normally be buying government securities on a declining market and selling on a rising market.

In its day-to-day operations the bank generally offers some resistance to changes in interest rates (in either direction) in the interests of maintaining orderly conditions in financial markets. However the bank has always made it quite clear that the establishment or maintenance of any particular level of interest rates is not an objective of central bank policy. Its basic objective, as laid down by statute, is to manage the supply of money, that is, the total amount of currency and bank deposits, with a view to contributing both to economic growth and to general stability of prices.

The management of the supply of money is a complex matter, mainly because there are no firm relationships between the level of total expenditures in the economy, or even the total use of credit, and the total supply of money. There are several reasons for the absence of such relationships. Of the total amount of bank deposits, part is held by the owners for actual working balances and part is held by the owners as a form of liquid reserve. This is true in the case of both savings deposits and demand deposits. However, the proportions of the total held for each of these purposes may vary considerably from one period to another. The amount of total bank deposits which is actually used for making current payments may rise even though there is no growth in total bank deposits. Moreover, bank deposits are only one of a variety of financial planes in which the public can hold its funds—there are also treasury bills, other short-term notes, stocks, bonds and mortgages, many of which are quite liquid—and in some periods the proportion of the total held in the form of bank deposits may be considerably different from that in other periods. Similarly, the chartered banks are but one of a number of sources of credit, and the public may be able to obtain a much larger proportion of its total requirements of borrowed funds from non-bank sources in some periods than in others. One way of describing the situation is to say that there are variations in the rate of use of the supply of money or in the "velocity of circulation" of money.

The central bank has no direct influence on such changes but it must take them into account in managing the total supply of money. The effect of many of these changes cannot be measured statistically, and this means that the monetary management cannot be conducted on the basis of any formula. While it can be said that in general an increase in the supply of money operates in the direction of easing the availability of credit and that a decrease operates in the opposite direction, the actual size of the changes which take place must be kept continually under review in the light of the performance of the economy.

In some periods, such as 1954, when the rate of increase in the aggregate demand for goods and services tends to lag behind the rate of increase in Canada's productive capacity, the objective of encouraging the continuation of growth, as well as general stability of prices, requires that the supply of money be plentiful so as to encourage the growth of demand. In such periods the competition for borrowed funds is less keen and interest rates tend to fall. In other periods, such as 1956, the rate of increase in the demand for goods and services may exceed the rate of increase in output, and in order to discourage the development of inflationary pressures at a time when productive capacity is being fully utilized the objective of monetary policy is then to moderate the rate of growth in the money supply. In these circumstances the competition for the supply of loanable funds is keen and interest rates tend to rise.

A policy of maintaining any particular level of interest rates, or of preventing anything more than minor movements, regardless of economic and financial conditions, would require the abandonment of the bank's main objectives. In periods when the demand for funds was growing rapidly it would have to increase the supply of money to whatever extent was necessary to prevent a rise in interest rates. Prices would be bound to rise under such conditions and the demand for money would go on increasing. Such a policy would require the bank to expand the money supply at an accelerating rate, thus adding greatly to inflationary forces.

I pass over the balance of that section and come just to the final paragraph under that heading "The Bank of Canada and Interest Rates".

The Bank of Canada from time to time buys or sells government securities, or varies its holdings at time of maturities and new issues. This may be done for reasons of adjusting the money supply, or in the interests of maintaining orderly conditions in the securities market. For the latter purpose the bank acts as a stabilizing influence, to a degree, by buying at times of selling pressure in the market, and selling at times of buying pressure in the market, on such a scale as to minimize short-run, day-to-day fluctuations but not so as to

prevent longer-run tendencies based on real changes in supply and demand. On balance, the bank has been a buyer of government securities throughout the period of falling bond prices, that is, of rising interest rates.

I have read that extract with a view to placing before the house the bank's statement containing its view as to its function in relation to the movement of the interest rate and the supply of money. There has undoubtedly been a good deal of misunderstanding on the subject of the operations of the bank in this particular field, and I have read this statement at some length, because it is as far as I know the clearest and most comprehensive statement which the Bank of Canada has issued at any time as to the function which the bank performs in connection with interest rates and their fluctuations.

I spoke of the interaction in the money market which we have had in Canada since the end of 1954 of the forces of supply and demand. The demand for money is, of course, measured by the total effective borrowing from all sections of the country—borrowings, made by the federal government, provincial governments, municipal governments, business and persons—the whole gamut of borrowings in a free economy.

What are the factors which govern the supply of money? The two elements in money supply are currency in circulation and bank deposits. The bank deposits represent, of course, the total sum of money placed on deposit at any particular time with the chartered banks. The other element of money supply is currency in circulation, and the volume of currency in circulation in Canada is determined by the Bank of Canada and by the Bank of Canada alone. This is something strictly within the sphere of monetary action and this power, by the Bank of Canada Act, has been vested in the Bank of Canada. I wish to make it quite clear that the government, as such, does not exercise control over the money supply or over the amount of money in circulation.

The powers and responsibilities of the bank have been clearly defined. The Bank of Canada Act defines them in three sections to which I should like to make reference. In section 18, subsection (3), the act provides:

> The bank shall at all times make public the minimum rate at which it is prepared to make loans or advances.

That is the provision under which the bank derives its power and authority to establish the bank rate. The Bank of Canada rate is simply the minimum rate at which the Bank of Canada is prepared, as a lender of last resort, to make loans or advances.

Section 21 (1) of the act provides that the bank shall have the sole right to issue notes payable to bearer on demand and intended for circulation in Canada, and that such notes shall be the first charge upon the assets of the bank. From this provision the Bank of Canada derives its exclusive power to issue notes and in that way to determine the volume of currency in circulation.

There have been questions as to the relationship between the Bank of Canada and the government. Section 20 (1) of the act provides as follows:

> (1) The bank shall act as fiscal agent of the government of Canada without charge and, subject to the provisions of this act, by agreement, may also act as banker or fiscal agent of the government of any province.

There you have the provision under which the Bank of Canada operates as the fiscal agent of the government. And in subsection 2 there is the provision:

> The bank, if and when required by the minister so to do, shall act as agent for the government of Canada in the payment of interest and principal and generally in respect of the management of the public debt of Canada.

In that respect it is clear that the function of the bank is that of agent, and that the government holds the responsibility before parliament and within the powers given to it by parliament in relation to the management of the public debt of Canada. The bank acts as the government's agent in this regard.

Perhaps I have sufficiently sketched the provisions under which the Bank of Canada operates and the respective functions of the bank and of the government in the fiscal field, in the management of the public debt and in the field of monetary action. And then there is, of course, the field where their reponsibilities are mingled and they act in association.

I have made these remarks at more length than I would have wished with a view to clarifying, if I may, the question of responsibility in this situation, because this amendment that has been moved today seeks to place upon the government the whole responsibility for the interest rates that exist in the market at the present time.

Mr. McIlraith: No, no.

Mr. Fleming (Eglinton): Mr. Speaker, we see an attempt in this amendment to say that because of the actions taken by the government in the field of debt management and monetary policy certain things have happened. Hon. members opposite are quite entitled to hold the government responsible for debt management with respect to that period during which the government has been in office, but I would point out that in the matter of monetary policy this parliament has placed the responsibility and indeed the power in the hands of the Bank of Canada.

The government does not exercise any sway in the field of monetary policy. The right to issue currency is vested exclusively in the Bank of Canada. Notwithstanding this fact, this misguided amendment seeks to hold the government responsible for all that has happened in the field of monetary action.

On the face of it this amendment is obviously quite misdirected. It was framed by someone who has not read the statutes enacted by this parliament. I shall have something to say in detail about the five elements that are set forth in the amendment, but I draw your attention, sir, to the fact that these are put forward in the amendment as illustrations of the results of government action in the field of debt management and monetary policy. If these five illustrations have no more validity than the general statement which precedes them then they will need a great deal to buttress them because they are founded upon a statement that is utterly at variance with the law enacted by this parliament.

I have said that this government will meet its responsibility in relation to the public debt of Canada. That is our responsibility and we shall face that responsibility. We are not, however, to be held responsible in a field where parliament has vested the determination of the Bank of Canada rate, under section 18 of the act, and the issuance of currency, under section 21 of the act, in the Bank of Canada.

Let us now look a little closer at these five illustrations. The first refers to the conversion loan. I shall have something to say about that, but perhaps I should leave those remarks until tomorrow because of the length of time that was spent on this subject today by several hon. members opposite.

The second paragraph of the amendment makes reference to the highest bank rate since the Bank of Canada was established. I point out to you that the government of Canada has no responsibility whatever for the establishment of the Bank of Canada rate. In pursuance of powers conferred upon it and responsibilities vested in it by the parliament of Canada the Bank of Canada has established the bank rate.

Mr. McIlraith: Mr. Speaker, I wonder if I may be permitted to ask a question at this point. Since the bank rate is fixed in the way in which the minister has described by its relationship to the bids on treasury bills, would the minister deny that government policies have some effect on the amounts being bid for treasury bills?

Mr. Fleming (Eglinton): Mr. Speaker, if this amendment had spoken of the treasury bill rate it would have spoken about something that lies within the area of government action, but this misdirected amendment which as I have said was obviously drawn by someone who had not read the statute law enacted by this parliament does not speak of the treasury bill rate; it talks instead about the Bank of Canada rate...

Mr. Pickersgill: Which is established by the treasury bill rate.

Mr. Fleming (Eglinton):...which is something over which this government has no control. The Bank of Canada has chosen to set this Bank of Canada rate by a formula based upon the treasury bill rate. If this amendment had talked about the treasury bill rate it would in my submission have been clear on this point and would have been dealing with something which is within the proper sphere of government action.

Mr. Pickersgill: "Plus cela change, plus c'est la même chose."

Mr. Fleming (Eglinton): The realm of action of the Bank of Canada in relation to treasury bill rates, as was made clear in the statement I read from the governor's report of 1956, consists of the purchase or sale of treasury bills. I wish to register that fact now and having made that comment may I call it ten o'clock and move the adjournment of the debate.

On motion of Mr. Fleming (Eglinton) the debate was adjourned.

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

Question

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

COMMITTEES OF INQUIRY, INDIAN ACT

Question No. 354—**Mr. Howard:**

1. Have any committees of inquiry been appointed since 1951, pursuant to section 112 of the Indian Act?

2. If so, what were the names and addresses of the members so appointed, and what reports, if any, were made?

Answer by: **Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration):**

1. Yes.

2. On March 6, 1956, a committee comprising His Honour Chief Judge N. V. Buchanan, Edmonton, Alberta; John Rodgers, Michel Indian reserve, Alberta; and L. L. Brown, Ottawa, was appointed to inquire into an application for enfranchisement made by the Michel band of Indians of the province of Alberta. The committee's report, dated January 11, 1957, recommending enfranchisement for the band, was approved and the Michel band was enfranchised by order in council P.C. No. 1958-375 dated March 18, 1958.

On March 7, 1956, a committee comprising Hon. Mr. Justice J. O. Wilson, Vancouver, B.C.; Edwin Ryan, Metlakatla, B.C.; and L. L. Brown, Ottawa, was appointed to inquire into an application for enfranchisement made by the Metlakatla band of Indians of the province of British Columbia. The committee's report, dated July 23, 1956, recommended against the enfranchisement of the band and in consequence the application from the Metlakatla band was not approved.

HOUSE OF COMMONS

Tuesday, April 28, 1959

The house met at 2.30 p.m.

EXTERNAL AFFAIRS

FOOD FOR PEACE CONFERENCE—CANADIAN REPRESENTATION

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, on April 17 I made a statement about the forthcoming food for peace conference and stated that a little later I would place before the house the composition of the Canadian delegation.

This ministerial meeting will take place in Washington on the 4th and 5th of May and the Canadian government will be represented by the Minister of Trade and Commerce and the Minister of Agriculture. The delegation will also include Mr. McNamara, chief commissioner of the wheat board, and government officials from the departments of trade and commerce, finance, agriculture and external affairs, as well as from the Canadian embassy in Washington.

The chairman of the Canadian delegation to the meeting of officials which is now taking place in Washington is Mr. G. R. Paterson, chief of the agricultural and fisheries branch of the Department of Trade and Commerce, who will be assisted by officials of the departments concerned, the wheat board and the Canadian embassy in Washington.

GERMANY—STATEMENT ON CANADA'S POSITION RESPECTING NEGOTIATIONS WITH RUSSIA

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, on April 22 I gave the house an account of the stage that had been reached in the preparations by the four western powers for the negotiations with the Soviet union which are to commence in Geneva on May 11. I mentioned on that occasion that a committee of experts from the United States, the United Kingdom, France and West Germany was engaged in compiling draft proposals for the western side. That work has been completed.

Yesterday in the United Kingdom House of Commons the foreign secretary, Mr. Lloyd, gave an account of the hopes and expectations for the Geneva meeting. It is apparent from a reading of his speech that as yet it has not been found possible to go into detail about the exact negotiating position of the western countries. However, Mr. Lloyd was able to say enough to show that the United Kingdom, in its thinking on the problems to be examined in Geneva, is following much the same viewpoint as that expressed on behalf of the Canadian government. We have been aware of the similarity of our views as a result of discussions with the United Kingdom Prime Minister and Mr. Lloyd when they were in Ottawa recently.

Specifically, the Canadian government is associated in public, as it has already been in private, with the United Kingdom belief in the need for real negotiations, and we give complete support to the three major aims which Mr. Lloyd set forth. The western powers should try to achieve some progress first toward the reunification of Germany on acceptable terms. Canada reaffirms the right of the people of West Berlin to choose their own system of society along with satisfactory arrangements for free access to that city. As well, there should be a reduction in tension and an improvement of stability in Europe.

These three aims represent in general the viewpoint expressed by Mr. Lloyd. There are formidable difficulties in the way of achieving them. It may turn out that the foreign ministers' conference at Geneva and the summit meeting which it is expected will follow may be but the beginning of a series of consultations with the Soviet union on these vital problems. That in itself would be an advance. As the western foreign ministers are about to begin the final preparations I think the house would want me to assure them that they have the full understanding of this house and of the Canadian people in the task that faces them.

COAL

NOVA SCOTIA—REQUEST FOR STATEMENT FOLLOWING DISCUSSION WITH PREMIER

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Mines and Technical Surveys. Would the minister tell the house whether he saw the premier of Nova Scotia yesterday, and whether he has anything to say about the long term coal policy of the government?

Inquiries of the Ministry

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, I thank the hon. member for Laurier for having given me notice of his intention to ask this question. The best I can do, I think, under the circumstances is to read the press release issued yesterday afternoon after the conference:

A conference was held today between representatives of the government of the province of Nova Scotia and that of Canada to consider the scope of the study into the long term problems of the coal industry, which was promised by the Prime Minister when he announced the subvention program for the current year.

Representing the province of Nova Scotia were Premier Robert L. Stanfield and Hon. E. A. Manson, minister of mines, who met with the Minister of Mines and Technical Surveys, the Minister of National Revenue and Mr. Wilbur Uren, chairman of the dominion coal board.

The conference considered the industrial as well as the mining problems of the coal mining areas of Nova Scotia. There was agreement as to the importance of the coal industry, and the urgency of conducting such a study in order that a solution could be reached of the problems which have confronted this industry for such a long period of time. It was agreed that the improvisation and uncertainty which has dogged the lives of those associated with the industry should be removed in so far as possible.

There was also a full expression of views between the parties concerned and the ministers will report to their respective governments where the matter will be further considered by their colleagues.

It was emphasized by spokesmen in the group that this was simply a preliminary meeting to be followed by further consultations in the near future.

Mr. Chevrier: May I ask a supplementary question, sir. Has any consideration been given to those who will be undertaking this study?

Mr. Comtois: We will consider the matter, Mr. Speaker, and as soon as we reach a decision the house will be informed.

Mr. H. W. Herridge (Kootenay West): I would like to ask a supplementary question. Have there been any discussions between members or officials of the government of British Columbia and members of the federal government with respect to the difficulties of the coal mining industry in that province?

Mr. Comtois: No, Mr. Speaker.

TRADE

DRIED POLLOCK—REPORTED CEILING PRICE SET BY JAMAICA

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): I would like to direct a question to the Minister of Trade and Commerce, notice of which I sent to his office at 11.45 this forenoon. In view of recent action by the government of Jamaica in placing a low ceiling of 13½ cents at the retail level on dry pollock, and this at a time when Canadian exporters have over 4 million pounds of this commodity on hand, what action, if any, is being taken by the government to protect this market for our Canadian producers?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, notice of the question of the hon. member was duly received at 11.45 a.m. The answer had already been prepared, because a week ago we were aware of this situation. On April 21 we were advised of the Jamaican government's intention to place a retail price ceiling of one shilling per pound on dry salted pollock. Immediately on receipt of this information our trade commissioner in Jamaica was instructed to make strong representations to the Jamaican authorities. The trade commissioner has now advised us that effective April 27 the retail price ceiling on dry salt pollock has been removed.

It is my understanding that the Jamaican minister of trade and industry will be meeting tomorrow with fish importers in Jamaica to work out new conditions covering the importation of salt fish. I can assure the house that the strongest representations will be made by our trade commissioner in Jamaica to ensure that Canadian exporters continue to enjoy favourable terms of access to this important and traditional market. It would be unfortunate if discriminatory action were taken by the Jamaican authorities which would lead in any way to a deterioration in the close and friendly relations between Canada and Jamaica.

NATIONAL DEFENCE

INQUIRY AS TO DESTRUCTION OF ARROW AIRCRAFT

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to address a question to the Minister of National Defence. Can the minister inform the house whether all Avro Arrows other than the first five have been destroyed?

Hon. G. R. Pearkes (Minister of National Defence): The disposal of the Avro Arrow is, as I stated in the house last week, a matter which comes under the direction of the Minister of Defence Production.

Mr. Hellyer: May I direct the same question to the Minister of Defence Production?

Some hon. Members: He is not here.

Mr. Hellyer: I know, Mr. Speaker, that the Minister of National Defence does not wish to mislead the house and the country, and I am sure he is aware—

Some hon. Members: Question.

Mr. Hellyer: Is the minister aware that No. 6, the first mark II Arrow, has not yet been destroyed?

Mr. Pearkes: As I stated, the disposal of the Avro Arrow is under the direction of the Minister of Defence Production, and I have no knowledge whether No. 6 has or has not been destroyed.

Mr. Hellyer: May I direct my question to the Acting Minister of Defence Production. Or, if he is absent, may I ask a supplementary question of the Minister of National Defence. In view of the fact that No. 6 is still in existence, will the minister order that it be not destroyed but that it be completed and then test flown in order to win the world's air speed record for this country?

[*Later:*]

Mr. Hellyer: Mr. Speaker, I should like to direct a question to the Prime Minister. I wonder if the Prime Minister will intervene and save the No. 6 mark II Arrow in order that it may be completed and test flown?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I will naturally take under consideration any suggestions that come from the hon. gentleman, and give them the weight they deserve.

Mr. Hellyer: This one will have to be given rather urgent consideration, Mr. Speaker.

[*Later:*]

Mr. Hellyer: Mr. Speaker, I should like to direct a further question to the Minister of National Defence. Has the minister inquired of the United States air force about the possibility of the first five or six Arrows being used as flying test beds?

Mr. Pearkes: Mr. Speaker, I have received no communication from officials of the government of the United States regarding the employment of the Avro Arrow for test purposes.

Mr. Hellyer: A supplementary question, Mr. Speaker. Has the department taken any initiative in this respect? I understand that some doubt exists as to what should be done with these aircraft.

Mr. Pearkes: The government has taken the initiative in trying to find some useful purpose for the Avro Arrows that have been completed.

LABOUR CONDITIONS

BELL ISLAND, NFLD.—ASSISTANCE TO UNEMPLOYED MINERS

On the orders of the day:

Mr. J. A. McGrath (St. John's East): I have two questions for the Minister of Labour, notice of which has been given him.

In view of the fact that the Dominion Steel and Coal Company have announced that they will be closing down No. 6 mine at Bell Island on May 1, thereby placing 575 miners out of work, would the minister tell the house what steps have been taken to meet this situation?

Further, is the minister prepared to say whether consideration will be given to declaring Bell Island a labour surplus area, thereby making it possible for financial assistance to be given to those miners to secure work elsewhere?

Hon. Michael Starr (Minister of Labour): I wish to thank the hon. member for having given me notice of this question. My department has been very active in attempting to ease the situation of those affected by this lay-off. Our officials from both Moncton and St. John's, Newfoundland, have visited Bell Island, and the process of registering and interviewing the men is now under way. I may say that we have had indications from at least two mining companies in Ontario that they require over 200 men for jobs which would be available to those miners who are able to take them.

In answer to the second question I may say that this area has been declared a labour surplus area, and that movement expenses will be paid.

INDUSTRY

STATEMENT ON REPORTED C.N.R. CAMPAIGN TO ATTRACT U.S. CORPORATIONS

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday the hon. member for Skeena asked a question regarding the reported campaign by the Canadian National Railways to attract United States industry to Canada.

The management of the railways advise me that for many years its industrial development branch has offered a specialized service to industry designed to assist plant location and expansion. This program is mainly directed to Canadian industry. As part of its endeavours to make Canada and the Canadian National Railways economically attractive to industry, there is currently a direct mail campaign being aimed at a carefully chosen list of senior executives of United States firms, with a view to interesting them in building plants in Canada and also informing them of the industrial location services provided by the railway. This is not a new venture but merely a different approach, as direct mail was considered to be more economic and effective.

Inquiries of the Ministry

Mr. Frank Howard (Skeena): Mr. Speaker, as a supplementary question I wonder if I might ask how the minister reconciles this wooing of United States industry by the Canadian National Railways with the stated policy of his party that there is already too much United States domination of Canadian industry?

Mr. Hees: Mr. Speaker, as the hon. member knows very well this party has never been against United States industry coming to Canada and employing Canadians, providing jobs for Canadians and making it possible for the standard of living of Canadians to be enhanced through increased employment of that kind.

A. V. ROE COMPANY

REPORTED LOSS OF SKILLED WORKERS TO U. S.

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I have a question for the Minister of Labour, notice of which went to him just before 2.30. My question arises out of a report in this morning's *Globe and Mail* to the effect that 1,000 former Avro workers have applied for United States visas, indicating that these highly skilled personnel may be lost to Canada. Can the minister now say whether steps are presently being taken by his department to the end that jobs may be found at an early date for the remaining unemployed persons in this industry, thereby retaining for Canada their highly developed skills?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, as I pointed out when these lay-offs took place, all the facilities of the national employment service offices were being utilized in this effort, and they are still being utilized to the fullest extent. It is difficult to say how soon all these men will be placed, but we are doing everything we possibly can to this end.

Mr. Argue: A supplementary question, Mr. Speaker. Can the minister say whether prospective employers are still reluctant to hire Avro workers on the basis that these workers may soon be recalled to the industry, or whether that situation has been overcome?

Mr. Starr: I have not had a recent report on that aspect of the question.

PUBLIC SERVICE

STATEMENT ON ALLEGED STRIFE AND INTRIGUE IN SELECTION OF PERSONNEL

On the orders of the day:

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, on March 13 and again on April 21 the hon. member for Skeena asked whether my attention had been drawn to a newspaper article to the effect that strife and intrigue is being created in the selection of federal government employees through the actions of officials in various departments, and whether I could make any comment on that report.

The only comment I wish to make, Mr. Speaker, is that no complaint of this character has ever been made to me by the professional institute of the public service of Canada, the civil service employees' associations or the civil service commission, which latter body is responsible for the maintenance of the merit system in the civil service of Canada.

CANADIAN PACIFIC RAILWAY

REPORTED FEDERAL REFUSAL TO PROSECUTE UNDER LABOUR CODE

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I wish to direct a question to the Minister of Labour, notice of which was given to him. Would the minister explain a statement made by Mr. J. Graham, general chairman of the brotherhood of locomotive firemen and enginemen, Canadian Pacific Railway lines, to the effect that his request to the Minister of Labour to prosecute the C.P.R. under the federal labour code, because of violations of both labour control and the law by the railway, was refused for reasons which he described as sounding "spurious"?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask this question. In answer I want to advise him that I did indeed receive such a letter from Mr. Graham, the general chairman of the brotherhood of locomotive firemen and enginemen, along the lines indicated by the hon. member.

The letter was then referred to my officials, since it dealt with matters of a technical nature. Their reply was to the effect that the points raised by Mr. Graham were of a nature normally dealt with under grievance procedures.

GRAIN

PROVISION FOR MOVEMENT OF TOUGH AND DAMP GRAIN

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I should like to address a question to the Minister of Trade and Commerce. Can he inform the house whether he has anything further to add to the answers previously

given regarding the movement of tough and damp grain in the northeastern corner of Saskatchewan?

Hon. Gordon Churchill (Minister of Trade and Commerce): Yes, Mr. Speaker. This is a matter which is of considerable concern to the producers of that area, and every effort has been made to meet their requirements. The wheat board has advised me now that while very little space is available for local deliveries at the points in northeastern Saskatchewan which are affected, there are outstanding shipping orders in the hands of the elevator agents for 30 cars, 12 cars and 15 cars, respectively, for three areas, Hudson Bay, Veillardville and Erwood. As navigation at the lakehead has just opened, grain to that destination will be moving more freely from now on, and it is anticipated by the Canadian wheat board that the railway company will be in a position to furnish box cars in fulfilment of the outstanding orders and additional orders commencing within a few days. As space becomes available for further deliveries by producers, delivery quotas will be increased accordingly.

The shipment of tough and damp grain to lakehead terminals will be continued by the board on a first priority basis, and the board expects that opportunity will be provided to market most of the tough and damp grain in the area during the course of the next few weeks.

Mr. Hazen Argue (Assiniboia): A supplementary question. I appreciate the action that the minister has indicated is being taken. Can he say whether any thought is being given to providing additional or emergency quotas over the general quota this year, if that is necessary to move the grain before it does in fact spoil?

Mr. Churchill: Consideration will be given to that, Mr. Speaker, if there is some difficulty in moving the grain during the course of the next two weeks, but with the opening of navigation in the great lakes I think there will be storage space available and this movement will continue as planned.

SUPPLY

The house resumed from Monday, April 27, consideration of the motion of Mr. Fleming (Eglinton) for committee of supply, and the amendment thereto of Mr. McIlraith.

DEBT MANAGEMENT AND MONETARY POLICY

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, in the course of my brief introductory remarks last evening I laid some emphasis on one or two points. The first was in reference to the bank rate, that is to say the Bank of Canada rate. I had pointed out that that is a rate established by the Bank of Canada under the provisions of the Bank of Canada Act, and the government has no power over the rate that is established by the Bank of Canada. I had given some indication, Mr. Speaker, of what I think is a fairly widely recognized fact, that in Canada and some other countries with relatively new central banks the bank rate, that is to say the rate established by the central bank only, has exerted no direct or strong influence on market rates. Its movement has rather reflected changes in market rates and market conditions, and could never have been properly considered a cause of those rates and conditions.

I had also pointed, Mr. Speaker, to the fluctuations that have occurred in various rates. I had pointed out that in this country the rise in interest rates began not recently but in 1955, and that in the summer of 1957 a decline in interest rates set in which lasted for nearly a year, until the spring of 1958. We have been, since that time, in a period of rising interest rates in company with some other countries.

I pointed out also, Mr. Speaker, the extent to which the prime rate established by the chartered banks of Canada has fluctuated. I pointed out that the rise to 5¾ per cent which became effective yesterday simply returned that rate to the figure it had reached at the peak of the movement in interest rates in the summer of 1957, climaxing at that time a rise in interest rates that had then continued, broadly speaking, for two and one half years.

I am sure I do not need to say to the house that the government has no jurisdiction whatever over the prime rate established by the chartered banks. Section 91 of the Bank Act is quite clear in its provisions in this regard. It prohibits the banks from charging any rate of interest or any rate of discount exceeding 6 per cent per annum. It does not give the government any power whatever over the rate established by the banks. Therefore in pointing to that rate hon. members in the opposition who have sought to make something of it are simply pointing to something over which the government has been given no jurisdiction or measure of control by parliament.

Now, sir, having mentioned these points again, let me pass on to further observations on the theme upon which I touched last night, as to the effect of the operation of the law of supply and demand in the money market. I had indicated that when this law is left alone it operates in the same way the law of supply and demand operates in the commodity markets. When the supply factors are stronger than the demand factors,

then obviously the price goes down, in this case interest rates. On the other hand, when the demand factors are in the ascendant over the supply factors, then the price goes up, in this case the price of money being interest.

One would have thought, sir, listening to the speeches that were made by opposition members yesterday, that something extraordinary had happened, something that was quite unprecedented. Well, Mr. Speaker, the fact is that hon. members opposite, as I pointed out last night, chose for their favourite illustration the treasury bill rate, which is the rate which has shown, in the period from the summer of 1957 to the spring of 1958, the sharpest drop in interest rates and since that time the sharpest rise. It is the most volatile of all government securities in its response to factors at work in the market affecting interest rates. One does not find in the case of any of the government bond issues movements in interest rates to compare with those which did occur in those two periods in the treasury bill rate.

I could give the house detailed figures, but I do not wish to weary the house. However, whether one looks at short, medium or long term bonds, the fact is that in one of these cases have the movements in interest rates been as sharp as in the case of treasury bills, and that is obviously the reason hon. members of the opposition, in seeking to exaggerate this situation out of all recognition, have chosen to talk about the treasury bill rate and have completely glossed over the position in regard to bonds. The fact is also that hon. members of the opposition, in speaking yesterday left the impression that this situation is confined to our country. I am sure the house is not going to be so easily misled. We are, in this respect, experiencing a problem that is shared with other countries.

I gave the figures last night showing the rise in the treasury bill rate. Let us look at the United States. One hon. member opposite yesterday pictured the United States as enjoying reduced rates on its borrowings. Well, Mr. Speaker, here are the figures on United States treasury bills, beginning with the first of this year. The opening rate on a treasury bill issue of the United States for this year, January 7, was 2.68 per cent. Their last offering, on April 22, went out at 3.11 per cent.

The rise, as hon. members will see, was .43 per cent, and that condition has been similar to the one we find in the United Kingdom. Basic conditions in the United Kingdom may be somewhat different at present from those on this continent, but with respect to the treasury bill rate we see, though not to the same extent, nevertheless the same general condition. The opening treasury bill rate in the United Kingdom this year, on January 7, was 3.14 per cent. The last issue, on April 22, went out at 3.28 per cent. This rise is smaller, it is true, nevertheless it is a rise.

Now, Mr. Speaker, the rate in Canada on treasury bills has, in its movements, paralleled the movements that have occurred in other countries. If the treasury bill rate, which is only one rate, has moved farther in this period than in these other countries, there are good reasons for it, and I think reasons that commend themselves to this house and to the country. I point out also that much sharper rises than we have experienced in this country in our treasury bill rate have occurred in other countries. Look at the experience in the United Kingdom in 1957. On July 31, the treasury bill rate in that country was 3.82 per cent, and by September 25 the rate had jumped to 6.6 per cent.

When hon. members opposite talk about the jump in our rate, it would be well if these things were seen in their true perspective. The fact is that the treasury bill rate in this country, since the beginning of 1959, has jumped just 1.47 per cent. We are not at all happy that this increase has occurred but, Mr. Speaker, it is well, in all honesty, that the facts should be understood and that the kind of misleading impression that was created yesterday should not be permitted to linger. I have indicated also that when the treasury bill rate recedes, we derive immediate benefit from the reduction because of the weekly offerings.

Now, sir, we are told that we have influenced rates on bonds and on treasury bills. It is undoubtedly a fact, Mr. Speaker, that a government would like to affect those rates to its advantages as it may be able. No government likes to pay more than it must for the money it must borrow to meet the purposes of government. What has been our record, Mr. Speaker? Our record has been this. In the matter of issuance of bonds we have taken advantage of the decline in interest rates which, as I pointed out, set in in the summer of 1957, and we took advantage of that right through until the rate began to rise again in the late spring of 1958.

Here have been our issues, Mr. Speaker, and I give the effective rates. On October 1, 1957, we put out an issue of $400 million of 3 per cent short term bonds, and the effective rate was 4.81 per cent. On the same date we also put out $300 million of two year bonds with an effective rate of 4.99 per cent. Note, Mr. Speaker, what had happened by the time the next issue was put out; already the interest rate had declined. On December 15,

1957 we put out an issue of $250 million of 3 per cent, approximately two year bonds at a rate of 3.81 per cent. Between October 1 and December 15 our borrowing rate on these two year bonds had declined by over 1 per cent. We also put out on December 15 a 3 per cent issue of longer term bonds maturing in 1960 carrying a yield of 3.85 per cent.

By May of 1958 interest rates had declined still further, and we were able to take advantage of that decline. On May 1 we put out four issues totalling $950 million, the maturities falling due in 1959, 1961, 1970 and 1978, and the actual yields to final maturity respectively were 2.94 per cent, 3.35 per cent, 3.71 per cent and 4.01 per cent.

The house will see, Mr. Speaker, that in that very substantial issue of $950 million we were enjoying the benefit of the decline in interest rates. It is also an illustration of the fact that the preference of the market at that time was for the shorter maturities, and we were able to borrow in the shorter range at substantially lower rates than in the longest maturity.

Then we move forward to July 15. We issued another $400 million on July 15 maturing at the end of 1958, and they were put out at a rate of 2½ per cent. I will pass over the conversion loans for the present because I will be coming back to them later. On October 1 we put out two issues aggregating $600 million, these maturing in 1959 and 1960 respectively. Here the yield to maturity was 2.77 per cent and 2.96 per cent respectively. The house will see what advantage we were enjoying from the decline in interest rates.

Then on December 15 we put out a loan of $300 million maturing at the end of 1959, at a rate of 3.77 per cent. In the fall of 1958 interest rates, in response to conditions about which I shall have something more to say, had begun to rise. That rise continued into 1959, as the house well knows. On January 1 we put out an issue of $100 million maturing in 1963 at an effective rate of 4.34 per cent. On March 1 we put out two issues totalling $200 million, both maturing in 1960, one in April and the other in December, the effective yield to maturity being 4.76 per cent and 4.94 per cent respectively.

It is well, I think, that these facts should be placed on the record to correct the misleading impression that was created yesterday by hon. members opposite. They have taken no little satisfaction in their speeches over the fact that interest rates have risen in recent months. They seem to gloat and glory in the fact that interest rates have risen and that the government, like every other borrower in Canada, has had to pay higher interest rates. Where were these voluble members a year ago, Mr. Speaker? Where were they with their speeches in the days when interest rates were receding and the government was enjoying in its borrowings the advantage of these substantially lower interest rates? Did we hear talk from them then about the strength the government had imparted to confidence in Canada? Oh, no, not these hon. members; no, they save what they have to say on the subject for the days when they can gloat and glory in the higher cost that the government, along with every other borrower in Canada, has to pay under the conditions that exist today. Such is the test, such is the mark of their sense of responsibility to Canada.

Let me address myself now, Mr. Speaker, to the situation which has been created today in which all borrowers have had to face higher interest charges. The situation we have today is a striking reflection of the operation of the forces of supply and demand in the economy, and it is a very interesting reflection of the strength of the expansive forces in the economy today. When we are asking these questions about the respective strengths of the forces of supply and demand in the money market I suggest that we begin with demand, and then I shall have something to say about supply.

On the demand side the most striking force at work in our economy in these recent times has been the strength of the recovery in the Canadian economy and the expansion of the forces of recovery at work in the Canadian economy at the present time. I do not expect hon. members opposite to like that fact.

Mr. Hellyer: It is not true.

Mr. Fleming (Eglinton): They just do not like any talk about recovery in the Canadian economy—

Mr. Martin (Essex East): Nonsense.

Mr. Fleming (Eglinton): —and they did not have the fairness yesterday to bring this factor into the discussion. In that way they gloss completely over the most important factor at work today influencing the relative play of the forces of supply and demand.

How is demand evidenced? Demand is evidenced in a very striking way, in bank loans. The banks do not hold their funds idle. They seek to employ them; and in order to keep their funds as liquid as possible they invest them in government of Canada bonds and in treasury bills, depending upon when they desire their maturities in the interests of liquidity.

Mr. Hellyer: Elementary, my dear Watson.

Mr. Fleming (Eglinton): If it is elementary, I have had to resort to elementary approaches for the benefit of hon. members opposite, to put a stop to the way they have been trying to mislead the house and the country on this issue.

Mr. Hellyer: Why don't you tell us about your big deficits?

Mr. Fleming (Eglinton): I say, Mr. Speaker, that the banks of Canada have been called upon to meet an extraordinary demand for bank loans. The situation has attracted widespread attention in recent times. Mr. Speaker, here are the figures of loans of the chartered banks in recent weeks. At the beginning of this year the total of chartered bank loans was $5,402 million. By April 15 that figure had jumped to $5,658 million. Sir, that is an increase in bank loans of $256 million since the beginning of this year, 1959. And look, sir, if you will, at the way in which this increase has occurred. On April 1 the total of these loans outstanding was $5,528 million. Within a week—and I pointed this out a week ago in my speech—by April 8 that total had jumped to $5,629 million; that is an increase of $101 million in bank loans in one week. The following week, Mr. Speaker, by April 15 a jump of another $29 million occurred in outstanding bank loans.

Mr. Speaker, having regard to the function of the banks in our system, to provide credit to meet commercial necessities, we see mirrored in these figures of bank loans the extent to which recovery is going on in the Canadian ecoonmy today. It is going on at an extraordinary rate.

Mr. Pickersgill: Would the minister permit a question? Could he give the comparable figures for the same months in 1957 and 1956?

Mr. Fleming (Eglinton): I can give them for 1957 and 1958, if my hon. friend will be content with those.

Mr. Pickersgill: Quite.

Mr. Fleming (Eglinton): In 1957 the total of bank loans at the commencement of the year was $5,411 million. At April 22 it was $5,448 million. The rise in 1957 was only $37 million. Let us move forward to 1958. The total of bank loans outstanding at the opening of the year 1958 was $5,405 million. At April 22 it was $5,247 million. It had contracted in those first four months of 1958 by $158 million whereas, as I have pointed out to you, Mr. Speaker, in this year, 1959, the expansion in the total of bank loans has been $256 million. I appreciate my hon. friend asking that question, because it gives me the opportunity of bringing out that interesting contrast which so clearly illustrates the extent of recovery of the economy of the country this year as compared with the conditions of a year ago.

Mr. Pickersgill: Would the minister permit one further question?

Mr. Fleming (Eglinton): If the hon. member will ask another like the last one I would be delighted.

Mr. Pickersgill: It is in fact almost exactly like the last one. Could the minister give for those same three years the demands which the government has made in the way of loans, just in order to illustrate this factor of demand? I want the amount which the government has borrowed.

Mr. Fleming (Eglinton): I have already given the figure of demand in terms of all of the issues of government bonds by this government since it came into office in the summer of 1957.

Mr. Pickersgill: But that does not answer my question.

Mr. Fleming (Eglinton): I can go back and give the figures of issues of the government of which he was a member, if he has forgotten them. Perhaps he would like to forget that as well as some other features of the administration of his government.

Mr. Pickersgill: I think the minister did not quite understand my question. I wanted the figures for precisely the same three months that the minister was using for purposes of illustration; that is to say, those issues between January 1 and April 22 for those three years.

Mr. Fleming (Eglinton): Yes, I will be glad to get that information for my hon. friend, or any other information that will be of assistance to him.

Now, Mr. Speaker, how have the banks met this extraordinary demand for commercial loans? As I have said, the banks do not keep cash sitting idly around. They have to keep their money profitably employed. Just what happens in the face of an extraordinary demand like this on the banks? The fact is that the banks liquidate their holdings of securities in order to provide themselves with cash. The figures I am about to give the house now will illustrate the extent to which the banks have been realizing on their treasury bills, or taking their cash out of those bills as they mature week by week, and also reducing their holdings of government of Canada bonds by selling some of

these bonds in the market in order to put themselves in cash to meet this extraordinary demand for commercial loans. Here you have the reason why there has been pressure on the rate on treasury bills and the rate on government bonds in the market. It is because there has been selling by these institutions in order to put themselves in cash to meet the extraordinarily heavy demand for commercial loans arising out of the extent of recovery in this country.

Here are the figures. I do not wish to weary the house with a multitude of figures; perhaps it will suffice if I indicate to the house at this point the changes from week to week in the bank holdings of (a) bonds and (b) treasury bills, say from the beginning of February. Here are the figures, then, on bonds, showing the fluctuations from week to week. In the first week in February the banks showed an increase over the last week in January of $5 million in their total holdings of government of Canada bonds. The next week they were down $19 million. The next week they were about the same. The next week they were down $25 million. The next week they were up $41 million; the next week, down $4 million; the next week, up $16 million. Then, sir, will you note these next four weeks; down $15 million; down $19 million; down $57 million; down $54 million. If you wish to know why there has been pressure on the bond market and why this pressure has been reflected in rising interest rates, you have only to look at those figures of realizations by the chartered banks of their holdings of Dominion of Canada bonds.

Then let us look at the movement in their holdings of treasury bills; this is again for the same period. The first week in February showed an increase over the last week in January of $28 million. Then watch the next weeks. The second week, down $46 million; the next week, down $29 million; the next week, down $48 million; the next week, up $12 million; the next week, down $28 million; the next week, down $18 million; the next week, down $22 million; the next week, up $15 million; the next week, down $29 million; the next week, down $15 million.

Mr. Speaker, that succession of reductions illustrates as well as any figures can the essential facts in this situation, which are these. The banks have been liquidating their holdings of government bonds and treasury bills in order to put themselves in cash to meet the demands for commercial loans.

Mr. McIlraith: I wonder if the minister would clarify that point. Dealing with commercial loans he used a figure which, I take it, was based on the situation early in January, early in the year. He gave the composite figures, but in giving the holdings of the chartered banks he started with the first week in February, which represented their peak over the last series of months. Is there any significance about not taking the corresponding dates for the two sets of figures?

Mr. Fleming (Eglinton): Oh, no. I can go on giving more figures if the house wishes them. The fact is that this significant reduction in the holdings of government of Canada bonds and treasury bills began at the end of the first week in February, and from that time on with only rare interruptions we have seen this process of liquidation continuing. The reason for this can be seen in the increase in the total number of bank loans outstanding, an increase which illustrates the extent of recovery in Canada.

This is again a reflection of the forces of supply and demand at work in the economy, and those hon. members of this house who are prepared to be fair in their approach to this problem can take some satisfaction from the fact that the demand factor at work in the Canadian economy today is so strong, and that it is a reflection of the forces of recovery at work in the economy. This fact was completely glossed over yesterday by hon. members opposite and was cheerfully ignored by them while they chose to dwell upon the more unfavourable factors of any situation that they found available for their purpose.

The total of bank loans has a further interest for this house. As hon. members are aware we, as a government, have urged the banks to lend, and lend substantially, under the provisions of the National Housing Act in order to assist in home construction, and in that way to spur employment in this country. Well, the chartered banks have responded, and I wish to indicate the way in which the needs of our housing program have also created demands upon the available cash resources of the banks. Here I give the figures of insured residential mortgages held by the banks. I begin with June, 1957 as a significant date, and the house will note a steady rise in investment by the chartered banks of Canada in insured residential mortgages under the National Housing Act.

When we came to office in June, 1957 the chartered banks were holding a total of $501 million of these mortgages. By January, 1958 that figure had risen to $591 million; by January, 1959 to $791 million; by March 25, 1959 to $823 million, and by April 15, the last date for which figures are available, to $828 million. Here again is a factor in demand which I think will give satisfaction to the house and to the country.

I have spoken about the forces of demand at work in the money market today. Let me turn now to the forces affecting supply. I am sure I do not need to remind the house

that Canada is a country which chronically suffers from a shortage of capital. It is a young country with tremendous resources to be developed. It needs capital for the development of those resources. Canada is the largest net importer of capital in the world, not just on a per capita basis but on a national, an absolute, basis. There is an impression in some parts of the world that because Canada has a high standard of living, Canada must have available a substantial volume or surplus of capital. That is not so. I had frequent occasion in the talks I had with governments in Asia last autumn to point out that fact. Canada is the largest importer of capital in the world.

What are the sources of capital? In the first place, savings are an important source of capital, the savings of persons and the savings of corporations. The other source, so far as Canada is concerned, is the capital imported from foreign sources. We need to give encouragement to individuals and corporations to practise the virtue of saving in order to create capital so they may rely on themselves and in that way help to sustain the growth of the economy. And when socialist members of this house seek to crush the corporations in this country, they should bear in mind that corporations are themselves a source of capital, and that if the corporations are to be crushed there will be so much less capital available for the expansion of the economy and the creation of more jobs for Canadians.

As far as foreign sources of capital are concerned, we may wish as Canadians that we had available from domestic sources all the capital we need and that we did not stand in need of foreign capital. However, we are not in that happy situation. We do need this foreign capital; and therefore we must—and this is the policy of this government—create a climate hospitable to foreign capital investment.

What has been the course of the movement of capital into Canada? In 1956 the total of capital movement into Canada measured by the balance of international payments was $1,372 million. In 1957 it was $1,366 million. In 1958, notwithstanding the economic situation we experienced, especially in the earlier part of the year, foreign capital came into Canada to the extent of $1,112 million. And while one cannot prophesy with any certainty what may be the amount of foreign capital coming into this country in this year of 1959, it is quite evident from the figures I have given that there is no substantial reduction in the volume of such capital entering Canada. Therefore we may look with reasonable confidence for the continuation of a substantial volume of foreign capital coming into Canada for investment.

We shall, of course, have to bear in mind what effect this will have on exchange rates. The Canadian dollar has been at a premium since 1952. To some Canadians this is a matter of pride. It is a matter of economic advantage to people who have to meet obligations in terms of United States dollars. It helps some Canadians, and it works to the disadvantage of others. When the Canadian dollar is at a premium in relation to the United States dollar, the import of foreign goods into Canada is facilitated. An obstacle, to the extent of the premium, is placed in the way of exports of Canadian goods to other countries. Similarly, in relation to the movement of capital, the inward movement of United States capital into Canada has the effect of boosting the premium on the United States dollar, and this is what we have to bear in mind. The outward movement of capital from Canada to the United States, or the return of capital to that country, would of course have the effect of reducing the premium on the Canadian dollar in relation to the United States dollar. We need United States capital on proper terms, and the premium is the price that is being paid at the present time. One regrets the fact that it works to the disadvantage of exporters. This is not a matter of government choice at all; this is a matter of the operation of the free forces in a free economy.

Let me now address myself directly to the question of supply within Canada to meet the extraordinarily heavy demand at the present time. Last night I spoke of the components of money supply in Canada. I pointed out that they consist of currency in circulation and deposits in the chartered banks. We are told by hon. gentlemen opposite that there is something heinous about the increase in the money supply that occurred in the year 1958. Certainly and admittedly a substantial increase occurred in the money supply in Canada in that year.

At the end of 1958 the money supply was $13,247 million and at the end of 1957 it was $11,923 million. The increase in money supply in 1958 in Canada was $1,324 million. But, Mr. Speaker, there was a very good reason for that increase in money supply in Canada last year. I say to you that if the money supply had not increased in Canada in 1958 the first persons to be critical of the fact that it had not increased would have been hon. gentlemen opposite, the members of the official opposition.

The fact is that the amount of currency was increased last year and the chartered bank deposits of Canadians increased last

year. Apparently that is a matter of regret to hon. gentlemen in the official opposition. These increased, however, not because the government decreed any increase in currency or in money supply. The Bank of Canada, as I pointed out last night, has the authority and is the only body in Canada that has the authority to determine the volume of currency issued. What the government did in the parallel field of fiscal action was to take steps with a view to imparting vigour to the Canadian economy. We deliberately budgeted for a deficit last year with a view to giving impetus and strength to the forces of recovery at work in the economy.

Let us look at what has happened since October 1 of last year. Hon. gentlemen in the official opposition who have something critical to say about the increased money supply should have been saying it in 1958 when such criticisms would have had some relevancy to the conditions then existing; but oh, no, these Rip van Winkles wake up in 1959 and discover a situation existed in 1958 which, if you please, ceased to exist on October 1, 1958.

Mr. Hellyer: How are you enjoying your slumber at this moment?

Mr. Fleming (Eglinton): The situation has been substantially different since. Indeed, the money supply in Canada has contracted since then. I give you just the figures from December to April 15. The figure for the money supply in Canada on April 15 was $13,205 million. There was an actual drop of $42 million in that 3½-month period.

Mr. Hellyer: Mr. Speaker, I wonder if the minister would permit a question. Would the minister care to tell us what kind of capital was the increase in the money supply of last year in the amount of something over $1 billion to which he referred.

Mr. Fleming (Eglinton): Mr. Speaker, it is money supply. The hon. gentleman will have to distinguish as best he can between capital and money supply. This is money supply measured in terms of the combined total of currency in circulation and deposits in the chartered banks. What hon. members in the opposition had to say about this matter yesterday is stale. They were complaining about a condition which ceased to exist on October 1, 1958. Indeed, as I have indicated, the money supply has been dropping in recent months.

As to the future, I am not going to attempt any prophecy as to what is likely to be the trend in the volume of money supply. I do know that the Bank of Canada watches this situation very closely, and in whatever may be done in this respect I am sure the house would expect a balance to be preserved between the needs of expanding business on the one hand—the forces of recovery—and on the other hand restraints against the dangers of inflation.

There is one other possible source of supply to which I shall give just a word of comment. It is the bank reserves. The government has no control whatever over bank reserves; I wish to make that abundantly clear. It is the Bank Act of this country which in section 71 lays down the requirements imposed by parliament upon the chartered banks of Canada in relation to the maintenance of their cash reserves. Section 71, subsection 1 reads:

> 71. (1) The bank shall maintain a cash reserve in the form of a deposit with the Bank of Canada and of Bank of Canada notes held by the bank, and such reserve shall be not less on the average during any month than 8 per cent, or such other percentage as may be fixed by the Bank of Canada under the provisions of the Bank of Canada Act, of such of its deposit liabilities as are payable in Canadian currency.

That is the statutory obligation of the banks, to maintain a cash reserve of 8 per cent measured in terms of deposit liabilities. In addition to that figure the banks of this country have for the past three years maintained an additional reserve of 7 per cent which has been held in the form of treasury bills and day to day loans. The reserves of the banks in the period since this government came into office reached their peak in May of 1958, when the average liquid asset ratio of all the chartered banks reached 18.1 per cent. From that time, as the forces of recovery have gathered more and more momentum, that figure has been reduced and the last figure available at April 22 showed that the over-all average liquid asset ratio of bank reserves, had dropped to 15.48 per cent, a very substantial reduction since the high of May, 1958.

If hon. members opposite are going to deal fairly with this question when they criticize the situation of today they will have to tell the house what their position is in relation to money supply, the creation of an increase in money supply, and what their position is in regard to bank reserves. They have not said a word about those subjects, and I think we well know why. If the 7 per cent reserve that the banks hold in terms of treasury bills and day to day loans were reduced it would result in a liquidation of treasury bills and more pressure on the treasury bill rate in this country. But hon. members opposite did not have the frankness to face up to that fact yesterday or even to acknowledge it. I do not think, Mr. Speaker, that anyone in this house is going to propose that the Bank Act of this country should be

amended to reduce the requirement under section 71 that the banks should hold an 8 per cent reserve in cash.

I should like to turn now to what I think is a very interesting commentary upon the kind of speeches we listened to yesterday from hon. members of the opposition. They gloried in the increase in interest rates, and they gloried also in whatever signs of weakness they could find in the bond market. They would have left the impression, had they been able to do so, that this is a new phenomenon and that it has not occurred before. Well, Mr. Speaker, I know the house is not going to be misled by that type of erring propaganda on the part of the opposition, but let me place on the record some interesting figures illustrating the way bond prices went in the days of the Liberal government.

I am going to compare two dates, March 29, 1955, with June 21, 1957, when that Liberal government went out of office, and I am going to give the house seven or eight outstanding Canadian bond issues so the house can see what happened to the quoted values of those Canada bonds in the market between those two dates. Three per cents, due May 1, 1958, dropped from 103.35 to 98.90, a loss of 4.45; 3 per cents, due October 1, 1963, dropped from 102.45 to 90.625, a drop of 11.825; 3 per cents, due September 1, 1966, dropped from 102.50 to 88.375, a drop of 14.125; 2¾ per cents due June 15, 1968, dropped from 99.50 to 84.75, a drop of 14.75; 3¼ per cents, due June 1, 1976, dropped from 102.125 to 87.25, a drop of 14.875; 3¾ per cents, due June 15, 1978, dropped from 108.50 to 94.50, a drop of 14; 3¼ per cents, due October 1, 1979, dropped from 102.125 to 86.875, a drop of 15.25; and the 3 per cent perpetuals dropped from 96.625 to 79.75, a drop of 16.875.

All these drops Mr. Speaker, occurred before we ever came into office, and you will see, therefore, how hollow in the mouths of hon. members opposite rings the cry about the weakness of the bond market and the rise in interest rates, and the talk about the loss of confidence in government of Canada issues. I will tell you, Mr. Speaker; if there was loss of confidence it occurred in that period from 1955 to 1957, infinitely more significantly than in any period since.

Mr. Pickersgill: Will the minister permit a question? Will he tell us whether during that period the government was a net borrower in the market?

Mr. Fleming (Eglinton): Mr. Speaker, with respect to the entire period I am not prepared to make a quick answer to that question. There were periods when the government was a net borrower; there were periods when the position was reversed.

The figures I have given, Mr. Speaker, were for government of Canada bonds, but I think it is worth reflecting also upon what happened to the values in the market of outstanding provincial issues in this period of Liberal rule. Again I have the figures for the two dates, March 29, 1955 and June 21, 1957. Alberta, 2⅞ per cents, due March 1, 1970 dropped from 98.50 to 84.50, a drop of 14; British Columbia 3 per cents, due December 15, 1969 dropped from 98.25 to 83, a drop of 15.25; Manitoba 4¼ per cents, due October 1, 1968 dropped from 107 to 93.25, a drop of 13.75; New Brunswick 4½ per cents, due February 2, 1965 dropped from 106 to 95, a drop of 11 points; Nova Scotia 3¼ per cents, due November 15, 1970 dropped from 99 to 84, a drop of 15 points; Ontario 4 per cents due June 30, 1972 dropped from 106.75 to 91.25, a drop of 15.50; Quebec 3 per cents, due July 1, 1969 dropped from 97.25 to 84.75, a drop of 12.50; Saskatchewan 3¼ per cents, due April 15, 1972 dropped from 97.75 to 81.75, a drop of 16 points.

In the face of that unhappy record, Mr. Speaker, hon. members of the opposition undertake to say any evidence of weakness in the bond market today, or any evidence of increase in interest rates, in the face of the extraordinary demand for commercial credit today, is the responsibility of the present government, and that the people have lost confidence in government of Canada credit because of some failure on the part of the present government. Let them clean their own house before they undertake to level empty, baseless charges of that kind against others.

I have drawn attention to the fact that the field of monetary action belongs to the Bank of Canada; the field of fiscal action belongs to the government. I emphasize, Mr. Speaker, that the increase in money supply in 1958 was accompanied by deficit financing, deliberate deficit financing on the part of the government, all done with a view to stimulating the forces of recovery in the economy. Today recovery is clearly under way, and the policy in regard to money supply was moderated as from the first day of October so as to permit recovery to proceed but without inflation. Similarly, in the present budget fiscal policy was modified by the government with the same object in view, to avoid inflation while at the same time putting no obstacle in the way of the recovery movement in the Canadian economy.

This requires the best judgment that the Bank of Canada on the one hand and the government on the other can muster; but,

Mr. Speaker, let hon. members be fair about it and recognize where responsibility rests and the extent to which the conditions that exist today are attributable to the steps taken to stimulate recovery in Canada. They do not want recovery; that seems to be the net effect of their observations here today.

Mr. Pickersgill: Yesterday.

Mr. Fleming (Eglinton): Yesterday.

Mr. Pickersgill: We have not had a chance to speak today.

Mr. Fleming (Eglinton): Well, they have made some interjections and asked some questions which are of the same old, tiresome sort, but are quite in keeping with those irresponsible statements that were made by them yesterday.

We have drawn attention to the fact, and it is significant in relation to the factors about which hon. members sought to complain yesterday, that the government this year is going to be reducing substantially its borrowings of new money from the Canadian markets. We have substantial maturities to meet. I do not need to dwell on them. Hon. members opposite like to remind the house of them every day. But we have, by the expedients put before the house in the budget, taken steps to reduce substantially the demand that we will be making upon the supply this year to finance the government deficit.

As I pointed out in the budget speech, Mr. Speaker—

Mr. Pickersgill: I rise on a point of order, Mr. Speaker. The hon. gentleman realizes, as the Prime Minister (Mr. Diefenbaker) pointed out to me the other day, that it is contrary to the rules of the house to quote from another debate in the same session. Since the rules have been rigidly enforced against this side of the house, I trust Your Honour will enforce them against the minister as well.

Mr. Fleming (Eglinton): What a power of anticipation! I was not going to quote—

Mr. Pickersgill: You were going to read the table.

Mr. Fleming (Eglinton): I was not going to read the table, at all.

An hon. Member: Are you psychic?

Mr. Fleming (Eglinton): Psychic John, I think, had better be renamed—

Mr. Pickersgill: Just anticipation.

Mr. Fleming (Eglinton): —as the man with the broken crystal ball.

As I pointed out, with a good response to our Canada savings bond campaign next autumn our own market borrowings in 1959-60, should be less than one-half of the $1,220 million which we borrowed in the market in the fiscal year 1958-59.

There is one other subject, to which I am obliged by the amendment to turn; not that I enjoy making a speech of such length as this, far from it. However, hon. members opposite in their amendment sought to embrace every possible subject that in their ingenuity they could think up for the occasion. If I may use common language, they have taken in the whole waterfront in this amendment and they have obliged me to speak on these subjects at some length.

Amongst the many matters of which they complain in this extraordinary fake amendment of theirs is the conversion loan. It is significant, I think, that they have not chosen to condemn the conversion loan. What they have talked about instead has been one aspect of it, or two at the most. They talked about "the errors and inequities" associated with the conversion loan. I would have thought that if hon. members opposite had any pretence to fortitude they would have come out and said they did not like the conversion loan and invited the house to condemn the conversion loan. However, courage failed them at that point; courage fled, and what they resorted to was a reference to what they called the "errors and inequities" associated with the conversion loan. There were no errors or inequities associated with the conversion loan.

Mr. Chevrier: Just blunders.

Mr. Fleming (Eglinton): If the hon. member for Laurier (Mr. Chevrier) had been here yesterday perhaps he would have supplied what was lacking in this amendment. He would have had the courage to come out and condemn the conversion loan in this amendment instead of taking part in this hide and seek game that his colleagues played yesterday with this subject.

I am obliged to say something about this conversion loan. This subject was discussed quite a few times in this house during the last session, and on one or two occasions in this session, but if hon. members opposite insist upon a further discussion then I am happy to accommodate them. I shall make some general comments, Mr. Speaker, about the features of the loan and the conditions associated with it before I come down to deal with some of the statements that were uttered here yesterday.

The conversion loan of 1958 was the greatest financial operation in Canada's history. It was a very great success, and indeed far exceeded our expectations. I should like to remind the house of the conditions in the

summer of 1958 under which this enterprise was undertaken. In April, 1958 the rising trend in bond prices was arrested and indications of economic recovery appeared, with their prospective concomitant of a growing demand for money from non-government sources. In the United States worry about the size of the government's deficit and borrowing requirements and fears of inflation emerged at an early stage, and a sharp and continuing decline in bond prices set in. The last reduction in the discount rate of federal reserve banks of the United States was made on April 18. Bond prices in that country hit their peak on April 21. A decline then set in which was temporarily interrupted in the latter half of May, but then continued with little interruption until October. A further decline of bond prices began in the last week of November, and hon. members are familiar with what has happened since that time.

It was not to be expected that Canadian bond prices would always follow United States bond prices, even in direction over short intervals, let alone in degree of movement. But undoubtedly developments in the United States are bound, soon or later, to have a weighty influence on developments in Canada; and so it was in 1958. The average maturity of public debt had been shortening for several years, both in the United States and Canada. The large volume of securities falling due for repayment each year was a matter of concern to fiscal authorities in both countries and a serious handicap to the sale of new issues for cash in a period of government deficits. By the end of June the market atmosphere was very unfavourable to new financing.

While the government of Canada needed large sums of new money in the immediate future funds could be obtained as a last resort from the banks, with the Bank of Canada providing increased cash reserves to the chartered banks, but after the large scale purchase of government securities by the banks and corresponding monetary expansion in the preceding 12 months this would have been regarded as dangerously inflationary, unless other steps could be taken simultaneously to deal with the public debt structure and make possible the sale of future issues of government bonds to non-bank investors. At the same time some way had to be found to reduce the heavy proportion of short term bonds and increase substantially the proportion of long term bonds.

The five victory loans totalling $6,416 million had ultimate maturity dates between January 1, 1959 and September 1, 1966. In addition, all these issues were callable on or before September 1, 1961. This prospect, in addition to the non-victory loan maturities and the need for heavy new borrowings, made debt reorganization imperative if a high degree of confusion and demoralization of the bond market was to be avoided, and a sound basis created for financing Canada's expansion and development.

Conversion of all five victory loan issues was more equitable, more efficient and less costly than a piecemeal approach could possibly have been. Fundamental to the project was the idea that it would be easier to sell the public long term bonds in exchange for bonds which they already held than to sell them long term bonds for cash. The prospects of cash requirements of the Canadian government for several years ahead were also a major consideration. It was urgently important to improve the government's debt structure, to reduce the overhang of refinancing which would have to be done in addition to new money financing and to put as much of the government's debt as possible on a long term basis.

The terms of the conversion loan were developed on the best advice having regard to the objective, the erosion which had occurred in the market and the measures necessary to attract public investment in the long term sector. The conversion loan was an overwhelming success. A total of more than $5,803 million, or more than 90 per cent of the outstanding victory bonds, was converted.

The interest rates set on the new conversion loan bonds reflected market yields prevailing at the time while taking into account the size of the operation. Exaggerated and distorted statements have been made as to the burden which these higher conversion loan interest rates will impose. Such statements, and we have heard many of them in the house, all of them mistaken and misleading, erroneously assume that each victory loan issue could have been refunded at maturity at a 3 per cent interest rate. The evidence is all to the contrary, especially having regard to the fact that the overhang on the market would still have persisted. Rates at the time of such refundings would almost certainly have been higher than is now the case.

The coupon rate on all of the victory loans was 3 per cent. The average coupon rate on all of the bonds converted is now 4 per cent. Since 61 per cent of the conversion went into the 14-year and 25-year maturities and since, having regard to call dates, all of the victory loans were of three years or less maturity, this is a very satisfactory average coupon rate. The interest payable on the $6,416 million of bonds before conversion was $192,480,000. It is now $250,705,000, an increase of $58,225,000 or about 30 per cent.

The conversion loan was a constructive and stabilizing factor in the market, particularly in the long term sector. The benefits of its influence accrue to provincial and municipal borrowers who would otherwise have had to face a high rate structure inevitably resulting from the uncertainty and imminence of these huge maturities overhanging the market.

I have said that the conversion operation was an overwhelming success. It has earned the outspoken admiration of the governments of other countries. This success was achieved with the full co-operation of the Bank of Canada. Before conversion only 17 per cent of the government of Canada's debt, other than savings bonds, was in maturities over ten years. After the conversion fully 43 per cent was in such maturities. Before conversion 39 per cent of the debt, other than savings bonds, was in market issues with maturities of less than two years. After the conversion 25 per cent was in such issues. The average maturity of the public debt, other than savings bonds, was lengthened from 6⅙ years to 10½ years in Canada and became double the comparable average maturity in the United States.

While prices of government bonds have declined in recent months, the benefits of the conversion loan operation continue. I should like to add a comment on the market price quotations of these new conversion bonds. I think it is fair that in making this comparison we compare the rates prevailing in the market prior to the time the conversion loan operation was launched with those prevailing in the market on these issues in the autumn following.

The government at no time said that it would support current market prices on the conversion loan. While the Bank of Canada, acting as the government's fiscal agent, normally operates in a manner to stabilize the after-market for a short period for each new loan, it is not the government's policy to support the bond market over longer periods.

The government's obligation is to pay a fixed rate of interest on the conversion loan bonds and redeem them in full at maturity. Far from having given any indication of supporting the market price of the conversion loan, the government expressly disclaimed any such undertaking in the House of Commons. I point, Mr. Speaker, in this connection to the question asked in the house by the Leader of the Opposition (Mr. Pearson) last September and my answer to his question. It is the play of the forces in the market which determines the day to day price of bonds. It happens that largely as a result of the continued erosion of the United States bond market there were weakening effects on market offerings for government issues in Canada evident in the autumn and winter of 1958-59. There is no way of insulating the Canadian bond market from such influences, but had it not been for the constructive effects of the refunding represented by the conversion loan and its overwhelming success the Canadian market would have undoubtedly displayed much more weakness than has been evident since.

The fact clearly emerges that the decline in the bond market in recent months is in no sense attributable to the conversion loan but has occurred in spite of it. With the exception of the period during the conversion loan campaign and immediately following the decline in government bond prices in Canada has paralleled but has not been as extensive as the decline in the United States. Here I offer the comparison that I mentioned a moment ago, Mr. Speaker. In the longest term category United States bonds declined 12½ points from April to December, 1958 while Canada's dropped 11½ points. In the mid-term field the decline in Canada was distinctly less than in the United States. Thus United States 68's declined 10½ points in this period while Canada's 68's declined less than 7½ points. The removal of the bulk of the Canada 3's of 1963 and 1966 from the market as a result of the conversion operation is the chief reason for this relevant and striking difference in mid-term bond price changes.

In Canada the longest victory loan, the 3 per cent of 1966, was not completely converted, and its market price declined over the period in question, that is to say, from April to December, 1958, from 97.50 in April to 94.50 in early July and to 92.13 at the end of December, a decline of about 5½ points. However, the typical holder of this victory bond converted into the new 4¼ per cent 1972's or 4½ per cent 1983's which on December 31 traded at 95.63—

Mr. Martin (Essex East): May I ask my hon. friend a question? I have to leave the house. I would be very interested in knowing whether the very short statement that my hon. friend has been reading for the last half hour is one of his own speeches. Would he kindly identify the document?

Mr. Fleming (Eglinton): Mr. Speaker, my hon. friend is always kind in his observations. I am referring to papers in my possession containing some factual statements which I hope will interest him and which I hope will engage his serious attention and study, for no one needs this information more than he.

Mr. Martin (Essex East): Would my hon. friend do what I am sure he is prepared to do, accommodate himself to the rules of the house and identify the document? Who is the author? How can we find the document

to verify whether my hon. friend has read it all correctly? I am sure he would not leave anything out but he has been reading a long time and we would want to know that he has not missed any significant words. Who is the author? What is the publication?

Mr. Fleming (Eglinton): I happen to be reading from some papers in my own file and I identify them as my papers in my file.

Mr. Pickersgill: Mr. Speaker, I am rising to a point of order. I submit that it is a rule of the house that speeches cannot be read even if they are described by hon. gentlemen as "my papers out of my files". If an hon. member of this house chooses to read a document, under the rules he must indicate who the author of that document is, where it has been published and where it can be obtained by other hon. members, and the Minister of Finance (Mr. Fleming) is not exempt from the rules which apply to the rest of us.

Mr. Fleming (Eglinton): The Minister of Finance observes the rules of the house, and it is a pity that the voluble member for Bonavista-Twillingate (Mr. Pickersgill) does not. Mr. Speaker, all hon. members will realize that the members of the official opposition will have reason to tremble in their places if the rule of this house in regard to the reading of speeches is enforced. We will be hearing a great deal less of Professor Lamontagne's writings.

Mr. Robichaud: Shame on you! You cannot take it.

Mr. Fleming (Eglinton): We have just heard the Gloucester edition of Professor Lamontagne.

Mr. Pickersgill: Mr. Speaker, I raised a serious point of order for Your Honour's ruling.

Mr. Fleming (Eglinton): My hon. friend flatters me. I do not pretend to be able to carry all of these figures in my head at any one time. Therefore I continue with the assistance of the papers which I have in front of me and which contain the copious figures which I commend to my hon. friend, whose speeches would profit by being factually based upon correct figures.

The typical holder of the victory loan bond of 1966, converted into the new 4¼ per cent—

Mr. Denis: Mr. Speaker, on a point of order may I interrupt this two-day marathon speech and get a ruling on the point of order raised by the hon. member for Bonavista-Twillingate (Mr. Pickersgill).

[Mr. Martin (Essex East).]

Mr. Deputy Speaker: It is indeed preferable not to read speeches in their entirety. However, though it has been decided to enforce this ruling at the present session, it has been found almost impossible to force hon. members on both sides of the house to deliver their speeches without some assistance, and consequently a certain tolerance has been permitted in this particular matter. With regard to the point of order raised today, the hon. Minister of Finance (Mr. Fleming) is carrying on a lengthy speech which is fully documented, and he is making frequent reference to various documents. It is obvious that it would be difficult for him to give the precise contents of the documents to which he is referring unless he were reading the same. I think that to permit the hon. Minister of Finance to carry on with his comments is possibly the best way to hasten the business of the house today. I also think that the interjections which have been raised by the hon. members of the opposition are not really so serious that they deserve the very solemn ruling of the Chair.

Mr. Pickersgill: Mr. Speaker, on a question of privilege, does Your Honour not think that the point of tolerance has been passed?

Mr. Fleming (Eglinton): Mr. Speaker, it might so seem to an intolerant member like the member for Bonavista-Twillingate (Mr. Pickersgill).

Mr. Pickersgill: Could I substitute "long-suffering"?

Mr. Fleming (Eglinton): No one has inflicted more suffering on the house than good old Bonavista-Twillingate.

Mr. Robichaud: They will not stand for such long speeches in external affairs.

Mr. Deputy Speaker: Order.

Mr. Fleming (Eglinton): Mr. Speaker, I was endeavouring to say, when I was so frequently interrupted, that the typical holder of the victory bond of 1966, converted into the new 4¼ per cent of 1972 or the 4½ per cent of 1983, which at the end of 1958 traded at $95.63. He was then in a position where his new bond thus was about one point higher than his old bond just before the conversion, and was paying him 50 per cent more interest. The American holder of the last United States victory loan bond, the 2½ per cent bond of 1972, on the other hand, watched the market price of his bond decline from $97.38 in April to $85.81 at the year end, a total decline of more than 11½ points over the period, and at the end of that time he still possessed a bond paying only 2½ per cent interest.

It only remains to be added that in the 11-month period January to November new issues of provincial government bonds in 1958 payable in Canadian dollars equalled in amount those of 1957 and were 60 per cent larger than in 1956; marketings of new issues of municipal bonds payable in Canadian dollars were 74 per cent larger in 1958 than in 1957 and 32 per cent larger than in 1956. So you will see, Mr. Speaker, that the things which have been said by hon. members of the opposition opposite about the conversion loan bonds just have not tallied with the facts.

Mr. Speaker, their first reaction in this house was a very proper one. You remember what the Leader of the Opposition (Mr. Pearson) said when the conversion loan was announced in this house on July 14, 1958. Here is what he said, as reported at page 2203 of *Hansard* for that date, in reply to this announcement:

> Mr. Speaker, the minister has indeed made a very important statement, a statement on an operation which was forecast in this morning's press and which, indeed, in its detail is in the afternoon press. As the minister has said, the Canada conversion loan 1958, will be the largest operation of its kind in our history, even in our wartime history. He has emphasized quite rightly that for it to be successful it will require the enthusiastic co-operation of everybody concerned, and as I said in my contribution to the budget debate, Mr. Speaker, all Canadians will hope that he will get that co-operation and all Canadians must hope that this operation will be a success.
>
> We in this country are entering upon some very difficult and complicated financing and re-financing moves which the minister has outlined to the house previously, and this is the first and a very important stage in what he himself has called a major financial operation. I repeat that we as Canadians must all hope that this operation will be a success and that, above all, the stability of our currency will be maintained throughout the operation.

Mr. Speaker, I commend that statement on the part of the Leader of the Opposition. It was a proper and patriotic reaction to the announcement which was made on that day. But compare that statement with the kind of statements we have listened to in this house yesterday and on previous occasions from members of the opposition opposite deriding the conversion loan. All I have to say on that subject is that the statement made by the Leader of the Opposition on July 14, 1958 was a responsible statement. The kind of statements we have heard from hon. members opposite since that time have been woefully irresponsible statements.

Mr. Speaker, we are now in the position where we have removed the overhang of those five maturities from the market. We heard some extraordinary arguments yesterday from the hon. member for Ottawa West (Mr. McIlraith). He said that the eighth and ninth victory loan issues really should not be regarded as earlier maturities than 1963 and 1966 because we should have announced that the call feature would not be exercised. The hon. member will have to give a good deal better explanation than that in order to satisfy people dealing in the market that a bond which is callable at an earlier date is not to be treated as one capable of maturity at an earlier date.

The hon. gentleman talked about the cost of the campaign. Well, let us not forget that here we accomplished a very substantial saving by rolling five refunding operations into one, and this tremendous operation which converted over $5.8 billion of outstanding government maturities gave us all the economies which flowed from rolling five campaigns into one.

I have spoken of the tremendous response of the public, of the envy of other countries of what Canada was able to do.

We know that the interest which is payable on these bonds has been grossly misrepresented by hon. members opposite. They keep talking about a rate of 4½ per cent. It is always 4½ per cent. I do not need to remind you, Mr. Speaker, that the rate of 4½ per cent applied to only one of the four maturities and that the average rate, over-all, on the four maturities under the conversions that were actually made was 4 per cent. In the light of rates today we may be very thankful that we were able to convert this tremendous proportion of the outstanding Canadian victory bonds at a rate as favourable as the interest rate at which we converted that vast sum last summer. We could not do it at that rate today; we may be thankful that this was accomplished when it was.

What are the benefits which have flowed from that operation? We have heard all this talk about an increase in interest rates. Hon. members opposite always proceed on the blithe but hopelessly irrational assumption that if these bonds had been permitted to go to maturity they could have been renewed, refunded, or converted, at the same rate of 3 per cent. What a hopeless error! Is there no knowledge in the possession of hon. members opposite? Must their imagination always be directed toward destructive purposes? I think most of the school children in high schools in this country well know that the kind of assumption which underlay all the speeches made by hon. members opposite on this point is completely erroneous. Interest rates were rising anyway, and we are fortunate that we were able to complete this tremendous operation when we did.

Then we heard the hon. member for Ottawa West advance his amazing argument about

capital gain. Well, there was indeed a cash adjustment payment made to holders of victory loan bonds who would convert, and there had to be this cash adjustment in order to equalize the five outstanding victory loan issues which were quoted in the market at various rates. Differences in maturity dates create differences in market values, and in converting them all to the same basis we had to equalize these differences in the quoted market valuations of these five issues. That is the reason the cash adjustments were made. We are told now that we put too high a value on the bonds. What hon. members are really complaining about is the success which attended this conversion loan operation. They are saying now: would it not have been better not to have given such good terms? Mr. Speaker, had we not given those terms we could not have converted over 90 per cent of these issues.

Then there was the complaint about the enlargement of the money supply at the time this was done. Why did the hon. member for Ottawa West not say that we did borrow from the banks during the period between July and the end of the year? Why did he not say that we kept out of the market during that period when the conversion loan campaign was proceeding? And as for the enlargement of the money supply, why did the hon. member not say to the house that while we did borrow a substantial amount from the bank in July of last year, all of it was paid back before the end of 1958? But the hon. member did not say that. He talked about the enlargement of the money supply in the summer. He did not talk about the contraction caused by the return to the banks of the borrowed money by the end of 1958. We hear only part of the story at any time from hon. members opposite.

Then we had the statement from the hon. member for Welland (Mr. McMillan) that only 55 per cent of the bonds had been extended in maturity. We have heard everything now. The fact is that every bond that was turned in was turned in for one of a later maturity. Those who held the last two victory bonds were not, of course, permitted to convert into the short first two of the four maturities offered in the conversion issue. This led the hon. member for Welland into making the extraordinary statement he did, a statement which would mislead anybody who would pay any attention to it. Let us put the facts alongside that misleading statement. The fact is that everyone who turned in a bond and converted it took in return a bond for a later maturity than the bond which was turned in.

I have spoken of the effect of the conversion loan in resisting the rising interest rates and declining values in the bond market in the last eight months of 1958. It is true that the Bank of Canada withdrew its support from the conversion issue at the end of October. That is not a government responsibility. I wish to make that perfectly clear. That was not done by the government; that was done by the Bank of Canada.

Then the hon. member for Ottawa West went on to say that people had suffered capital losses. Mr. Speaker, no one who has held his conversion loan bonds has suffered one copper of capital loss, neither will he suffer one copper of capital loss if he holds his bonds. What the hon. member for Ottawa West is trying to say is that anybody who sold his bonds on the market since the conversion would have sustained a loss. Well, yes —but we never promised that we would support that market. On the contrary, I point to the statement I made in this house in the first week of September, 1958, as the complete answer to that baseless assertion.

Did hon. members opposite consider telling this house what position we would have been in—not only the government, but Canada as a whole—if we had not undertaken that conversion operation last year and if we had arrived in January of this year facing, along with our other obligations, a maturity of $950 million of the fifth victory loan? They did not, and they never attempted to answer that question. They make all these assumptions, but they dodge the facts.

Nor have hon. members opposite faced the fact that as a result of the lengthening of the term of the outstanding Canadian debt we have introduced into the Canadian debt a measure of management and control which has not been present for many a year and which could not possibly have been achieved but for the success of the conversion loan campaign.

Why do not hon. members opposite, who have bleated at times about inflation, be frank and admit that the effect of the conversion loan was anti-inflationary? I quote a couple of sentences, if I may be permitted by the sensitive members opposite to do so, from the report of the governor of the Bank of Canada for the year 1958 at page 5:

> It must be remembered that important and valuable benefits were achieved by the success of the conversion loan campaign through the lengthening of the term of the debt. The reform of the structure of the government debt, and the contribution it made to improving conditions for the sale of future issues of government bonds to non-bank investors, were important elements in monetary policy in the broadest sense and an essential anti-inflationary achievement.

Those are not my words. Those are the words of the governor of the Bank of Canada. The results of the conversion loan campaign were constructive, they were beneficial and they were fair.

Mr. McIlraith: Just before the minister leaves the quotation he has placed on the record, Mr. Speaker, may I be permitted to ask if that was not the conclusion of a longer paragraph where the Bank of Canada report had just spoken about the money supply and was explaining what you might call the good side of the conversion loan? In other words, would the minister not agree that he has taken this statement out of context?

Mr. Fleming (Eglinton): I have not taken that statement out of context at all.

Mr. Chevrier: Yes, you have.

Mr. Fleming (Eglinton): I have taken the words of the governor of the Bank of Canada which are directly relevant to the point I am discussing. The hon. member for Laurier says, "Yes, you have". I do not suppose he has even read the report of the Bank of Canada. If he had he should know more about it and would not make such an empty, baseless assertion.

Mr. Chevrier: If the hon. member for Laurier had made a contribution it would be much better than that made by the hon. member who now has the floor.

Mr. Fleming (Eglinton): Mr. Speaker, the statement I have read by the governor of the Bank of Canada is directly on the point of the effects of the conversion loan campaign. He points here to the beneficial effects of the conversion loan campaign as well as to its anti-inflationary consequences in relation to another aspect of it.

I would leave this subject of the conversion loan campaign with only one further comment. It is to answer the entirely erroneous and misleading statements that have been made about the cost of the enterprise in terms of commissions. The commissions were normal or less than normal commissions on the sales of government bonds. On the 3 per cent 3¼-year issue the commission we paid was ¼ of 1 per cent. On the 3¾ per cent 7-year bond issue the commission was ½ of 1 per cent. On the 4¼ per cent 14-year bond issue the commission was ¾ of 1 per cent. On the 4½ per cent 25-year bond issue the commission was 1 per cent. The issuing fee on all maturities was ¼ of 1 per cent.

I remind the house that no sales commission or issuing fee was paid on bonds converted by the Bank of Canada, government accounts or chartered banks for their head office portfolios. Furthermore, there was an exempt list of about 2,500 names, including all the large corporate investors in Canada who were exempt on a co-operative basis by the investment dealers under the direction of a national committee and the commissions paid on sales to that very large exempt list were paid at the rate of ¼ of 1 per cent on the 3¼-year bond issue and ½ of 1 per cent on all other maturities. It remains only to add that the average rate on the total was less than that paid on Canada savings bonds.

There is one other, and I believe only one other, of the many misleading statements made yesterday which I should detain the house now to answer. The hon. member for Ottawa West evidently prided himself on being fully prepared for something that he knew I was going to say. You will find at the bottom of page 3069 of *Hansard* of yesterday that the hon. member was holding forth on the subject of the issuance of bonds by the government of Canada at a discount. If you look at the top of page 3070 you will find an interjection of mine in these words:

> The Liberal government did it many times.

The hon. member for Ottawa West promptly retorted:

> The Liberal government did not do it many times. I want to clear up that canard once and for all. I expected that interjection. If the minister will check the records he will find that when the Liberal government issued bonds below their face value, as indeed it did on many occasions, the bonds were of long term, the interest rate was lower and there was no such windfall to be made on them. There were no 13-month or other short term bonds of that sort issued in that way by the Liberal government.

It will be observed that the hon. member began to introduce numerous qualifications in his statement. The further along he went the more qualifications he introduced.

What are the facts? Here are some of the facts to which I alluded on an earlier occasion. The former Liberal government on November 15, 1935 put out an issue of $55 million of bonds maturing June 1, 1955 at 3 per cent and at the discount price of 98.75. On June 1, 1935 they put out an issue of $40 million of bonds maturing June 1, 1955 bearing interest at 3 per cent, at the discount price of 98.50. On June 15, 1950 they put out an issue of $350 million of bonds maturing June 15, 1968 bearing interest at 2¾ per cent, at the discount price of 99.50.

On January 15, 1953 they put out an issue of $100 million of bonds maturing January 15, 1978 at an interest rate of 3¾ per cent and a discount price of 97. On June 1, 1954 they put out an issue of $300 million maturing June 1, 1976 at 3¼ per cent, at a

discount price of 99. On September 15, 1956 they put out an issue of $250 million of bonds maturing March 15, 1998 at an interest rate of 3¾ per cent, at a discount price of 97. Does that look as though the Liberal government put out issues at a discount or not?

Mr. McIlraith: It proves my point precisely.

Mr. Fleming (Eglinton): But what is the hon. member's point?

Mr. McIlraith: If you will just read page 3070 of *Hansard* of yesterday's date you will find that those discounts were only put out on longer term issues with the exception of the very first one to which the minister referred which was brought out in 1935 at a time when the income tax had nothing like the impact it has had since world war II.

Mr. Fleming (Eglinton): Mr. Speaker, I thank the hon. member for his interjection. I anticipated that he would say this and that is the reason I came prepared with the figures on the Liberal issues on discounts in the short term field.

Mr. Pickersgill: Mr. Speaker, would the hon. member permit a question?

Mr. Fleming (Eglinton): Later. I do not wish to be interrupted in replying to this mistaken observation of the hon. member for Ottawa West. I should like to put him right and not leave him in suspense any longer.

Mr. Denis: Do not take more than two days.

Mr. Fleming (Eglinton): I have here the figures. On November 1, 1950 the former government put out an issue of bonds maturing July 1, 1956—that was 5 years and 8 months—a total of $400 million of bonds bearing an interest rate of 2¼ per cent and a discount price of 99.375. On June 15, 1950 they put out an issue of $395 million of bonds maturing December 15, 1954—in other words, 4 years and 6 months—at an interest rate of 2 per cent and a discount price of 99.80. On March 1, 1950 they put out an issue of $325 million of bonds maturing March 1, 1953—in other words, a 3-year issue—bearing an interest rate of 1½ per cent and a discount price of 99.30.

On November 1, 1950, they put out an issue of $300 million of bonds maturing November 1, 1952. You will observe this was a 2-year issue. The interest rate was 1¾ per cent and the discount price 99.70. On November 1, 1951 they put out an issue of $200 million of bonds maturing November 1, 1953—in other words a 2-year issue—bearing an interest rate of 2 per cent and a discount price of 99.15. On November 1, 1952 they put out an issue of $150 million of bonds maturing December 15, 1954—in other words an issue of 2 years, 1½ months—bearing an interest rate of 2 per cent and a discount price of 97.75.

[Mr. Fleming (Eglinton).]

On November 1, 1952 they put out an issue of $300 million of bonds maturing November 1, 1953—in other words, a 1-year issue—bearing an interest rate of 2 per cent and a discount price of 99.05. On November 1, 1953 they put out an issue of $300 million of bonds maturing May 1, 1958—in other words, 4 years and 6 months—bearing an interest rate of 3 per cent and a discount price of 97.15.

On November 1, 1953 they put out an issue of $400 million, maturing July 1, 1955—in other words, one year and eight months—2¼ per cent coupon, and a discount price of 98; on March 1, 1953 they put out an issue of $200 million, maturing July 1, 1955—in other words two years and four months—at a coupon rate of 2¼ per cent, and a discount price of 97.85; on March 1, 1953 they put out an issue of $100 million, maturing July 1, 1954—in other words one year and four months—at a coupon rate of 2 per cent and a discount price of 98.75.

On October 1, 1954 they put out an issue of $700 million, maturing October 1, 1957—in other words a three-year issue—a 2 per cent issue and a discount price of 99.75; on June 1, 1954 they put out an issue of $550 million, maturing December 15, 1956—in other words, an issue of two years and six and one-half months—at a coupon rate of 2¼ per cent and a discount price of 99.70; on December 15, 1956 they put out an issue of $250 million of bonds, maturing December 15, 1957—in other words a one year issue—at a coupon rate of 2¼ per cent and a discount price of 98; on December 15, 1956 they put out an issue of $150 million, maturing June 15, 1957—in other words a six months issue—at 2¼ per cent, at a discount price of 99.125.

I hope the faulty memory, the failing memory of the hon. member for Ottawa West has now been corrected with this factual assistance.

Mr. Pickersgill: Will the minister now permit my question?

Mr. Fleming (Eglinton): Yes, with pleasure.

Mr. Pickersgill: Has the minister the corresponding figures for the period from 1921 to 1930? I find this so interesting that I am sure the house would like to hear them all.

Mr. Fleming (Eglinton): Mr. Speaker, I am sure if the hon. member's interest persists he will demonstrate sufficient industry to consult the records for those figures. If he is no longer capable of locating them, then I will be only too pleased to obtain them for him. I always like to do what should be done to assist those who are advancing in years and suffering decrepitude.

We are now faced with an amendment in which the hon. members opposite in one of their most extraordinary flights into the realm of Liberal fiction have—

Mr. Denis: Not vision.

Mr. Fleming (Eglinton): I said "fiction". The hon. member knows about fiction. What he knows about vision is jolly little; he knows plenty about fiction.

This is what they now invite the house to say in expressing itself. They are asking the house, if you please, to censure the government for what they say has been our failure in the field of debt management and monetary policy. I pointed out that the field of monetary policy does not lie within our control. We are responsible for fiscal policy and will bear our responsibility. But the hon. members opposite who are not familiar with the statutes in this respect have chosen then to go on to say that they have complaints about the conversion loan, about the Bank of Canada interest rate, about money supply, about the national debt and about the public debt charges.

Mr. Speaker, I hope I have succeeded in my endeavours to make it clear to the house that the situation in which we find ourselves today, that this rise in interest rates is attributable to conditions that are contributing, and contributing very substantially, to the forces of recovery at work in the Canadian economy today. What hon. members opposite are really irked about is not the slight increase in the interest rates or the situation in the bond market today. What irks hon. members opposite, Mr. Speaker, as has been clearly proven by their approach to this question today and on other occasions, is the fact that under the far-sighted action, the constructive action, the vigorous action for which the Canadian government I hope is entitled to its fair share of credit, measures have been concerted which are bringing about in the Canadian economy today that recovery which is sought, I think, by most Canadians even if hon. members opposite in the opposition do not seem to like it and seem to try to deride it and speak it down at every opportunity. Mr. Speaker, if they want to oppose the recovery of the Canadian economy why have they not the minimal courage to come out and say so in a straightforward way instead of introducing these smoke-screen, fake amendments?

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, if I were unkind I would say that while listening to the Minister of Finance (Mr. Fleming) speak today and yesterday I could not help but think of the filibustering tactics which the Conservatives are known to have used in the past where they read into the record everything but the telephone directory. In spite of the long and very laborious speech that the minister has made I doubt very much whether he has convinced anyone of the points he was trying to make.

In the opening remarks of this very laborious, lengthy and unconvincing speech, the Minister of Finance said this, as reported at page 3092 of *Hansard*, when speaking of the Liberals:

> They were under no inhibitions or restraints or restrictions in the things they had to say that pilloried the credit of Canada. Apparently the responsibility which they bear as members of parliament in discussing matters that mean a great deal to the welfare of Canada is something that is of small concern to them.

I may say, Mr. Speaker, there is a definite improvement in the approach of the Minister of Finance to such a question, a great improvement. Under the old formula the Minister of Finance would rant and rave and state that by bringing on such a debate the Liberal opposition was again playing the role of prophets of doom and gloom and that we in fact rejoice because the government's monetary policy has proven to be a failure, and that we were happy to have the bank rates at the highest point they have ever been in the history of Canada and that we were glad that there were marked indications of the lack of confidence in the government bond market.

Although the approach of the Minister of Finance may have improved, it is still ridiculous and unjust for the Minister of Finance to say that the situation in which we find ourselves today, where the economic welfare of the Canadian people is at stake, is one which is of little concern to any member in this house. As a matter of fact it is because we are very much concerned with the economic welfare of the Canadian people that we have introduced this debate. Because we fear that the monetary policies and the deficit and debt management of this government are unsound, we will in fact prove that the government was wrong and indeed there is ample cause for us to complain and to criticize the government.

As a matter of fact, Mr. Speaker, we would be remiss if, under those conditions, we did not bring to the attention of the people of Canada the monetary pitfalls into which the government apparently is leading us. Since it is quite difficult, and understandably so, for the government to be impartial in its interpretation of the results of its own administration, it is the responsibility of the members of the opposition to keep the Canadian people informed of the problems and dangers they are now facing, and the mistakes the government has made in its debt management policy. It is our

duty also to warn the Canadian people of the consequences that the administration may bring upon our whole economy.

The government has been reproaching the members of the opposition for bringing to the attention of the public the dangers that we face, for instance, in relation to the question of inflation. I am not alone in saying that it is not only the right but the obligation of members of the opposition to bring these important factors to the attention of the public. I should like to quote an article that appeared in the *Commercial and Financial Chronicle* of April 23. This article was written by Hon. Robert Anderson, secretary of the treasury of the United States. He has this to say about inflation:

> There are those who say that in this period of stability no voice should be raised about the dangers of inflation. There are those who say that the realities of the moment should shield us from the disturbing prospects of what future inflation might produce. There are those who say that if we warn against future dangers we are contributors to the inflationary process.
>
> What would they have us do? Would they have us ignore the future consequences of what we now propose or do? Such a doctrine must be alien to those of you who have the responsibility of keeping the nation informed as to the problems of today and equally alert to the problems of tomorrow.

What the government has been preaching, and what the Minister of Finance has been preaching, has been to discourage us from bringing the facts to the attention of the Canadian public, when they are not flattering to the government. It would be unwise, indeed, for Canada not to be warned that the monetary policies and debt management of this government have already created and are creating a disquieting monetary problem in Canada today, the consequences of which we may feel even stronger in the relatively near future.

When we speak of debt management and monetary policies we are, of course, inclined to remember the great conversion loan which, as the minister reminded us this afternoon, was the greatest conversion loan in the history of Canada. He still insists that this great conversion loan was a colossal success. We also recall the eloquence with which the Prime Minister (Mr. Diefenbaker) and the Minister of Finance spoke over the nation-wide TV hookup when they were acting as bond salesmen. We recall the appeal they made at that time to the patriotism of the Canadian people. They said the Canadian people could do in peacetime what they had done in time of war. The conversion loan was the only way to arrest the creeping inflation that was being felt at that time. If the Canadian people subscribed to this loan they would not only be helping Canada but they would be helping themselves because the high interest rate would make them more financially secure. This conversion loan would also be a help to the provinces and municipalities in their borrowings. We might read into the record an item that appeared in the Montreal *Gazette* of July 15, 1958 which was entitled, "Sound Money Policy—The Prime Minister". It reads:

> Prime Minister Diefenbaker tonight urged victory bond holders to participate in the huge bond conversion campaign with the same spirit and determination that brought distinction to Canada in the second world war.
>
> He emphasized, in speaking over the largest radio and television network ever set up in Canada, that there was no element of compulsion in the bond-swap plan.
>
> Holders of victory loan bonds didn't have to trade for the new, higher-yield conversion bonds if they didn't want to.
>
> But he argued that the conversion of some $6,400 million in victory bonds, together with other federal operations being planned and undertaken, "will make it possible for our nation to embark on a new era of peacetime prosperity far and beyond anything we have ever known".
>
> The conversion was "in every sense anti-inflationary," he added as he and Finance Minister Fleming joined forces to explain the conversion plan to the public. It was in line with a "sound money" policy, not involving any new borrowings by the government.

Later in the article, we find this:

> Mr. Fleming said the conversion loan will "simplify our debt structure" and make for more orderly debt management, easing the way to financing of future developments without creating inflation.
>
> This great mass of $6,500 million of short term bonds (the victory bonds) overhanging the bond market has produced a feeling of uncertainty in the minds of both borrowers and lenders.
>
> This uncertainty has made borrowing more difficult and more costly to the provinces and municipalities and to other borrowers. I am sure that when we have successfully refunded this great mass of bonds and spread them out over a much longer period of time, a healthier tone and much greater confidence will develop in the bond market.
>
> This will benefit not only the dominion government but also the provinces, the municipalities and directly or indirectly all other classes of borrowers as well.

According to the minister this conversion loan has proven to be a colossal success. I am not an expert in these financial matters nor are the 17 million Canadian people. It seems to me that the real test of whether or not this conversion loan was a success is to examine whether or not the government achieved the objective it had in mind when the conversion loan campaign was launched. Have we actually embarked on a new era of prosperity, the like of which we have never seen in the country? Are higher interest rates the new Conservative barometer which indicates a new prosperity we are having? Have increased interest rates made it more

easy for the municipalities and provinces to be able to extricate themselves from the financial plight in which they are now placed?

It is evident now that the conversion loan was not a well thought out plan which the government had conceived in order to stabilize our economy and in order to stop inflation. It was no such thing. It was another political expedient and the government embarked on this method in order to face the great deficits that it foresaw not only for this year but for several years to come. Whether or not the government admits it, up to now the conversion loan has been a failure because it has not achieved the objectives which the Prime Minister and the Minister of Finance set forth with respect to the loan. The very fact that the bank rate increased after the anti-inflationary budget, as some people call it, was brought down a short time ago is complete indication that we have very little hope that the conversion loan will be a success in the future.

In his statement on television as part of his effort to sell the conversion loan the Prime Minister stated that the conversion loan was in every sense anti-inflationary. As a matter of fact, even for an amateur it was quite difficult to understand how the conversion loan would be anti-inflationary because in order to sell the bonds the government decided to pay an interest rate the like of which had never been paid before. Of course, if federal government bonds were bearing high interest rates all other bonds would indeed have to carry higher interest rates. To my mind that has started the ball of inflation rolling with even greater rapidity than before.

But there is another thing which I believe was inflationary and it is something which I think we might well stop to consider. The government fixed an artificial price on the bonds and bonds that were worth $94 on the market were being sold for $100. Those people who are greatly experienced in the matter of bonds, who have been dealing with bonds all their lives, indeed foresaw a wonderful opportunity whereby they would sell their bonds for $100, a price they had never hoped to get, and reinvest their gain in shorter term bonds. As a matter of fact, $371 million was "disinvested" in this way.

But the great majority of people who held bonds, the people to whom the Prime Minister and the Minister of Finance appealed on television, the people to whom the Prime Minister gave assurances that Canadian bonds including victory bonds had the strength of the rock of Gibraltar, were a little dismayed, because of their inexperience in dealing with bonds, to see that the value of their bonds kept declining. As a result, they sold their bonds for $92.50, having lost confidence in the government and in the victory loan bonds. I am beginning to wonder whether there is not something absolutely immoral and economically unsound about fixing an artificial price for a bond which has no relation to its real market value.

In order to facilitate the flotation of the conversion loan the government also expanded its money supply so that the conversion loan, which was supposed to be anti-inflationary, was accompanied by an alarming increase in the money supply. In my opinion, since the Conservatives have had the responsibility of office the government has created every penny it has borrowed.

Mr. Fleming (Eglinton): What nonsense!

Mr. Cardin: This, of course, is no different from the straight printing of currency. For the more than 20 months from the end of July, 1957 to April 1, 1959 the entire increase in the government debt, including savings bonds, has been paralleled by an increase in the money supply. During that period the gross debt increased by $1,764 million and the money supply was increased by $1,795 million. Moreover, the increase in the marketable debt, that is, gross debt less savings bonds, has been $1,187 million which corresponds to an increase of $1,217 million in the holdings of the Bank of Canada and the commercial banks. This means that the Conservative government has in fact decided to monetize its deficit.

Mr. Fleming (Eglinton): Will the hon. member tell me how the government can operate in the field of monetary policy?

Mr. Cardin: As a matter of fact, it has acted in the field of monetary policy—

Mr. Fleming (Eglinton): The government?

Mr. Cardin: —and what I have just said is in fact the result of the government's administration in this field.

Mr. Chevrier: The minister does not understand. He is hard of hearing.

Mr. Fleming (Eglinton): The hon. member for Laurier does not understand the difference between fiscal and monetary policy or the difference between the government and the Bank of Canada and their respective responsibilities.

Mr. Chevrier: I can explain it to you very quickly.

Mr. Fleming (Eglinton): You were not here last night.

Mr. Chevrier: No, but I have listened to a lot of guff from you this afternoon.

Mr. Fleming (Eglinton): Is it over your head?

Mr. Cardin: As I say, I think it is clear that the Conservative government has in fact decided to monetize its deficit. I admit that I had to look into the matter of monetization and in my research I came across an article in the *Commercial and Financial Chronicle* of April 23 by the secretary of the treasury of the United States, Robert B. Anderson, and this is what he says:

> The fact that fiscal matters are little understood, even by some rather prominent and otherwise well informed people, was brought home to me one day when a visitor in my office remarked: "You talk of the dangers of monetization of the debt, Mr. Secretary. You know I just don't believe there is such a danger, probably because I don't quite understand what monetization means."

The Hon. Robert Anderson gave this explanation:

> I said this to my visitor: "Now suppose I wanted to write cheques of $100 million starting tomorrow morning but the treasury was out of money. If I called up a bank and said, 'will you loan me $100 million at 3½ per cent for six months if I send you over a note to that effect,' the banker would probably say, 'yes, I will.'
>
> Where would he get the $100 million with which to credit the account of the United States treasury? Would he take it from the account of someone else? No, certainly not. He would merely create that much money, subject to reserve requirements, by crediting our account in that sum and accepting the government's note as an asset. When I had finished writing cheques for $100 million the operation would have added that sum to the money supply. Now certainly that approaches the same degree of monetization as if I had called down to the bureau of engraving and printing and said: 'Please print me up $100 million worth of greenbacks which I can pay out tomorrow.' "

That is exactly what the government has done. The government has paralleled the increase in our national debt by an equal increase in our money supply, and to my mind that is a classic definition of inflation.

Then, of course, it is also quite difficult to understand how, according to the Minister of Finance, the highest bank rates in Canada's history can be helpful to the provinces and the municipalities. We recall all the speeches that were made by members of the government and all the crocodile tears that were shed about the financial plight of the provinces and the municipalities and the fact that they were so greatly in debt it was very difficult for them to get out. We also remember the promises that were made that the provinces and the municipalities would have a greater share of the tax dollar and that borrowings would be made far more easy. It seems to me that the increase in the bank rate and the increase in rates generally will make it virtually impossible for the provinces and municipalities to extricate themselves from the financial plight they are in.

As a matter of fact, this particular increase can only ensure the provinces and the municipalities that they are going to stay with their debt. Promises made were to the effect, "We will allow you a greater share of the tax dollar; We will facilitate your borrowing powers," but as a matter of fact the action of the government means that the federal government will collect the tax and the municipalities and the provinces will have to borrow at higher interest rates.

I would like to quote also from the Montreal *Gazette*, an article which I think is quite accurate and which reflects very much my own way of thinking. It is an article by Mr. John Meyer in the *Gazette* for July 16, 1958:

> The federal government is exchanging one set of fixed charges, the interest it must pay on victory bonds outstanding, for another, higher, set.
>
> At the same time, it has established a higher base cost for credit. All other borrowing must now conform to these new rates at a subsequent higher cost to the borrowers.

The next paragraph is entitled, "Tough on Taxpayers":

> The higher cost of borrowing, in so far as governments are concerned, means an increase in the fixed charges which taxpayers must meet. It means that more of the tax revenue must now be committed to payment of interest rates, leaving less for other purposes.
>
> The higher cost of borrowing means too that the possibilities of tax reduction are that much more limited.

As a matter of fact, we really know now that that turned out to be very true. I continue:

> It means further that the proceeds of borrowing by corporations are reduced by the higher interest rates they must pay. Some corporations will be forced, undoubtedly, to postpone their borrowing or, alternatively, increase the amount: neither is desirable.
>
> Finally, it will mean an increased American demand for Canadian dollars as junior governments and corporations try to reduce their borrowing costs by borrowing at the lower interest rates prevailing in the United States.
>
> And that demand for Canadian funds will push an already high premium higher still, to the further disadvantage of Canadian producers for export and domestic consumption alike.

Does this sound, as though we were entering into a new era of prosperity, the like of which we have never seen before? Does this sound as though we were entering upon a sound monetary policy? The conversion loan and all that goes with it was supposed to be anti-inflationary in every respect. I do not believe that anyone can come to the conclusion that the Prime Minister did, and as

the Minister of Finance has today when he claims his conversion loan was indeed a complete success.

Before finishing there is something I would like to read into the record which I believe is important at this time. It is an extract from a television broadcast that was made on April 21, 1959. I believe this transcription to be correct. It was taken from the sound track directly. However, if it is not correct I am quite sure that the Minister of Finance will correct me, and I wish to be fair about this.

Mr. Fleming (Eglinton): May I ask the hon. member who took it? Did my hon. friend take it?

Mr. Cardin: No, I did not take it, but it was taken from the sound track.

Mr. Fleming (Eglinton): Who did take it?

Mr. Cardin: I could not tell my hon. friend who took it, but it was taken by a machine and transcribed by one of the stenographers. However, if the hon. minister feels it is not correct then I shall be happy to have his correction. During the conversation questions were asked of the minister. One of these questions, asked by Mr. Blakely, was:

> But governments can also contribute to high costs. I know that the Conservatives argued this most forcefully for about 22 years. They used to say, what's wrong with this Liberal government? They say that if you spend your own money it is inflationary, but if they take it from you and spend it for you, why then, it is non-inflationary. What nonsense this is. Are you not doing the same thing here?

Then the Minister of Finance:

> No, no, no, no. You are quoting the things that we said in the days in opposition, when the government of that day was making a virtue of taking money from people, not to meet the exigencies of balancing the budget or even coming close to it or in view to reducing a deficit. But they were taking money far more than what was needed to meet the ordinary expenses of government on the theory that they could do a better job of managing the expenditure and handling of the people's money than they could do themselves, and we never have been of that opinion and I hope we never will.

Of course, Mr. Speaker, I could make the very obvious observation that it must take an incredible amount of gall, sanctimony and cockiness for the Minister of Finance to make such a self-accusing and boomerang statement so soon after the "We knew it all" budget that he brought down just a few weeks ago. But if this statement means anything at all it means that the government does not intend to budget for a surplus in order to reduce the national debt, and that the government proposes to continue to balance the increase in the national debt by an increase in the money supply. As I said before, I think that is absolutely inflationary and detrimental to the Canadian economy.

The last thing I should like to mention, is this. In his remarks the minister asked that the Liberal opposition should make some constructive suggestions. We feel a little as though it would be almost impertinent on the part of the Liberal opposition to make any suggestion to the Conservative government who, in 1957, had, according to them, all the answers and all the solutions.

An hon. Member: Give them the chance and they will hang themselves.

Mr. Cardin: I would say, that I am a little surprised now to hear, after 20 months in office, the Minister of Finance calling on the Liberals for help in order to get himself out of the predicament he has put himself into. But if we were to make suggestions from this side of the house, then we would have to start right from the beginning. First of all, the Liberals would not have made the extravagant promises which the Conservatives made, and not having made the promises we would not have such a great debt. Not having the great debt we would not have had to borrow so much. Not having had to borrow so much we would not have had to raise the interest rate so high. Not having had to raise the interest rate so high we would not have had to have such an increase in the supply of money. Not having had to have such an increase in the supply of money, we would not have had as much inflation. Not having as much inflation we could go back to the very useful method of budgeting for a surplus when there was the danger of inflation, and bugeting for a deficit when there was a danger of recession.

I will admit that this method, which proved to be so successful in the past, is not as spectacular or as fancy as the Conservative's great conversion loan, but it certainly had one distinct advantage—it worked.

Mr. H. J. Robichaud (Gloucester): In his long introductory remarks last evening and in his two-hour marathon speech this afternoon, the Minister of Finance (Mr. Fleming) has insisted that the government has no influence on the rate established by the Bank of Canada for the chartered banks. And then he told us that interest rates have now returned to those of the summer of 1957, but he was very careful to add that the government has no jurisdiction over them. He next accused members of the opposition of flaring up when interest rates are rising, and of saying nothing when interest rates were going down. We know where the Minister of Finance was when the

rates were going down, and we know where he is when the rates are going up. In fact, when the rates were going down the minister, both inside and outside this house, took credit, or gave credit to the government, for the decline in the rates, and I should like to remind him at this time of the reply he gave in this chamber a little over a year ago on January 31, 1958, as reported on page 4089 of *Hansard*, when he was asked a question by the then hon. member for Nanaimo.

Mr. Colin Cameron (Nanaimo): May I address a supplementary question to the Minister of Finance? Can he inform the house if this change from a tight money position has been the result of some action by the government, and what the action has been?

Mr. Fleming: Yes, Mr. Speaker, there has been action on the part of the government. I do not say that the reduction is attributable entirely to the government's action, but it certainly is in line with government policy, and is in part attributable to it. The fact is that we have been seeking to bring about, with the means open to us, a reduction in this rate. I am not at liberty, and it has never been the practice, to indicate to the house all the government operations or the operations of the fiscal agent of the government in these matters, but I can assure my hon. friend that this reduction, which I am happy to report this morning, is fully in line with government policy.

Those were the words of the Minister of Finance when interest rates were going down.

Mr. Pickersgill: But that was before the election.

Mr. Robichaud: Yes, fortunately for them it was before the election. But what is the minister's new doctrine in this respect? The doctrine which he expressed last evening was that the government is responsible for fiscal policy and that the Bank of Canada is responsible for monetary policy, including the bank rate. This is a complete vindication of what Mr. Harris was saying when he was minister of finance. It is, in fact, exactly what he used to say. What a change has come about in the attitude taken by the minister. He contends that our amendment seeks to hold the government responsible for all that has happened in the field of monetary action. That is not so. We certainly did not do this in our amendment, and I will come to that later on. But that is certainly what the minister was doing when he was sitting on this side of the house as the hon. member for Eglinton. Does this mean that the minister, then, had not read the statute law enacted by this parliament, as he accused some of the members on this side of the house of not doing when he spoke last evening and this afternoon? It certainly would appear so if we are to judge the minister by the statements he made when he was sitting on the opposition side.

I am sure that no one who followed the remarks made by the minister could fail to realize that the hon. gentleman has completely missed the nature of our indictment. He is trying to avoid his responsibilities and trying to blame the Bank of Canada for what is happening today in the field of debt management and monetary policy. It is typical of the attitude of the present government to lay all their troubles on the shoulders of someone else, if not on the shoulders of the previous administration, then on those of the Bank of Canada. What does our indictment really seek to do? We blame the government for the mistakes and inequities associated with the conversion loan, which was a failure notwithstanding the statement made this afternoon by the minister himself. We blame the government for the error it made when it offered to buy victory bonds at par, thereby inducing well-informed people not to convert. We blame the government for including the seventh, eighth and ninth victory issues in the operation, thereby giving a scope to the procedure which was quite unnecessary and ill-timed in the light of the depressed condition of the market.

Mr. Fleming (Eglinton): Would the hon. member permit a question? Are we to infer from his remarks that he approves of the conversion loan as applied to the fifth and sixth victory loans?

Mr. Robichaud: If there was a necessity to convert those loans, the hon. gentleman was in a better position to obtain this information than any member on the opposition side.

Mr. Fleming (Eglinton): Would the hon. member answer my question?

Mr. Robichaud: We have heard a great deal from the minister, and it is only right that private members should now have a chance to express their opinions.

We accuse the government of behaving without regard for equity in excluding from the operation other bond holders who were not offered the same generous conditions, and we also accuse the government of failure to restore confidence in the bond market, as is evident from what is happening today; failure to prevent a substantial increase in the money supply, and failure to extend the term of the debt held by the public.

What were the results of those errors and this lack of equity? What has been the result of this costly failure? The conversion operation, as has been said by other hon. members, is costing an additional $350 million to the Canadian taxpayer. It has contributed to

higher interest rates in Canada, rates which impose a new burden on provinces, municipalities and other small borrowers. Is the Bank of Canada to blame for the conversion loan and its failure? Certainly not. Who appeared on television trying to persuade Canadians to invest in their country's future? Was it not the Prime Minister (Mr. Diefenbaker) and the Minister of Finance, as stated this afternoon by my colleague from Richelieu-Vercheres? We are blaming this government for the highest interest rates we have had since the bank was established.

We know, of course, that the bank has complete authority to determine its own rate and we think the bank was perfectly justified and remains justified in fixing its rate at ¼ of 1 per cent higher than the treasury bill rate because otherwise it could easily be accused of subsidizing the commercial banks. But since this perfectly sensible relationship exists, the government is at least indirectly responsible for the present highest bank rate in our history. It is certainly responsible for the treasury bill rate. While it is true, as the minister said, that in percentage terms the treasury bill rate rose by 133 per cent within a space of 20 months when the Liberals were in office, it is equally true that under this Conservative government since the end of July 1958, in less than 10 months, the same rate increased by more than 550 per cent from 0.87 per cent to 4.95 or 4.97 per cent. Who is to blame for this? The bank or the government?

We blame this government for the largest expansion of money supply in any year since the war. The minister said that the bank is responsible for the money supply and that the government assumes responsibility for debt management. We contend, however, that the substantial expansion of the money supply was not decided on economic grounds and on the basis of a sound monetary policy.

I recall that when speaking in this house on November 14, 1957, the Minister of Finance enumerated some of the problems which he said the present government had inherited from its predecessor. Among those problems he mentioned the rising cost of living, the highest interest rates in a generation, the tightness of money and credit conditions, a substantial measure of unemployment considerably larger than in the previous year and "very disturbed" dominion-provincial relations, to use the minister's own words. He also mentioned that the provinces and municipalities were complaining about the injustices received at the hands of the Liberal government. He also referred to the fact that the public till was practically empty. If the public till was practically empty in June of 1957, what is it today after less than two years of Conservative administration? The public debt of this country has been substantially increased. We will have a deficit of $1½ billion in less than two years of Conservative administration.

The amendment introduced yesterday by the hon. member for Ottawa West (Mr. McIlraith) clearly expresses the regret of this house for the ill-conceived and irresponsible actions of the government in the field of debt management and monetary policy. The errors and inadequacies associated with the conversion loan of last fall have been dealt with at length yesterday by the hon. member for Ottawa West and the hon. member for Welland (Mr. McMillan). It is no wonder that Canada is faced today with the highest public debt charges ever experienced in this country. How could it be otherwise when there are added costs of between $60 million and $70 million for the conversion loan not including the extra interest which the taxpayers are asked to pay. Today the till is not only empty but its bottom is falling apart and the Canadian taxpayers are being asked to replenish a deficit of over $1½ billion. This is a part of the record of the present government in the last one and a half years.

I was rather amazed last evening to compare the remarks made by the Minister of Finance with those he made on November 14, 1957, as reported at page 1162 of *Hansard*. I quote the minister's own words as follows:

> I am happy to say to you, sir, as I said on a similar occasion several days ago, that the threat of inflation in Canada has now been checked.

What a discrepancy exists between the statement made by the minister on that occasion and the warning contained in the annual report of the governor of the Bank of Canada to the Minister of Finance being his statement of accounts for the year 1958. What confusion exists in this regard. May I be permitted to follow the example of the minister and quote not from the 1956 report but from the 1958 report of the Bank of Canada where we find on page 10 a most interesting statement. The minister can rest at ease because I shall limit myself to the reading of one paragraph and not quote 15 paragraphs as he did last evening in the course of his remarks. On page 10 we find the following words:

> In a country like Canada, which is greatly influenced by conditions in foreign markets, it is of course impossible to insulate our economy entirely from the contagion of inflationary influences originating abroad. We can, however, by our own actions restrain inflationary factors of domestic origin and prevent them from getting out of control. If we fail in this, our costs of production will rise above those of other countries with which we trade or with which we compete in foreign markets, with serious consequences for everyone in Canada. We in Canada can also

exert our efforts in the international field towards achieving conditions of durable economic growth and monetary stability throughout the world.

Here we had a warning from the governor of the Bank of Canada to the effect that the threat of inflation was far from being checked as the minister claimed it was on November 14 of 1957.

Let me place on the record a further statement made by the minister in November 1957. This has to do directly with the bank rate situation. Again, at page 1162 of *Hansard* of November 14, 1957, we find a statement by the minister in these words:

In this house two days ago I referred to the fact that in the past two months interest rates paid by this country on its treasury bills had dropped by 3/10 of 1 per cent. I am happy to report that in the weekly issue of treasury bills today we have achieved a further reduction which now brings the reduction in the last two months to 4/10 of 1 per cent.

It was the minister who claimed "We have achieved a further reduction" on that occasion but today when the rates are going up he tells us that the government has no responsibility and that it is the responsibility of the Bank of Canada.

Mr. Fleming (Eglinton): Would the hon. member distinguish between treasury bill rates and Bank of Canada rates?

Mr. Robichaud: Yes, Mr. Speaker. May I point out that the distinction has been made two or three times in the course of this debate—

Mr. Fleming (Eglinton): You have missed it.

Mr. Robichaud: —by hon. members who have spoken and it was made by the minister himself in his lengthy marathon speech.

The minister clearly stated and I repeat again:

I am happy to report that in the weekly issue of treasury bills today we have achieved a further reduction—

When things are going well the minister is prepared to take full credit but when the rates go up—and this was especially true when the Liberals were in power—the minister blames someone else. He used to say the Liberal government was responsible when the rates went up during the time we were in office but today when we have a Conservative government the minister tells us when the rates go up it is the responsibility of the Bank of Canada. The minister admitted this last evening when he stated as reported at page 3099 of *Hansard* of April 27:

The government does not exercise any sway in the field of monetary policy.

Those are the minister's own words. He went on to say:

The right to issue currency is vested exclusively in the Bank of Canada. Notwithstanding this fact this misguided amendment—

That is how the minister characterized our amendment. I continue:

—seeks to hold the government responsible for all that has happened in the field of monetary action.

How clearly he expressed his opinion when he stated further on:

I point out to you that the government of Canada has no responsibility whatever for the establishment of the Bank of Canada rate.

Again, Mr. Speaker, no responsibility when the rates are going up but all the responsibility and credit when the rates are going down; this is another proof of the inconsistency of the Minister of Finance who is prepared to take the credit when the rates are going down but relegates the responsibility to where it belongs when the rates are going up.

It is not very long ago since we heard the Minister of Finance state in this house that the monetary policy of the present government was helping the municipalities by making it easier for them to borrow. In other words, faced with the largest expansion of the monetary system in any year since the war, with the largest increases in peacetime in the national debt, the highest public interest charges in Canada's history and the highest bank rate since the Bank of Canada was established, the Minister of Finance tells the provincial governments and the municipalities: "We will tax; we will collect, but you can borrow". He is very careful, however, not to mention that these municipalities will have to borrow under the highest interest rate in many generations; thus adding further to their heavy burden of taxation.

How different is the attitude of the Minister of Finance today compared with statements which he made previously either in this house or outside of this house! I mentioned a while ago some of the statements he made in his first year as Minister of Finance. It is true that the Minister of National Revenue (Mr. Nowlan) has claimed that there is a difference between statements made outside this house and those made inside the house. Other members of the present government have made the same claim. They make a difference between statements made as pre-election promises and accomplished facts when they have the responsibility of power. How can the minister account for the statement he made on February 23, 1958, when he said:

We have eased the burdens of the municipal governments by bringing about easier credit and lower interest rates.

How can he account for the statement he made at St. Paul, Quebec, and at Montmagny on September 28, 1958, exactly seven months ago when he said:

> Credit is much easier; the provinces and municipalities in their financial operations will derive much benefit from this conversion operation.

It is now true that the benefits which were mentioned by the Minister of Finance have turned out today to be the highest interest rates in Canada's history.

Mr. Fleming (Eglinton): They are not.

Mr. Robichaud: It was on July 14, 1958, in an announcement over the radio and TV about the Canada conversion loan that the Minister of Finance said:

> Through this Canada conversion loan, the government is reaffirming its determination to follow policies that will maintain the soundness of our currency and the purchasing power of your dollar.

Mr. Regnier: Mr. Speaker, on a point of order—

Mr. Robichaud: And again, when referring to higher interest rates, one could but recall that statement—

Mr. Regnier: On a point of order, Mr. Speaker, the hon. member is reading his speech.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I presume the hon. member was not in the house this afternoon when the same point was raised and the Speaker ruled very clearly on the issue at that time.

Mr. Bell (Saint John-Albert): There is a difference between the Minister of Finance making a technical speech and an hon. member making a speech.

Mr. Speaker: The point has been raised by the hon. member that the hon. member for Gloucester is reading his speech. The hon. member for Gloucester knows that the practices do not permit the reading of his speech verbatim, and the house will rely on him not to breach such a practice.

Mr. Chevrier: May I simply and respectfully draw to your attention the ruling which was made prior to this speech being made when the minister rose and spoke this afternoon.
attention.
attention.

Mr. Speaker: I was not aware that such a ruling had been made. The ruling of the house is that in introducing technical and difficult matters, the Minister of Finance (Mr. Fleming), the Leader of the Opposition (Mr. Pearson), or other persons making principal speeches, are allowed to follow their text more closely than other members are expected to do. I have not heard the hon. member for Gloucester. He can tell us what he is doing and then we shall proceed.

Mr. Robichaud: I have substantial notes, Mr. Speaker, and I have been reading some quotations from press reports and radio and television talks by the minister himself, and these had to be quoted verbatim. I have given the reference, the dates and the places where the remarks and the statements have been made.

Mr. Pickersgill: Which the minister did not do.

Mr. Robichaud: Again I want to refer to the statement which was made about higher interest rates. One could not but recall the statement which was made in Calgary on March 14, 1958, by the Prime Minister when he claimed that:

> Interest rates had fallen sharply as a result of government action since last June, from a high of 4.33 per cent to 2.89 per cent in recent weeks.

Again the Prime Minister was taking full credit for the reduction when he said the reduction had come about "as a result of government action since last June". Today the Minister of Finance and his government are dodging the responsibility when the interest rates are on the way up and are the highest in Canada's history.

Again, when speaking in Halifax on March 24, 1958, the Prime Minister in referring to finance, said, and I quote from the Halifax *Chronicle-Herald* of March 25, 1958:

> This government reversed the tight monetary policy of the Liberals and the interest rates have been decreased from 4.3 to 2.8 per cent.

The taxpayers today have not forgotten his federal election telecast on May 22, 1957, when the Prime Minister said:

> "I think I might summarize our general view in this regard. We feel that the action taken by the government—and after all it was the government that took the action,"—said the Prime Minister, "in restricting credit, raising interest rates and the like, has not been effective."

Following the example of his Minister of Finance, the Prime Minister himself—

Mr. Speaker: Order. Perhaps this would be a convenient place for the hon. member to interrupt himself.

Mr. Bell (Saint John-Albert): Why do you not mark the page so you will know where to begin?

Mr. Pickersgill: He will also know where to end.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Robichaud: Mr. Speaker, when the house took recess at six o'clock, I had just brought to the attention of the house a statement made by the Prime Minister on May 27, 1957. He said, "We feel that the action taken by the government—and after all it was the government that took the action—in restricting credit, raising interest rates and the like, has not been effective." In this case the Prime Minister followed the example of his Minister of Finance who was blaming the raising of interest rates on the previous government, but he will not take the responsibility for similar or even larger increases under his own administration.

It was the same Prime Minister who, as reported in the London *Free Press* of June 7, 1957, said in Woodstock, Ontario:

> The Conservative party in the house had insisted that the government itself first of all should cut its unnecessary expenditures, should reduce the high cost of big government. The Conservative party had urged tax reductions to stimulate production and sales of Canadian products—not higher interest rates which curtailed production and made Canadian products costlier and more difficult to sell.

Now, what is the effect today of the policies of the present government in the field of debt management? If the government has any responsibility at all, is it not contributing, directly as well as indirectly, by hidden taxation and by these high public debt charges to increasing consumer charges and adding to inflation?

The amendment which was introduced yesterday by the hon. member for Ottawa West (Mr. McIlraith) mentioned five points of indictment. The first one reads:

> This house regrets the ill-conceived and irresponsible actions of the government in the field of debt management and monetary policy which have been characterized by:
>
> 1. The errors and inequities associated with the conversion loan;

We have heard the Minister of Finance speak for over two hours and a half, but he has not convinced this house or given any worthwhile explanation as to why the seventh, eighth and ninth victory loans were converted. The errors and inequities in connection with this conversion loan were also extended through the establishment of an artificial market for victory bonds by the action of the Bank of Canada. In fact, the Bank of Canada bought the major portion of the bonds and allowed the bondholders who did not convert to make windfall gains. This resulted in a failure to restore confidence in the bond market, and today the country is facing evidence of this in the falling value of government bonds.

[Mr. Pickersgill.]

The second point in the amendment reads:

> 2. The highest bank rate since the Bank of Canada was established;

This point was not denied by the Minister of Finance. Is it not a fact that Canada today is facing the highest bank rate since the Bank of Canada was established? The minister admitted the interest rate was based on the treasury bill rate. In fact, he admitted that the Bank of Canada added ¼ of 1 per cent to the treasury bill rate in order to set its interest rate. What did the Minister of Finance tell us about the actions that had been taken by this government to reduce the interest rate on treasury bills? He told us absolutely nothing. He had plenty of time to do it. As I mentioned before, he spoke for over 2½ hours, but he did not indicate any action taken by this government to reduce the treasury bill rate.

The third point in the amendment reads:

> 3. The largest expansion of the monetary supply in any year since the war;

Again, Mr. Speaker, the Minister of Finance did not deny this charge. Is it true or is it false that we have today the largest expansion of money supply in any year since the war? I am quite sure no one has heard the Minister of Finance call this assertion rubbish, nonsense or rot, so we must assume that the minister admits that today we have the largest expansion of the money supply in any year since the war.

The fourth point was:

> 4. The greatest increase in peacetime in the national debt;

Again, this assertion was not denied by the Minister of Finance. We on this side of the house feel this is only the start because the greatest increase in the national debt occurred after only 18 months of Conservative administration. What will it be when this government has been in power for three or four years?

An hon. Member: Ten.

Mr. Robichaud: I hear one member say "ten". I hope, for the good of the country, we will not have to face such a situation.

The fifth point was:

> 5. The highest public debt charges in Canada's history.

Is this right or wrong? If it had been wrong we would have heard the Minister of Finance interjecting "nonsense" or "it is not true". The fact that the minister did not call it nonsense shows he agrees with this statement. Oh, I know that the Minister without Portfolio for Newfoundland would say, "So what; what is the difference?" It makes a big difference to the taxpayers of this country.

What are the requirements which the Minister of Finance will have to face in the years ahead? The minister will have to again face a deficit in the year 1959-60 of over $850 million. The minister will have to provide refunding for $1,735 million before April 2, 1960. How is he going to raise the money? There are only three courses of action open to him. The first one is to increase the money supply. The second one is to increase the interest rate on government bonds, and thus make them more attractive. His third course —well, we hope he never has to take this course—would be to use force or coercion to get the money he requires. The minister did not have time to deal with this most important question in his long speech.

How is he going to get these requirements for 1959-60 which amount to well over $2.5 billion? Unfortunately, the Minister of Finance, in his swan song this afternoon, did not see fit to give us this information.

We on this side of the house are sincerely hoping that it will not be the end of the Minister of Finance. Rumours are circulating that the Prime Minister has better days ahead for the present Minister of Finance but we also realize the predicament of the Prime Minister in trying to find a successor for the present minister. I know that someone may say, "Well, maybe it could be the Minister of Justice". We all recall the statement made by the Minister of Justice (Mr. Fulton), as reported in the Vancouver *Sun* of March 29, 1958:

> Justice minister Fulton said Friday night the Bank of Canada will be made more responsible to parliament if the Conservatives are re-elected in the federal balloting Monday.

In view of the present policy of the government we cannot see how the minister can qualify. We have the Minister of Transport (Mr. Hees). The Minister of Transport does not believe too much in budgets. After all, has he not said that very little is accomplished by budgets? We know that the government of this country needs a budget and with the Minister of Transport as minister of finance we might have to do without one.

Then there is the Minister of National Revenue (Mr. Nowlan) who believes in two kinds of promises, those made inside the house and those made outside the house. It would be unfortunate if the Prime Minister had such a man as minister of finance because he could not trust the promises or statements he made outside the house. Then we have the Solicitor General (Mr. Balcer), but I think it would be too much of a task for the Solicitor General because it would be imposing capital punishment on himself.

We also have the two ministers without portfolio. Maybe the Prime Minister will choose them. They could act together, be given certain responsibilities for a change and without additional cost to the treasury because they would share the task. With regard to the Minister of Northern Affairs and National Resources (Mr. Hamilton), who has just taken his seat, I am afraid that his vision might be too much for the country to face because the deficits which would be the result of his vision would be almost unbelievable. As far as the Minister of Trade and Commerce (Mr. Churchill) is concerned, we might be against him taking the office because, as I said a while ago, we want a budget. The Minister of Trade and Commerce might want to keep the budget secret and we would be up against it again. The budget might be one of those hidden reports which are so hard to get and if he ever produced it we might have to go to the national Liberal federation to get copies of it.

Mr. Speaker: It being 8.15 o'clock, it is my duty, pursuant to section 4 of standing order 56, to interrupt these proceedings and put forthwith the question on any amendment now before the house.

The house divided on the amendment (Mr. McIlraith) which was negatived on the following division:

YEAS

Messrs:

Argue	Herridge
Badanai	Howard
Batten	Leduc
Boivin	Lessard
Bourget	Loiselle
Brassard (Lapointe)	Macnaughton
Cardin	McIlraith
Caron	McMillan
Carter	Meunier
Chevrier	Mitchell
Denis	Pickersgill
Dumas	Racine
Eudes	Regier
Fisher	Richard (Ottawa East)
Forgie	Roberge
Garland	Robichaud
Godin	Tucker
Granger	Winch—37.
Hellyer	

NAYS

Messrs:

Aiken	Browne (St. John's West)
Aitken, Miss	Browne (Vancouver-Kingsway)
Allard	Bruchesi
Anderson	Brunsden
Balcer	Cadieu
Baldwin	Campbell (Lambton-Kent)
Barrington	Campbell (Stormont)
Baskin	Campeau
Beech	Cathers
Bell (Carleton)	Chambers
Bell (Saint John-Albert)	Charlton
Belzile	Chown
Bigg	
Bourbonnais	
Broome	

Churchill
Clancy
Coates
Comtois
Courtemanche
Creaghan
Crouse
Danforth
Deschambault
Diefenbaker
Dinsdale
Doucett
Drysdale
Dubois
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Fortin
Fraser
Frechette
Fulton
Gillet
Grafftey
Green
Grills
Gundlock
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Harkness
Hees
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Howe
Jones
Jorgenson
Jung
Kindt
Knowles
Korchinski
Kucherepa
Lahaye
Lambert
LaRue
Latour
Legere
Lennard
Letourneau
Macdonald (Kings)
Macdonnell
MacEwan
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
MacRae
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McGregor
McIntosh
McLennan
McPhillips
Maloney
Mandziuk
Martineau
Martini
Matthews
Monteith (Perth)
Monteith (Verdun)
Montgomery
Morissette
Morris
Morton
Muir (Cape Breton North and Victoria)
Murphy
Nasserden
Nesbitt
Nielsen
Noble
Nowlan
Nugent
O'Leary
Ormiston
Pallett
Pascoe
Payne
Pearkes
Phillips
Pigeon
Pugh
Rapp
Regnier
Ricard
Richard (Kamouraska)
Rogers
Rompre
Rynard
Simpson
Skoreyko
Slogan
Small
Smallwood
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Stanton
Starr
Stearns
Stefanson
Stewart
Tassé
Taylor
Thomas
Thrasher
Tremblay
Villeneuve
Vivian
Walker
Weichel
Winkler
Woolliams
Wratten—163.

HOUSE OF COMMONS—SUGGESTED INCREASE IN MEMBERS' INDEMNITIES

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I have a grievance, and I am very pleased to see the Prime Minister (Mr. Diefenbaker) and the Minister of Finance (Mr. Fleming) in the house. This is a subject to which I have given considerable thought, and it is one which is of interest to all hon. members in this house. It concerns the question of the inadequate recompense paid to members of parliament in the present economic circumstances.

[Mr. Speaker.]

I wish to make it perfectly clear that I am making these remarks as an individual and that I have had no consultation with my party colleagues in regard to them. I feel this is a grievance which will need to be examined, and need to be examined fairly soon. This particular parliament happens to contain a higher proportion of younger men than was found in most previous parliaments and it is upon these younger men, I think, that the cost of living, and of performing the duties of a member of parliament, bears most hardly. It is true that there are a number of gentlemen who are members of parliament who do not need the extra increment which might come from a change, but the majority of members or, at least, many of them, are suffering at the present time from being involved in expenses so high that they do not allow them to carry on a proper family life and discharge their duties properly.

I know it can be said that each one of us got himself into this position and that we can get ourselves out of it. I know this is true, and I know, also, that there are many hon. members of this house who are now thinking of ways and means of getting themselves out of it without disturbing the loyalties which they have built up in their constituents. It seems to me that this is a serious question, when there are so many hon. members who are wondering how they can continue in present circumstances. It seems to me that if we want to keep the best and most active people here we will have to pay them more. And if people say to me, as no doubt some of my constituents will say to me "You are probably being overpaid now", I am willing to stand up and tell them "It is time you paid us what we are worth for the job we are doing." I hope other hon. members will say the same to their constituents.

I do not wish to go on developing this subject at the moment. If nothing is done this session, I firmly intend to put a resolution on the order paper next session asking that the government consider establishing a salary of at least $12,000 plus expense accounts paid to, at least, $3,000 a year. At any rate, that will open up the discussion. However, I hope that in view of the opinion generally held by the majority of hon. members in this house the government will give very serious consideration to the whole problem.

I cannot leave this topic without saying one word in passing about the gentlemen who report on the activities of this house and upon the doings of the members of parliament. It always seems to me that there is a tendency on their part to ridicule members of parliament and politicians in general as always looking for something extra which, perhaps, they do not deserve. I hope some of them will get down to work and do some research into the facts. Perhaps they would then find out how burdensome the situation has become for members of parliament at the present time. I think it would not be difficult to produce some actual evidence which would bear out what I have said tonight.

It is customary, when raising a grievance such as this, for anyone concerned to follow on. All hon. members have the opportunity —it is like asking a supplementary question —and if there is agreement with what I have said, I hope this opportunity will be taken to express it.

Mr. John MacLean (Winnipeg North Centre): Mr. Speaker, it is not very often that I agree with the comments of a member of the C.C.F. party. Still less do I agree with the philosophy adopted, or the stand taken by the C.C.F. group in this house, but I may say that I am in complete agreement with the remarks which have just been made by the hon. member for Port Arthur (Mr. Fisher).

I should think offhand that many hon. members of this house if indeed not the majority of them are in agreement with the hon. member's remarks, but whether or not they will stand up and say anything at this point is another question. The possibility of any increase in our salaries or expense allowances is probably a matter for the government to decide. I am a new member of this house and perhaps I am being somewhat presumptuous in getting up and stating my views and making reference to my own circumstances. As a young man out of this house I perhaps might not be making enough money per se. Nevertheless if the press or other interested people in Canada would care to take a second look at the amount of money it costs us to come down to parliament to serve as members of this house I believe they would be quite prepared to say we should be allowed an increase whether it be in the form of an increased car allowance, or an increment in regard to expense allowances, a salary increase or whatever form it may take.

May I say only this with respect to my own position. I came out of law school only three years ago. Emerging from school I found myself in debt. Since becoming a member of parliament and coming to Ottawa to represent the people of my constituency—which was represented formerly by a member of the C.C.F. party—I have found myself further in debt than I was before. I say this for the benefit of the cabinet which I see here in appropriate numbers tonight. I say this only in recognition of the heavy duties imposed on our cabinet ministers. If those hon. gentlemen were free to state their cases this evening they would probably agree with my remarks. I do not like to use the word "underpaid" in reference to members of parliament and of the cabinet but I am sure hon. gentlemen would agree with me that they are not reimbursed to the full extent of the expenses imposed on them by their duties in office.

It is with these few words that I as a member of the Conservative party support the hon. member for Port Arthur. As a new member of this house perhaps my remarks will be taken the wrong way but I have spoken this evening as a young man who has recently come into the house and perhaps my circumstances are somewhat similar to those of the hon. member for Port Arthur. I wholeheartedly support everything he has said tonight.

Mr. Pickersgill: Mr. Speaker—

An hon. Member: Here is another poor law student.

Mr. Speaker: Is the hon. member for Bonavista-Twillingate rising on the same point?

Mr. Pickersgill: No, Mr. Speaker.

Mr. Speaker: I will recognize the hon. member for Stormont.

Mr. Grant Campbell (Stormont): Mr. Speaker, despite the fact that the previous speaker in this debate is a roommate of mine, I want to make it clear that there has been no collusion between us even though I am rising to address myself to the same subject.

I wish to commend the hon. member for Port Arthur (Mr. Fisher) for his courage and integrity in raising this matter. One factor we should consider is this. We in North America are living in a capitalistic and commercial economy where there is a price tag on everything. There exists here a tendency to judge things according to the value on the price tag and the attention accorded hon. members of this house is largely dependent on the amount that is paid them.

Although this is beyond my personal sphere of concern I believe the same thing applies to members of the judiciary. I believe that the most drastically underpaid and underestimated persons in this country are members of the judiciary. It should be remembered that originally they were accorded

the status of law lords with all the perquisites involved under the British system of law.

Then next to members of the judiciary I would say that men in public life, Canadian politicians, are the most underpaid and underestimated group. When I think that the manager of an innocuous little manufacturing concern is probably earning five or six times the amount paid the Prime Minister (Mr. Diefenbaker) of this country I am appalled. It is a fantastic situation when one considers the relative responsibilities and capabilities of the two men. For that reason alone, if for no other, I believe that the matter of the remuneration paid to those in public life should be the subject of a thorough investigation.

NEWFOUNDLAND—REQUEST FOR ACTION TO AID FISHERMEN

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I am speaking on a very different grievance. I am rising to speak primarily on behalf of my own constituents who in the main, I can assure the hon. member for Port Arthur (Mr. Fisher) and those other hon. gentlemen who have spoken, have very much lower incomes than we in this house have and have no tax-free expense accounts or anything of that sort.

Some hon. Members: Oh, oh.

Mr. Pickersgill: In saying that I am not implying any kind of criticism of what was said by these hon. members at all. I am merely seeking to draw attention to the fact that the fishing industry, which I think unfortunately and regrettably in this country still has perhaps a lower average income than any other industry in Canada although it is the oldest industry in the nation, there was in part of the community where fishing is the main occupation a very regrettable failure of the fisheries last year. I am going to try in the most uncontroversial way I am capable of, to make an appeal to the government and particularly to the Prime Minister (Mr. Diefenbaker)—and I am very glad he is here this evening—on behalf of this group of citizens.

In order to found my grievance I should like briefly to refer to a question which was asked by my friend the hon. member for Trinity-Conception (Mr. Tucker) on April 14. He directed his question to the Minister of Fisheries (Mr. MacLean). I will not even read the question. It had to do with price supports. I should, however, like to read one paragraph of the minister's answer as reported at page 2659 of *Hansard* of April 14, in which the minister said:

[Mr. Campbell.]

> I feel, Mr. Speaker, that the hon. member has in mind chiefly the problem which everyone admits existed in Newfoundland last year. The fisheries prices support board held special meetings last September in Halifax and St. John's to look into the problem of the income of the Newfoundland fishermen who fish cod to be processed into dried salt cod. The advice of the fisheries prices support board was that the problem in Newfoundland was one of catch failure rather than of prices—

I believe the minister was completely right in expressing that view. If it is not contrary to the rules to say so I should like to state that although the minister and I do not agree politically I do appreciate—and I think all hon. members who are interested in the fisheries appreciate—the genuine interest that the minister has shown in the fishermen ever since he became Minister of Fisheries. I believe the minister has done everything he could be reasonably expected to do within the sphere of his department to help the fishermen and we appreciate it. I am glad to have the chance to say so. I made this comment in the committee but I am very glad to say so in this chamber if I am not transgressing the rules of the house.

This problem is one that the minister rightly pointed out in the committee. I know I should not be talking about the proceedings of the committee and I am not going to break the rules of the house by referring to it in detail. The minister pointed out that to deal with this problem was something for the cabinet and quite beyond the scope of one minister. That, of course, is quite right.

I should like to recall to the Prime Minister's mind what I am sure I do not need to do because I am sure it is very much in his mind, but I wish simply to remind him of what he said in another context in the house on August 30 of last year when he was speaking about agricultural policy. He made this statement which I am sure everyone in the house accepts in principle:

> What we are trying to do is establish a concept of national policy designed to ensure equality of opportunity for all Canadians.

Now I must say I was also encouraged to make my plea this evening by certain words used by the Prime Minister on television the other evening about the province, for part of which I am a member. I would just like to recall to hon. members' minds the words used by the Prime Minister—a very brief part of them:

> There should be neither doubt nor misunderstanding about the equality of Newfoundland's status in the Canadian partnership. That equality exists as a right of our newest province's membership in the Canadian confederation. It is the earnest hope of my government that the differences may be settled as quickly as possible so that we may get together,—

And these are the words I especially want to draw to the attention of the house:

—and achieve together the raising of the general standard of living of the province and its people to that which we covet for all Canadians.

This is a problem about which I wrote to the Prime Minister a suggestion last October. I am not going to enter into any recriminations at all but the suggestion I made at that time did not commend itself to the government and it is now no longer possible for them to do anything about it. As a result of the fact that at least half the fishermen on the northeast coast of Newfoundland did not qualify for unemployment insurance because of the failure of the fisheries most of them have been driven on to relief. Most of those who did not qualify, and even some of those who did qualify for the minimum benefits, have been driven on to relief—that is at a lower scale—during this winter and many of them because of the stormy season and the other difficulties found themselves at the end of the season with cod traps that were in a bad state of repair, or cod traps that were lost entirely.

What the fishermen need if they are to be self-sufficient this year is enough money—and it would not be very much—to buy twine to fix up their traps or, in some cases where their traps are lost, enough money to get new traps so that they can go fishing and earn their own living this summer when we hope there will be a good fishery again.

Since fisheries are exclusively within the jurisdiction of the federal government, this is not a big problem in its dimensions in relation to the country as a whole. I know it applies to certain parts of Newfoundland, perhaps to most; but at any rate to the Atlantic side of Newfoundland. I believe it applies to the Magdalen islands and possibly to the Quebec-Labrador area, but there is an hon. member who represents that constituency and he can speak for himself, and perhaps to one or two limited areas in Nova Scotia. But there are those areas, and there is a problem.

It is a problem that I am sure if I put it in certain terms the Prime Minister and a good many hon. members will understand; it is the kind of problem that existed in Manitoba, Saskatchewan and Alberta, particularly in Saskatchewan, in 1937, and in one or two other years, namely the problem of seed grain, when the farmers had such poor crops that many of them did not have enough grain to reseed their fields. The provincial governments lend money to the farmers and those loans were underwritten by the federal government. There, of course, there was a divided jurisdiction under the constitution. Here there is an undivided jurisdiction. The appeal I am making to the government is in one way or another, by one device or another, to make this very small sum available by way of loan. I am not suggesting that it be a gift, or anything of that sort. It could be easily administered by the excellent officers of the Department of Fisheries who know the fishermen intimately. The loan could be made perhaps without interest until the end of the season but to bear interest thereafter.

I would not like to hazard a guess as to how much it would be, but the Minister of Fisheries would probably have some notion. I think it would be ridiculous for me to make a guess.

Mr. Diefenbaker: Make an estimate.

Mr. Pickersgill: Well, I am sure it would be well below $100,000. It is a problem, a human problem. These people are Canadians like the rest of us. They are faced with a difficulty in a primary industry, and it does seem to me, being reminded of this problem and reminded, as I tried to remind the Prime Minister of the analogy which he and I knew so well over 20 years ago, I hope it would appeal to the Prime Minister, as I am sure it would to the Minister of Fisheries and that perhaps—I do not ask for any immediate answer—the government would take it into consideration.

Mr. Howard: Will the hon. member permit a question?

Mr. Pickersgill: Gladly.

Mr. Howard: I ask it because in his introductory remarks he may have left the wrong impression when he referred to the question raised by the hon. member for Port Arthur. My question is, is the hon. member for Bonavista-Twillingate now writing the biography of Mackenzie King for love or money?

Mr. Pickersgill: It is a personal question, sir. I do not know whether I should answer or not, but I am writing it for money. I have to earn my living and, as a private member of parliament, I have always taken the view —it is perhaps an old-fashioned and Liberal view, but I think it is a view that the Prime Minister would probably share—that being a private member of parliament is not and should not be a full-time occupation. And though I would not object at all to being called a professional politician, I do still think that one can represent the people better by being—and I notice Your Honour is going to call me to order—an ordinary citizen than a professional. But I thought that the question had to do with the question which is much

closer to my heart than the one asked by the hon. member for Skeena.

Mr. C. R. Granger (Grand Falls-White Bay-Labrador): Mr. Speaker, I should like to add a word to what was said by the hon. member for Bonavista-Twillingate. In my own riding a great many of the fishermen are still suffering from the effects of the almost total failure of the fishery last year. This applies to Green bay, White Bay south and White Bay north, and Labrador south, particularly where very few fishermen caught enough to qualify for unemployment insurance. They caught so few fish that many of them were on relief and are still on relief. This condition is due to no fault of their own but to the failure of the fisheries. The fish simply disappeared from the coasts of Newfoundland last year. This is a poor background for a start on the new season's activities.

As has been said before, there was no special assistance to help meet what was an economic disaster to many fishermen in Newfoundland. At the present time the fishermen are beginning to outfit for the fisheries. They have to prepare their boats, replace twine, replace nets and some have to procure traps. All in all it is a considerable expense which has to be met at this time of the year if the fishermen are to be able properly to prosecute the fisheries and catch enough fish to earn a living. We hope that this year the fish will be there for them to catch.

In many instances the economic plight of the fishermen is such that they have no money and are unable to obtain credit from their merchants with which to purchase the needed materials. Unless something is done they will find themselves next fall in the same position as they were last fall. In addition to the particular plight, due to the failure of the fisheries, the fishermen of Labrador and northern Newfoundland suffered another disaster this past winter when high winds and heavy seas destroyed much fishing property; stages and fishing wharves were washed away and it is doubtful whether they can be replaced in time to prosecute the fishery unless something is forthcoming in the way of governmental help. The provincial government is sending down twine for nets and helping out to some extent in Labrador. I believe that if a proper job is to be done in helping the fishermen to reestablish themselves for this year's fishery they will need the assistance of the federal government.

I should like to say a word of tribute to the Minister of Fisheries (Mr. MacLean). I would say that all the fishermen in Newfoundland appreciate his sincere and earnest endeavours on their behalf. It is generally recognized that he has taken his job very seriously and that he has at heart the interests of the fishermen, not only as important economic factors but also in the humanitarian sense.

I should like to add a word or two about those parts of the province of Newfoundland where the fisheries have been industrialized. You do not have these same recurring economic crises in those parts. It is true that this year every part of the province has been affected by the total failure of the fishery last year. However, generally speaking, wherever industrialization has taken place the fishermen are in better circumstances and find it easier to continue their operations; easier to obtain credit where necessary and generally speaking their earning power, too, is closer to that of the people in similar jobs.

I should like to mention one particular place and that is the port of St. Anthony in the northern part of Newfoundland where the fresh fish plant burned down several years ago. Ever since this great northern town has been to some extent economically depressed. At the same time St. Anthony is close to prolific fishing grounds and fishermen from isolated places are moving in to settle in St. Anthony. I would hope that the minister would take a long and careful look at the plight of this important fishing town. I would like to say a word about the moneys which have been spent by the federal and provincial governments to encourage the industrialization of the fisheries. These investments have paid dividends already and in the future they will pay richer dividends, not only in money but in human happiness.

Mr. J. R. Tucker (Trinity-Conception): In view of the poor fishery last year and the lack of employment during the past winter, I strongly support the remarks of the previous speakers who have spoken on this matter. We have approximately 17,500 fishermen in Newfoundland, many of whom were unable to get unemployment insurance benefits last year because of the failure of our fishery. There was a shortage of winter work as well, and yet in spite of all this it seems that this year we will have more men prosecuting the fishery than ever before.

Now, I agree wholeheartedly with the winter works program, but because of climatic conditions in Newfoundland we did not benefit from that program to the same extent as the other provinces. Last year the federal government approved the construction of 20 community fish stages in Newfoundland at a cost of approximately $500,000. It was impossible to build these stages because of the stormy weather and heavy seas, so the program had to be abandoned. I feel that consideration should be given to doing as much of this type of work as possible during

the early summer and spring, because this would give our fishermen an opportunity to get money to assist them in buying lines, twines and ropes to repair their traps and trawls. They would get assistance in purchasing the materials required for making repairs to the boats and stages.

I feel also, Mr. Speaker, that the Department of Public Works should give serious consideration to doing some of the work on wharves and launchways in the spring rather than in the fall. If this were done, as I said previously, the men would have some money in the spring to assist them in financing their operations and thus making it unnecessary for them to depend upon the merchants to give them supplies for fishing.

I should like to add my tribute to the Minister of Fisheries (Mr. MacLean) and also to the Minister of Public Works (Mr. Green) for their interest in Newfoundland. I hope that their interest will continue to grow. I feel both of these ministers have the welfare of Newfoundland at heart, and I hope that they will continue to give consideration to our fishermen who are working so hard and so long in an attempt to get a living. At the present time more than 30 per cent of the working class in Newfoundland are without employment, and I think that every assistance should be given them to earn a dollar which is so badly needed.

Mr. J. A. McGrath (St. John's East): I listened with interest to the comments of the hon. members for Bonavista-Twillingate (Mr. Pickersgill), Grand Falls-White Bay-Labrador (Mr. Granger) and Trinity-Conception (Mr. Tucker) with regard to the plight of the Newfoundland fishery, and more especially and what is perhaps of greater concern of us, the plight of the Newfoundland fishermen. This question is a complex one. It has been perplexing the governments down through the years. One has but to look briefly at the history of Newfoundland to see that the economy, up to perhaps a few years ago, was based solely on fish; it was a one-product economy. The folly of this economic condition became evident in Newfoundland during the world-wide depression in 1933, for at that time we found ourselves unable to sell our fish in the world markets. Of course, the results of that were catastrophic.

Now, I am one, sir, who is of the opinion that the future of Newfoundland, and to a very large extent the future of Canada's tenth province, will ultimately depend on the attitudes and policies of this government and the provincial government toward the fishery of Newfoundland. Whatever else can be said about industrialization, our forest resources and our mineral resources, the world will always require food. As we all know, fish is a high protein food and fish is one thing we have in abundance in Newfoundland.

Without being partisan on this subject, Mr. Speaker, and I do not mean to be, although the temptation is great, I am reminded of the provincial election campaign in Newfoundland in 1951 when we heard much about industrialization; the great new factories, the growing industrialization; the great Latvian industrialist, and what have you.

At that time the Newfoundland premier went to the province to ask for a mandate for his industrialization program. One slogan used in that campaign was, "We will take 10,000 fishermen out of the fishing boats and put them into plants." This situation came about at a time when the Newfoundland fisherman, as a result of the prosperity of the second great war, was tending to get away from his fishing boat and to take more lucrative employment at United States bases in Newfoundland and other construction projects that had been started in the province as a result of union. This was hardly an encouragement to the fishermen of the day to go back to that industry which I maintain is our mainstay.

At one time there were several settlements in my constituency which were fishing headquarters, the most prosperous fishing communities in Newfoundland. The fisherman had his own cod trap and perhaps he had his own boat. He caught his fish and had his own plot of land in his backyard. He could supply himself with enough supplemental agricultural products to take care of his own needs over the winter and if he could get a good price for his fish he had a good year. In other words, the Newfoundland fisherman at that time was independent. He did not depend on unemployment insurance. He did not depend on family allowances. He did not depend on social security. He depended on his own sweat and toil, as did his forefathers, to get a living from the sea and he was a better man for it.

What do you find today if you go into these same settlements? You will find the little potato field grown over with weeds. He no longer keeps dairy cattle or poultry to supply his own needs. His fishing gear is rotting. His nets have rotted away and in some cases the people have not even bothered to request that the wharf be rebuilt. I maintain this is a sad plight for a region that was considered the fishing centre of the world. Perhaps the day will come again when Newfoundland can point with justifiable pride to its fishery and lead the world in that very important industry.

I support the views put forward by the three hon. members from Newfoundland who

sit opposite but I am sure they did not mean to suggest that the government will be able to pull a trick out of a magic hat and come up with the answer to this very complex problem. Having in mind the comments that have been made this evening and bearing in mind the unfortunate circumstance of the failure of the Newfoundland fishery last year, perhaps the result will be a reappraisal of what was at one time a great industry. We hope it will perhaps result in our taking a more realistic approach to this primary industry because in the final analysis, as has been suggested before, this is not a problem of economics but a human problem. It is a problem of whether or not a great number of Canadian citizens will be able to continue proudly the task of the fisherman as their forefathers did before them and as I am sure Newfoundland fishermen will do in years to come.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, you may well wonder why a member from the west coast of Canada should interpose in the discussion of the grievance that has been raised. However, it does cause us considerable concern when the pulpwood and fish of Newfoundland are able to compete so successfully in world markets with the same products produced in British Columbia. Most of the population of my riding are engaged in the lumber industry. However, I also have a large number of people who are engaged in what I take to be the main occupation of the people of Newfoundland—they make their living from the sea.

There are a few things concerning Newfoundland that we completely fail to understand. We are the first to admit that if there was a failure of the Newfoundland fishery last year the nation owes to those fishermen whatever assistance Canada can afford to render. I do not want any misunderstanding about that. If there has been an unfortunate fishing season, then the Canadian people as a whole should lend a brotherly hand to those most affected.

As I have said, there are a number of things that we cannot fully understand. We understand that in round figures the population of Newfoundland is 450,000. We understand also that 180,000 are under the age of 16 and in receipt of family allowances. That leaves a total population of those 16 years and over of 270,000. Assuming that half of them are wives, that leaves a total of 135,000 males 16 years and over. We also understand that there are 123,000 unemployed in Newfoundland. That leaves a net balance of 12,000 working people. Assuming that five per cent of the population are entitled to the old age pension, that leaves a working force of less than zero.

[Mr. McGrath.]

Mr. Speaker: Order. I am not sure whether the hon. member is coming to the subject by a roundabout method but it seems very roundabout. The grievance raised originally by the hon. member for Bonavista-Twillingate had to do with the cod fishermen of Newfoundland and more specifically with the possibility of lending them money to help them restore their traps and gear. I am afraid I have allowed the discussion to range a little too broadly. This is not a general debate on fisheries nor on Newfoundland.

Mr. Regier: Mr. Speaker, I was about to make my main point. We regret very much that when our cod fishermen on the west coast receive eight cents a pound Newfoundland fishermen only receive two cents a pound for the same kind of fish. It is our contention that one of the basic problems of the Newfoundland fishermen is their inability to help themselves. We feel that they have been exploited over the years by the fishing companies operating in that province. I know that certain ministers of the government have been very much concerned and have in their own way attempted to aid the fishermen of Newfoundland to help themselves and to organize in such a way that they will be masters of their own destiny. I only wondered at this point as to what the hon. members who had participated in this debate had done in years past to help the fishermen of Newfoundland to become masters of their own destiny and to bring them from the bondage of slavery which is now taking place, indeed which has always taken place, amongst the people who sold their souls to the company store, namely the fishing companies.

Mr. R. S. MacLellan (Inverness-Richmond): Mr. Speaker, I have often wondered if the people of Canada in general appreciate the value of fisheries to this country and sufficiently understand its trials and problems. In the first place, the fishing industry is one of our great export industries. It is worth $90 million to $100 million a year to our economy. Most of the fish which is caught and processed is sold abroad, chiefly throughout the eastern seaboard of the United States. It is an export industry which is growing very fast. I think it is safe to say that it is one of the brightest industries in the Atlantic provinces. It is modernizing itself every day. Costs are kept down in producing the product; and our fishermen are learning new techniques and advancing as fast as they can.

Before I go any further to discuss the matter raised by the hon. member for Bonavista-Twillingate (Mr. Pickersgill), I would like to take a moment to pay tribute to a group which I think is perhaps the most courageous of Canadians. They are both

courageous and self-reliant, and in two ways. First, they face a great physical hardship in earning their living. They leave the shore in small boats to go on the high seas to catch their product. Physically they are brave men and courageous. They are strong Canadians.

Secondy, in an economic sense I think it should be pointed out that our fishermen are amongst the most self-reliant and independent of Canadians. Other industries come before the government asking for tariff protection and other aid. In the case of the fishermen we have men who catch their product and put it on the markets of the world without help from anybody. The fisherman does not ask for tariff protection. He is prepared to keep his costs down and fight the battle on the straight basis of economic supply and demand. The fishermen whom I know on the Atlantic coast in my province, particularly in my own constituency, are men who bring their product to the shore, process it and put it on the markets of the United States in competition with every other nation.

Fish caught off the shores of my riding are processed at plants at Louisburg, Petit de Grat and Cheticamp and finds its way across the whole continent, even as far as Texas and to markets in Chicago.

There we have a prime example of a Canadian product being able to enter and compete in a foreign market without help. Again I say that I believe the fishermen, in the way their industry is growing and in their economic self-reliance, are an example to all Canadians. Look to the Canadian fisherman to see how we can pick up a market and expand an industry if we are ready to compete and meet another man's costs in order to put our products on the markets of the world.

I would like to digress for a moment and pay tribute to the Minister of Public Works (Mr. Green) for the help he has given the fishing industry in my riding. My people feel that never before in our history has there been such co-operation from the Department of Public Works. Never before have we had such assistance to build much needed harbour facilities; for dredging and for many other things the fisherman needs in order to carry on his work. Again, I would like to join the other hon. members who have spoken in expressing my thanks to the Minister of Fisheries (Mr. MacLean) for the interest he takes in his department and for his closeness to the fishermen and their problems. It is a great tribute to him that on all sides of this house members rise in their places to congratulate him. We all appreciate his sincerity and tenacity in meeting the problems of the fishing industry.

Request for Aid to Fishermen

While the fisherman is certainly self-reliant and works hard, asking no quarter from anyone, he is a Canadian who has much less of life than many others. He is a man who takes great gambles. He takes gambles not only physically on the sea but also on his market. The great fluctuations in the price of fish and consequently in the income of the fisherman is a vital matter which should be faced by this house, and I think all members would like to see continuing attempts made to solve that problem.

In the past year we have seen, as other hon. members have mentioned, a great shortage of fish off the Atlantic coast, and as a result prices were high and for the catches which were brought to shore a good profit was available. But it is very common to see more fish caught and produced than the market can absorb. It is much more common to see low prices than sufficiently good prices, although we hope the future will show a general increase in prices as the market grows. But I would suggest that some more help be provided for the fishing industry in this respect; it would be of great value to this very important industry to effect greater stabilization of good market prices.

The fishing industry is unique in this respect, that there is really no large units of production in the industry. It is not carried on by large companies but by small companies and small units of fishermen, such as co-ops and others. The result is that there is no concerted, well organized attempt to advertise and to market fish on this continent. We are modernizing very fast our methods of catching and producing fish, but I feel there are many more things we could be doing in selling. I submit that one of our chief problems is too much competition among all these small companies which at times causes gluts on the market and great instability in price.

I think it would be very worthwhile and greatly appreciated by the fishermen of our Atlantic provinces if some effort were made by the government, under the benevolent guidance of the Minister of Fisheries, to bring together many of these small companies which are competing in the great United States market in a common selling program. The United States is our chief market for fish. These small companies might be brought into a joint advertising program whereby they would contribute to a special program, and with help by the government in the way of an advertising grant there would be great advantage in such a program. We all know that other industries, such as the appliance and automobile industries, plan more in respect to selling sometimes than they do in

producing. Our problem in the fishing industry has been that we have neglected to properly sell our product. Oftentimes this important food product which should be much more widely used, does not find a sufficient market to absorb it. Over the years ahead I would suggest to the minister that he try to help organize the proper advertising and marketing of fish chiefly in the United States of America. At the same time, Mr. Speaker, I should note that the United States fisheries are also an important competitor in their home market, and it might be an example of how our two nations should work together in economic matters if leadership were provided by Canada to bring together not only Canadian but United States companies into an organization which would market fish and provide the joint market that there should be for this product.

Another problem which arises in my riding, and I am sure in many more as well, is that while we are developing fast into a modern and growing industry, while our dragger fleets are increasing, and modern fish plants are replacing the older system, we are in danger of neglecting that great body of fishermen who fish out from the shore in small boats. The inshore fisherman is being replaced by the dragger, and I have no doubt that in the years to come the industry will tend more and more toward larger boats and modern plants. At the same time there are in my riding a great number of inshore fishermen, and these men find that small draggers coming in, particularly at night, destroy or carry off their gear. The damage thus done to the inshore fisherman in a single night can be almost irreparable. I know that the minister is doing everything he can to meet this problem and preserve a proper balance between the inshore fishermen and the draggers. Every effort should be made to see that as the draggers and trawlers increase, the inshore fisherman is protected, because the latter does make a significant contribution toward the catching and marketing of fish and represents a most important sector of the economy.

In conclusion I wish to endorse warmly the remarks which have been made by other hon. members tonight. I hope that the country as a whole will appreciate the problems which the fishermen face and do all that can be done to help them in their job of catching and marketing a vital Canadian product in very difficult circumstances, and to help in bringing greater stability to the industry.

Hon. L. A. MacLean (Minister of Fisheries): I intend to be very brief because this is a problem which I have very much in mind and I look forward to being able to discuss it further on my estimates. Besides I do not wish to talk at any length tonight and crowd out other hon. members who may have grievances to raise on other subjects.

However, I do wish to say that I myself, and everyone in the government, in addition to the officials of my department, are very much aware of the problem which existed in Newfoundland last year due to the failure of the catch. The effects are still being felt, especially on the northeast coast of Newfoundland. I may say, as has already been said tonight, that the problem is not merely an economic one; it is a humanitarian one, because in many of these outport settlements where the fishermen live there is no alternative employment available, and it is very difficult to provide any alternative employment since they are situated in a one-economy area where there is nothing else to which to turn. I do not have the figures with me, but I may say that the number of fishermen who were not qualified for unemployment insurance last winter was not by any means as high as most of us feared it might be. I think the percentage which qualified in the winter just past showed a decline of somewhere between 12 and 15 per cent. I realize, of course, that in some areas it was much worse, and I do not want to fall into the error of the statistician who was drowned in a lake, the average depth of which was two feet. I know there were some areas where the catch was a failure and where almost all the fishermen failed to qualify.

The government has endeavoured to play its share in relieving this situation by embarking on a program of stage building, the procurement of materials and the building of wharves. This work was carried on even through the winter as far as was possible under the weather conditions. Although this is of little assistance to fishermen who experienced a catch failure, we are continuing to provide salt assistance to help the fishermen who cure their cod and produce dry salt codfish.

As far as special loans to fishermen are concerned—loans to enable them to engage in the industry at a reasonable level—I may say that there have been times when the governments of the maritime provinces—two of them, at least—have approached the federal government in a similar situation where the fishermen had had quantities of gear destroyed by storms. The two levels of government did, between them, make loans to fishermen in certain circumstances. This was some years ago, and I may say that the federal government of that day had a somewhat unhappy experience because they found that the recipients of the loans looked upon

them as grants, and in many cases they were never repaid. Those who did repay the loans looked upon themselves as having been gypped, and felt that honesty was not the best policy. I mention this only so that the house should realize that the problem is not a simple one. It is a very thorny one indeed. I do not want to say more at the present time except that, of course, as hon. members are aware, the Fishermen's Loan Act is in operation and there are some cases where that act might meet the needs of the fishermen involved.

Tuesday, April 28, 1959

(Translation):

UNEMPLOYMENT ASSISTANCE—SUGGESTED INTERVENTION BY MINISTER TO OBTAIN PARTICIPATION BY QUEBEC

Mr. Augustin Brassard (Lapointe): Mr. Speaker, I should like to point out to the government a grievance that concerns not only the people of my riding but those of the whole province of Quebec. I therefore ask the government if they could not enter into negotiations with the Quebec government so that the unemployed in Quebec might qualify for benefits under the Unemployment Assistance Act.

Mr. Speaker, I note that the Minister of National Health and Welfare (Mr. Monteith) is in his seat. May I therefore ask him if he personally could not initiate talks with Quebec cabinet members with a view to reaching an agreement so that people in Quebec may so qualify.

Everybody knows—at least all my colleagues are aware of the fact—that the Unemployment Assistance Act provides financial assistance for persons who are no longer entitled to unemployment insurance benefits. That legislation also makes it possible to give assistance to unemployed persons who could not qualify for unemployment insurance benefits.

I know, Mr. Speaker, that unemployment is not the subject matter of this debate, but I want to mention by the way, as I did last week, that in the four constituencies of the Saguenay-Lake St. John district one family head out of four is out of work. I don't know just how many do not receive unemployment insurance benefits, or will soon no longer qualify, but there is now a great deal of suffering in my riding and I ask all members, no matter to what party they belong, to forget their political differences and to urge the federal government, as I urged it many times in this house, to enter into negotiations with the government of the province of Quebec in order to reach an agreement on the administration of the Unemployment Insurance Act.

Mr. Speaker, I see there are still a few minutes left before closing the discussion on that matter and I would like to give an opportunity to speak to some other hon. colleagues. Perhaps, one of the Conservative members would support the proposal I have made to the government, that is to work out an agreement whereby the provisions of the Unemployment Assistance Act would extend to our fellow citizens in the province of Quebec.

Mr. Gerard Loiselle (St. Ann): Mr. Speaker, in submitting a very important grievance, my colleague the hon. member for Lapointe (Mr. Brassard) appealed to the Conservative members who seem to believe that there is no unemployment in their constituencies. Well, Mr. Speaker, I am not a Conservative member but I may say that there is unemployment in my constituency. I therefore heartily support the appeal made by my colleague for Lapointe in order that our workers, more particularly those of the larger cities like Montreal and others, may qualify for unemployment assistance. My constituency has a great many citizens who have not received unemployment insurance benefits for three or four months and, in view of the accumulating expenses that family heads must meet to provide for their families, I believe that there might be other steps that could be taken. However, I believe the Minister of Labour (Mr. Starr) should give serious consideration to this grievance, one made without ulterior motive, and solely for the general welfare of our workers, even if the suggestion came from someone in the opposition.

Mr. Speaker, it has been claimed that business is picking up and that more jobs are available but I can assure you that in a constituency of workers, like the one I represent, the unemployment situation is still alarming. Many family heads are still unemployed, and I would be very happy if the Minister of Labour would make a thorough study of the situation.

Mr. Jean-Paul Racine (Beauce): Mr. Speaker, I readily support the grievance raised by my colleague from Lapointe (Mr. Brassard), as well as the remarks made by the hon. member for St. Ann (Mr. Loiselle).

Request Quebec Accept Federal Aid

It is true that the constituency I represent is not wholly a labour riding. However, there is, in my district, a rather high percentage of family men who are not receiving unemployment insurance benefits because they do not have enough insurance stamps or because their stamps are used up.

Mr. Speaker, it is easy to imagine a family head who, overnight, is not only deprived of his daily revenue, but of his unemployment insurance benefits as well. The whole family feels it and I believe this to be a main cause of the kind of social problems that jeopardize society. Another inevitable result is an immediate decrease in the taxpayer's buying power. Of course it is also very damaging to our economy, as stated by hon. members who spoke before and it might be opportune and proper for the federal government to take steps and make some suggestions to the government of the province of Quebec so that the workers in my province—

(Text):

Mr. Monteith (Perth): Mr. Speaker, I rise on a point of order. May I inquire whether or not this is actually a grievance against the federal government? The hon. member appears to be addressing his remarks to the fact that the province of Quebec is not participating in the unemployment assistance program.

Mr. Speaker: As I understand the grievance it is to urge the government to extend its efforts to bring the province of Quebec under the unemployment assistance scheme. That, of course, is a matter of agreement between the two governments, as I understand the legislation. As the federal government is a party to the arrangement I would think it would be in order to discuss the matter as a grievance.

(Translation):

Mr. Racine: Thank you, Mr. Speaker.

That is a problem prevailing in Quebec. Just now we heard hon. members deal with the problem of fisheries in Newfoundland. Now the issue I am referring to is of great significance to people back home, and I dare hope that the federal government will take steps in order to come to an agreement with the Quebec government, which would allow the unemployed who are no longer entitled to unemployment benefits to avail themselves of the advantages offered by this legislation, which would certainly not fail to give a great many families their daily bread.

[Mr. Racine.]

Mr. Speaker, I would like to raise another point but not tonight, because I am afraid it would be out of order. Yet, I think that if an agreement were concluded to this effect, a certain number of our bush-workers who are now employed in the United States could benefit from this legislation, not only in the riding I represent, but in the greater part of eastern Quebec province.

Mr. Azellus Denis (St. Denis): Mr. Speaker, I waited a few moments before taking the floor to deal with this matter, in order to allow some of the fifty Conservative members from Quebec to support the proposal made by the hon. member for Lapointe (Mr. Brassard). In my opinion, Mr. Speaker, there is no question, at this stage, of encroaching upon autonomy. There are times in life, for instance, when a family is suffering from hunger, where autonomy is an obstacle to the moral and material health of the people of a province. The citizens of the province of Quebec are entitled to benefit from the sums of money spent by the federal government, since that money was obtained from the taxpayers of the province of Quebec as well as from those of the other provinces.

This is then a formal request from the Liberal members from Quebec—since no Conservative member dared take the floor to deal with that question—urging the minister to get in touch with the Quebec leaders, by telephone, telegraph or in person, if need be. In fact, the present government is sending missions to England, is it not? And yet Quebec is not so far away. I understood, during the last federal election, that the Conservative candidates were sympathetically inclined toward the leader of the Union Nationale. There was enough agreement between them to tell the population, for instance, in connection with the Colombo plan, that the Liberals were about to give everything to the foreigners, and that the same trend applied in several fields.

I shall not insist on that for I might be accused of being out of order, which happens in any case each time we try to tell hon. members opposite the truth and remind them of their election promises . . .

(Text):

Mr. Speaker: Order. If I follow the hon. member correctly he seems to be directing his grievance in the wrong direction. The opportunity given is to present grievances

against the government of Canada, the government which sits here. The grievance would then necessarily relate to its action or lack of action with respect to the unemployment assistance scheme and not the action or lack of action of some other government or individual or party.

(Translation):

Mr. Denis: Well, Mr. Speaker, I thank you for your ruling.

In that case, I shall use a different approach. Let me tell my friends opposite that in Montreal alone we had more than 85,000 unemployed this winter. The celebrated winter works program encouraged by the federal government brought only $45,000 which, according to the hon. member for St. Henri (Mr. Lessard) meant 50 cents for each unemployed for a whole year. This applies only to those who are registered and who are entitled to unemployment benefits. How can we determine the number of those who do not get these benefits, who do not qualify for them, or who have exhausted their benefits? I believe that their number might be surprising.

I can readily understand that Conservative members from the province of Quebec interrupting me to say that there are none, because they do not visit their constituencies. They do not go out and meet their constituents; and yet, they were elected for that purpose, to find jobs for their constituents, since they promised that after the elections there would be no more unemployment here in Canada.

Therefore, I invite the Conservative members to approach the Minister of National Health and Welfare (Mr. Monteith) and, if he agrees to my request, I am sure that the province of Quebec in particular, and Canada as a whole, will benefit by this commendable action. It would give him another opportunity to make friends again with the premier of the province of Quebec. And at the same time, other grants could be discussed which would be of some assistance to the unemployed of the province of Quebec which, ever since the Conservatives took over, holds the very poor record of being the province with the greatest number of unemployed in Canada.

Therefore, Mr. Speaker, I think the government should welcome this suggestion. We are often asked to put forward constructive suggestions. Here is one that is so simple that it can be understood by the lowliest Conservative member from Quebec, unless he deliberately confuses the issue—as was done this afternoon by the Minister of Finance (Mr. Fleming) with regard to his budget—or unless he talks for three days and so confuses the issue that the Canadian people will be unable to make it out, or that no further suggestions can be offered.

I therefore ask Conservative members from the province of Quebec, whether the fact that Quebec receives unemployment assistance is an encroachment on its autonomy. If a single one of them has this view, I ask him to rise in his place and to declare it to this house. Otherwise, I ask him to give us his support and to request the minister to urge upon the premier of Quebec to accept that share of unemployment assistance to which the province of Quebec is entitled, because, contrary to what some people claim, Quebec is a province like the others, and it is entitled to its share of unemployment assistance since it is required to pay its share of federal taxes.

I feel sure that such a gesture on the part of the Minister of National Health and Welfare would be deeply appreciated by the Liberals. Personally, I thank him very much in advance, and I hope that tomorrow he will get in touch with the premier of the province of Quebec in the best interests of the people.

(Text):

Hon. J. W. Monteith (Minister of National Health and Welfare): I might just say a word on this so-called grievance. It is not a grievance whatsoever against the federal government. The various acts of the parliament of Canada in which the provinces may participate and which are cost-sharing pieces of legislation are available to the provinces. This is known, and far be it from this government to try to dictate to any province in Canada, Quebec or any other province, what it must do or should do.

The case is simply this. Legislation is available for participation by the provinces if they wish to take advantage of it. We do not try to dictate to any province and we have not tried to dictate to the province of Quebec.

Mr. Denis: I do not know whether the minister is talking about what I just said. I never said—

Mr. Speaker: The hon. member is not entitled to make another speech. If there is some correction or some misunderstanding

relating to him personally which he wishes to make, yes, but not to debate this matter further.

Mr. Denis: I want to correct what the minister is trying to say about what I said. I did not say anything about dictating. May I ask the minister a question? Did I or any Liberal members of parliament ever ask the minister to dictate to the province of Quebec? All I asked was that they get in touch with each other and try to understand each other.

Mr. Chevrier: The minister should listen and he would not make that kind of statement.

Mr. Monteith: I listened to it during my estimates last year and I suspect I shall again this year. I am quite happy to sit and listen, but I do not wish the misapprehension to be left with the house that we are trying to tell the provinces what they must do.

(Translation):

Mr. Gabriel Roberge (Megantic): Mr. Speaker, I appreciate the scruple shown by the Minister of National Health and Welfare (Mr. Monteith)—he is less scrupulous in other fields—but it should be remembered just the same that government members, whether from the province of Quebec or from the other provinces, did promise during the 1958 election to solve everything, including the unemployment problem—

Mr. Chevrier: Hear, hear.

Mr. Roberge: —including federal-provincial relations—

Mr. Chevrier: Hear, hear.

Mr. Roberge: —including unemployment assistance.

Mr. Chevrier: Hear, hear.

Mr. Roberge: We are not asking the government to dictate to the province of Quebec any more than to any other province, to participate in this plan; we are merely asking the ministers who represent the province of Quebec in this house, as well as the Conservative members from the province of Quebec, to use their influence with their provincial colleagues to bring the province of Quebec to participate in it.

(Text):

Mr. Speaker: Order. There seems to be a misapprehension that grievances may be directed against other private members of the house. I assure hon. members that this is not an opportunity for directing grievances to private members because of their conduct or their actions. The grievance procedure is basically to direct it toward the government before supply is voted, to call the government to account for its deeds and its misdeeds.

Mr. Roberge: I appreciate very much your remarks. May I say that we understand the procedure, and we would appreciate it very much if the province of Quebec were to share in this plan.

Motion agreed to and the house went into committee thereon, Mr. MacEwan in the chair.

The estimates of the following departments were first taken up and entered for consideration:

DEPARTMENT OF DEFENCE PRODUCTION

68. Departmental administration, $7,507,609.

DEPARTMENT OF NATIONAL DEFENCE

214. Departmental administration, $3,380,550.

DEPARTMENT OF PUBLIC WORKS

318. General administration, $9,335,045.

Proceedings reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire what the business will be for tomorrow, and can we get some idea what it will be for the succeeding days of the week?

Mr. Green: Mr. Speaker, tomorrow we shall commence with item No. 10 on today's order paper, which is a motion to refer the estimates of northern affairs and national resources to a standing committee; then, item No. 11, to set up a special committee on the Canadian National Railways and Trans-Canada Air Lines; then, item No. 7, to set up a joint committee on the Indian Act; then, item No. 19, to set up a committee on broadcasting. Then item No. 18, the motion having to do with the standing committee on privileges and elections; then item No. 8, the resolution concerning the Federal-Provincial Tax-Sharing Arrangements Act; then the budget resolutions in the following order: income tax, Old Age Security Act, Excise Act, Excise Tax Act and Customs Tariff. We may go into the estimates later in the week, and if so they will be the estimates of the Department of Agriculture followed by those of the Department of Labour.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

WOOD BUFFALO NATIONAL PARK—LOGGING PERMITS

Question No. 245—**Mr. Baldwin:**

1. What companies or individuals have been granted licences or permits to carry on logging operations within Wood Buffalo national park?
2. On what dates respectively were the said licences or permits granted?
3. Under terms of the said licences or permits, what is the number of board feet which could be cut: (a) in each year; (b) in the aggregate?
4. How much timber has been cut in each case to date since the granting of the said licences or permits?
5. Under what regulations were the said licences or permits granted?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. Swanson Lumber Co., Edmonton, Alberta; K. O. Watkins, Corvallis, Oregon, U.S.A.; G. T. Fuller, Redding, California, U.S.A.; Denney Logging Co. Ltd., Fort Smith, N.W.T.

2. Swanson Lumber Co., August 1, 1955; K. O. Watkins, February 1, 1956; (Assigned in two parts to Swanson Lumber Co.), May 7, 1956; October 25, 1956; G. T. Fuller, June 1, 1956; (Assigned to Denney Logging Co. Ltd.), March 12, 1957; Denney Logging Co. Ltd., August 1, 1956.

3. (a) No limit specified. (b) The total estimated volume on the respective areas: Swanson Lumber Co., Berth No. 367, 170 million F.B.M. spruce; Swanson Lumber Co., Berth No. 396, 290 million F.B.M. spruce; Denney Logging Co. Ltd., Berth No. 408, 700 million F.B.M. spruce; Denney Logging Co. Ltd., Berth No. 408, 150 million F.B.M. poplar; Denney Logging Co. Ltd., Berth No. 378, 190 million F.B.M. spruce; Denney Logging Co. Ltd., Berth No. 378, 10 million F.B.M. poplar.

4. Swanson Lumber Co., 22,519,786 F.B.M.; Denney Logging Co. Ltd., 2,235,753 F.B.M.

5. The disposal of timber cutting rights and the execution of these agreements were authorized by separate orders of the governor in council.

In addition to the timber agreements listed above, there is also an operation on the Peace river conducted by Eldorado Mining and Refining Limited, a crown company. This company has cut timber to supply their mine at Beaverlodge since 1951. An agreement similar to those entered into with the Swanson and Denney companies is now being completed with Eldorado. From 1951 to 1959, the Eldorado timber operation has been carried out under a series of individual permits, each covering a 160 acre parcel. These permits were issued under authority of the national parks timber regulations. The total volume cut by Eldorado Mining and Refining Limited, in the period 1951-58, was 28,535,905 F.B.M.

ST. LAWRENCE SEAWAY AUTHORITY CLAIMS

Question No. 261—**Mr. Brassard (Chicoutimi):**

1. How many claims are there against the St. Lawrence Seaway authority?
2. What is the name of each claimant and the respective amount of each claim?
3. What is the name of the solicitor acting for each of the claimants?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The St. Lawrence seaway authority advises as follows:

1. 27.

2. McNamara-Pigott-Peacock Construction Co. Ltd.—$1,301,220.00; Iroquois Constructors Ltd.—$5,939,396.84 (rejected by authority); Miron et Freres Ltee—$198,768.41; Miron et Freres Ltee—$19,985.70; Walsh-Canadian Construction Co. Ltd.—$2,061,337.50; Northern Const. Co. & J. W. Stewart Limited—$2,080,077.13; Atlas Construction Co. Ltd.—$18,302.09; Canamont Construction Ltd. and Canit Const. Ltd.—$5,768,696.16; Atlas Construction Co. Ltd.—$60,625.00; Northern Const. Co. and J. W. Stewart Limited—$1,919,114.70; Miron-Mannibec Construction Co.—$3,033,236.70; McNamara-Pigott-Peacock Construction Co. Ltd.—$2,659,650.27; Swansea Construction Co. Ltd.—$310,759.62; Atlas - Winston Limited—$1,314,530.00 (rejected by authority); Canit Construction Quebec Limited—$2,997,089.00; United Waterways Constructors Ltd.—$4,519,214.94; Carriere des Trois Pistols Inc.—$18,475.37; Dominion Bridge Co. Ltd.—$83,225.00; S. D. Miller & Sons—$226,919.89; Canadian Dredge & Dock Co. Ltd. and McNamara Construction Co. Limited—$2,998,289.00; Pentagon Construction Co. Ltd.—$14,078.00; J. D. Stirling Ltd.—$107,000.86; Dominion Bridge Co. Ltd.—$20,086.81; Canadian Vickers Ltd.—$86,744.33; S. D. Miller & Sons—Unstated; P. Baillargeon Ltee—$187,599.04; Magil Construction Ltd.—$122.00.

3. The attorneys known to the authority to represent claimants are as follows:

Geoffrion et Prud'homme re Canamont Construction Ltd. and Canit Const. Ltd.; Miller, Thomson, Hicks & Sedgwick re McNamara-Pigott-Peacock Construction Co. Ltd.; Roebuck & Walkinshaw re Swansea Construction Co. Ltd.; Genser & Philipp re S. D. Miller & Sons; Miller, Thomson, Hicks & Sedgwick re Canadian Dredge & Dock Co. Ltd and McNamara Construction Co. Limited.

Questions

MAIL CONTRACT, OTTAWA-PEMBROKE

Question No. 358—**Mr. Leduc:**

1. Has a contract been awarded for the conveyance of mails between Ottawa and Pembroke via Waltham, Quebec?
2. If so, for what amount and to whom?
3. How many tenders were received, from whom, and what was the amount of each tender?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. Yes.

2. Mr. Cecil Archie McCallum, $11,300.00 per annum.

3. 26—Cecil Archie McCallum, 1466 Clementine Blvd., Ottawa, $11,300; Ross Pearce Cowherd, 475 Bay St., Ottawa, $11,700; Emil M. Vaillancourt, Demers Centre, $12,000; Léopold Proulx, 508 Notre-Dame St., Gatineau, $12,800; John L. Bray, 1255 Walkley Road, Ottawa, $13,600; J. Rhéal Laviolette, 8 Augusta, Ottawa, $14,000; François Tremblay, Luskville, $14,948; John Kelly, Quyon, $14,990; Léo A. Valiquette, 957 St. Laurent Blvd., Ottawa, $15,960; Marcel Raymond Allen, Luskville, $16,000; Leslie A. McMillan, Beech Grove, $16,500; Sterling Hobbs, Shawville, $16,550; Archille Soucie, Fort Coulonge, $18,150; Arthur Amyotte, Fort Coulonge, $18,500; George M. Paterson, 248 Pembroke St. E., Pembroke, $18,570.50; Allan McKinnon, R.R. No. 2, Pembroke, $21,100.40; George Henry Grimes, R.R. No. 2, Aylmer East, $22,495; Alan Perley, Box 13, Shawville, $23,750; Emile Amyotte, Fort Coulonge, $24,750; Harold Herbert Wilson, Campbells Bay, $25,000; Pontiac Bus Lines Limited (Joseph McGahern), Campbells Bay, $26,500; Roland Vallière, Box 156, Fort Coulonge, $28,000; L. L. Baird & Son Reg'd., (L. L. Baird), Campbells Bay $29,952; Richard Edey Campbell, Beech Grove, $33,000; Clifford Joseph Spottswood, Waltham Station, $42,500; William Cuthbert Kelly, Box 239, Campbells Bay, $52,700.

UNEMPLOYMENT INSURANCE CLAIMANTS, GALT., ONT.

Question No. 360—**Mr. Anderson:**

1. How many persons were registered as qualified claimants for benefits at the unemployment insurance commission office at Galt, Ontario (a) on April 17, 1959; (b) on April 17, 1958?
2. How many qualified claimants were entitled to regular benefits on (a) April 17, 1959; (b) April 17, 1958?
3. How many were entitled to seasonal benefits on (a) April 17, 1959; (b) April 17, 1958?
4. How many of the total number of qualified claimants on April 17, 1959 were (a) male; (b) female?
5. How many of the total number of qualified claimants on April 17, 1958 were (a) male; (b) female?

Answer by: **Hon. Michael Starr (Minister of Labour):**

Counts of claimants currently reporting are made at the end of each month only.

It is not possible to separate those who are qualified from those who are not because there are always a number of claims in process whose qualification or otherwise cannot be determined until the processing is completed.

The following figures, therefore, represent the number of claimants currently reporting at the Galt local office as at 31 March in each of the years shown:

1. Total claimants reporting; (a) 1503; (b) 2489.

2. Claimants having regular claims; (a) 1015; (b) 2024.

3. Claimants having seasonal claims; (a) 488; (b) 465.

4. Claimants reporting as in 1 (a) above; (a) male 972; (b) female 531.

5. Claimants reporting as in 1 (b) above; (a) male 1599; (b) female 890.

UNEMPLOYMENT INSURANCE FUND BALANCE

Question No. 362—**Mr. Michaud:**

1. What is the amount of the balance in the unemployment insurance fund as of March 31 1959?
2. What are the totals for the revenues and expenditures in the unemployment insurance fund, for the period June 30, 1957 to March 31, 1959?

Answer by: **Hon. Michael Starr (Minister of Labour):**

1. $496,251,386.48 (subject to year end adjustments for the fiscal year 1958-59).

2. (a) Revenue $426,316,719.92. (b) Benefit Payments $782,794,595.22; (both amounts subject to year end adjustments for the fiscal year 1958-59).

HOUSE OF COMMONS

Wednesday, April 29, 1959

The house met at 2.30 p.m.

PRIVILEGE

MR. ARGUE—REPORTED REMARKS BY MEMBER FOR ST. JOHN'S WEST

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I rise on a question of privilege which I believe affects all members of this house. It has to do with the report of the speech made the night before last, appearing in yesterday's Ottawa *Citizen*, by the Minister without Portfolio (Mr. Browne) from Newfoundland. My question of privilege, Mr. Speaker, I think really involves two questions, but I would like to deal with both of them while I am on my feet. This article reads in part as follows:

> Tall, soft-spoken Hon. William Browne said last night Premier Smallwood's action in decertifying the international woodworkers of America in Newfoundland, and establishing a government union seems to be working out well for the loggers.
>
> Representative of the island province, and one of two cabinet ministers without portfolio, he says the union formed by Mr. Smallwood to replace the I.W.A. isn't the first government-formed union in the province.
>
> The fishermen's union, set up similarly, has been successful—
>
> "Other government-formed unions have performed well, and it's possible this will work satisfactorily"—

Mr. Speaker: Would the hon. member indicate what sort of privilege he is referring to before he goes too far in reading this report?

Mr. Argue: Mr. Speaker, my privilege has to do with the statement of the minister that the union in Newfoundland is working well, as compared with the answer given in this house by the Prime Minister when he was asked whether the government is considering the disallowance of the controversial legislation in Newfoundland. I think you will agree if you will allow me to proceed, Mr. Speaker, that I am presenting a very definite question of privilege. The Prime Minister told this house when we asked him if this matter of disallowance was under consideration that the cabinet was giving consideration to the whole question. On March 10, in reply to a further question which I asked him, the Prime Minister replied:

> Of course, the hon. gentleman knows that that is a matter of government decision, and I am not going to anticipate the date of that decision.

My question of privilege is this. The Prime Minister has said the cabinet is considering the disallowance of this act, whereas the Minister without Portfolio says the act is working well. Cabinet solidarity requires that that be the position of the government—

Mr. Speaker: The hon. member is apparently making the point that if he detects any lack of solidarity in the cabinet, that is a matter of privilege affecting the house. I do not think that is so.

Mr. Argue: My question of privilege is this. The Minister without Portfolio from Newfoundland has in fact made the statement, if this report is correct, that the government felt this legislation as passed in Newfoundland is good legislation, and therefore—

Mr. Speaker: I am sorry. Since the hon. gentleman has said as much as he has I will give the floor to the Prime Minister in order that he may comment, if he wishes, on the alleged matter of privilege. I see nothing which affects the privileges of the house.

Right Hon. J. G. Diefenbaker (Prime Minister): My comment is this. The hon. gentleman appears to believe that the soundness of a question of privilege is measured by the loudness of the voice. There is, I submit, no question of privilege here. The answer that was given on the occasion to which he referred was the answer of the government with respect to the legislation. Any observation which may have been made—and I do not know anything about such an observation—has nothing to do with the question of allowance or disallowance.

Mr. Speaker: I am sorry, but the question of privilege which the hon. member has raised does not seem to me to reflect in any way on the privileges of the house or of any member of the house, and I would therefore ask him not to pursue it.

Mr. Argue: I rise, now, on my second question of privilege. It has to do with a statement of the same hon. gentleman and a quotation in the newspaper saying that a letter was written by him to the Newfoundland minister of municipal affairs, B. J. Abbott, asking whether the Conservative government could nominate two candidates to the seven-member St. John's housing authority.

My question of privilege is based on the discussion we had in this chamber on April

22 and Your Honour's ruling that a cabinet minister in this hon. member's position was not able, or would not be able, to take responsibility for official communications. I submit that within the terms of the newspaper report it would appear that the hon. gentleman in question was writing a letter which came into the hands, if not directly, then indirectly—I take it would be directly—of the minister of municipal affairs in Newfoundland, Mr. B. J. Abbott, asking whether the federal government could nominate two Conservative members of the seven-member St. John's housing authority. I believe this type of letter is not the kind of private correspondence to which Your Honour alluded the other day in making your ruling.

Mr. Speaker: The hon. member can, of course, take what view he likes about that, but what he is asserting is that the conduct of the Minister without Portfolio from Newfoundland is in some way an infringement of the privileges of the house or of the members of the house. In my view what the minister has done does not reflect in any way on any person in this house or on anything this house has done. He is free as other hon. members are to conduct himself as he sees fit outside the house, subject to being called to account as a member of the government in accordance with our usual practice.

Mr. Argue: Mr. Speaker, on the point of order you have raised I would refer Your Honour to the words you used as recorded at page 2927 of *Hansard* of April 22, on which occasion you said:

> I take the view that the word "official" as it is used in the citation quoted by the hon. member for Laurier means official in the sense of being responsible for a department.

My point of privilege is this. I feel that if a cabinet minister with the full authority of the government can write to a province on behalf of the government, as I take it he was doing, it should be the prerogative of this house to have produced this correspondence which was written in an official capacity.

Mr. Speaker: That is something I am not called upon to decide now. If the hon. member moves to have the correspondence produced the house will deal with the motion in the ordinary way. It is not a matter of privilege.

STARRED QUESTIONS

COST OF OLD AGE SECURITY REPORT

Question No. 58—**Mr. McMillan:**

What was the total cost of the preparation of Professor Clark's report on old age security, including Professor Clark's fees, printing, etc.?

[Mr. Argue.]

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, in response to this question may I advise that as of April 29, 1959—and we know of no additional accounts to come in—the payments to Dr. R. M. Clark were as follows. There was a payment of $20,025 as fees, and $5,962.91 for disbursements. The cost of the printing of the report was $1,259.60, making a total of $27,247.51. In addition to the above there were certain travelling expenses incurred by members of the research and statistics division of my department in assisting Dr. Clark in certain aspects of his work.

CANADA-U.S. JOINT DEFENCE COMMITTEE MEETINGS

Question No. 65—**Mr. Hellyer:**

1. How many meetings of the Canada-United States committee on joint defence have been held since September 1, 1957?
2. Where have any such meetings been held, and on what dates?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the Canada-United States committee on joint defence was not established until September 2, 1958. Since then one meeting has been held. That meeting was held in Paris, France on December 15, 1958. As the hon. gentleman no doubt recalls, we were advised in a press release issued at the conclusion of that meeting in Paris that a decision was reached to hold the next meeting of the committee in Washington in mid 1959.

OIL AND MINERAL DEVELOPMENT ACREAGE, NORTHERN CANADA

Question No. 67—**Mr. McIlraith:**

1. Were 75 million acres recently taken up in Northern Canada for oil and mineral development?
2. If so, by whom?
3. What percentage has been assigned to (*a*) Canadian corporations; (*b*) United States corporations and Canadian subsidiaries of United States companies; (*c*) British corporations; (*d*) others?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, this question is in three parts. At the conclusion of my oral answer I should like to ask permission of the house to have the answer to the second part of the question printed in *Hansard*, because it consists of a list of names of companies that could just as well be printed as part of my answer.

The answer to the first part of the question concerning whether 75 million acres were recently taken up in northern Canada for oil and mineral development is as follows. It is not altogether clear what the hon. member means by the word "recently". For example, at July 1, 1957, the number of permits issued

Starred Question.

in all previous years totalled 652 and the acreage covered by these and the two oil reservations, Eagle Plain and Peel Plateau, totalled 34,559,570 acres. By March 31, 1959, the number of permits had grown to 1,780 and total acreage to 85,980,529. This activity has all been on the mainland, that is in the Mackenzie district of the Northwest Territories and in the Yukon.

Very recently, however, interest has been shown in the Arctic islands and in the sea bed and subsoil of the continental shelf off Canada's northern coast. If the hon. member refers to this more recent activity the strict answer to his first question is no, since up to the present no permits have been granted in the Arctic islands or the continental shelf. However, applications for permits are being received and recorded according to priority of submission and exploratory licences, valid for one year, are being issued. These applications which a few weeks ago passed the 75,000,000 acre mark now cover a total of 86,517,364 acres.

The answer to part 2 is: The individuals and companies who have applied for permits in respect of these 86,517,364 acres are as follows:

J. D. Bateman,
607-80 Richmond Street West,
Toronto, Ontario.

Round Valley Oil Company Limited,
940-8th Avenue, South West,
Calgary, Alberta.

W. R. Newman,
11 Adelaide Street West,
Toronto, Ontario.

David Rosen and Associates,
211 East 18th Street,
New York 3, New York.

Texaco Exploration Company,
237-7th Avenue West,
Calgary, Alberta.

The California Standard Company,
Medical Arts Building,
Calgary, Alberta.

Talent Oil and Gas Limited,
P.O. Box 617,
Calgary, Alberta.

Dome Petroleum Limited,
528-9th Avenue West,
Calgary, Alberta.

C. M. McAvoy,
401a Petroleum Building,
Edmonton, Alberta.

G. Radisics,
347 Bay Street,
Toronto, Ontario.

Charter Oil Company,
Petroleum Building,
Calgary, Alberta.

Cree Oil of Canada Limited,
708-7th Avenue West,
Calgary, Alberta.

P. C. Nedham,
201 Bay Street,
Toronto, Ontario.

G. A. Clarke,
201 Bay Street,
Toronto, Ontario.

J. W. Powelson,
301-11 Adelaide Street West,
Toronto, Ontario.

Terratest Company Limited,
11 Adelaide Street West,
Toronto, Ontario.

Chican Petroleum Limited,
11 Adelaide Street West,
Toronto, Ontario.

Pampas Petroleum Corporation,
85 Richmond Street West,
Toronto, Ontario.

James Ross,
77 Metcalfe Street,
Ottawa, Ontario.

M. J. Haley,
19 Perkins Street,
Ottawa, Ontario.

W. Phipps,
Bradley Air Services,
Carp, Ontario.

F. W. Chubb,
Room 301,
67 Younge Street,
Toronto, Ontario.

Thomas J. Rubec,
900 So. Columbas Avenue,
Mount Vernon, New York.

Trans-Western Oils Limited,
307-5th Avenue, S.W.,
Calgary, Alberta

M. C. McLeod and Company Limited,
Mobil Oil Building,
Calgary, Alberta.

Richard C. Cowell,
850 Park Avenue,
New York, New York.

Murray T. Koven,
69-10 108 Street,
Forest Hills 75, New York.

The answer to part 3 is as follows. The applicants for these 86,517,364 acres, classified as requested, are as follows:

(a) Canadian individuals and corporations, 68.74 per cent (59,467,174 acres);
(b) U. S. corporations, 14.72 per cent (12,738,186 acres);
Canadian subsidiaries of U. S. corporations, 13.33 per cent (11,534,552 acres);
(c) British corporations (or Canadian subsidiaries of British corporations) 3.21 per cent (2,777,452 acres);
(d) Others, nil.

I hope, Mr. Speaker, this answer will get the same attention in the news that the erroneous statements made recently by an hon. member on this matter received.

Orders for Returns

AVERAGE YIELD TO GOVERNMENT ON BORROWINGS

Question No. 69—**Mr. McMillan:**

What is the present average yield at price to the government, including all costs, on all borrowings made since July 1, 1957, and including the conversion loan of 1958?

Hon. Donald M. Fleming (Minister of Finance): I suggest that this question stand, and I also suggest that the hon. member who asked it rephrase his question in the interests of clarity. It is very hard to understand from this question precisely what it is he seeks.

Mr. Speaker: Stand.

Question stands.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FEDERAL GRANTS TO NEWFOUNDLAND AND OTHER PROVINCES

Question No. 68—**Mr. Tucker:**

1. How much has Newfoundland received from the federal government since April 1, 1949, including the amounts for the current year?

2. How much of this amount was in unconditional grants and what is the official description of such grants?

3. How much of this amount was in conditional grants, what is the official description of each such grant and how much is included in each such grant?

4. How much of the total amount was for other purposes, what were those purposes and how much was provided for each?

5. What are the comparable amounts and purposes of similar payments in each of the above mentioned categories in (*a*) Nova Scotia; (*b*) New Brunswick; (*c*) Prince Edward Island; (*d*) Manitoba; (*e*) Saskatchewan?

NEWFOUNDLAND—PAYMENTS TO AND REVENUE FROM

Question No. 339—**Mr. Van Horne:**

In the last twelve months for which complete figures are available, how much money was received from Newfoundland from all sources, and how much money was received by Newfoundland from the federal government from all sources?

C.M.H.C. AND VETERANS AFFAIRS—LEGAL SERVICES, OXFORD COUNTY, ONT.

Question No. 363—**Mr. Badanai:**

1. Has Central Mortgage and Housing Corporation and the Department of Veterans Affairs (Veterans Land Act) utilized the services of any solicitors in Oxford county, Ontario during the last three months?

2. If so, what are the names of such solicitors and of which law firms are they members?

[Mr. Hamilton (Qu'Appelle).]

CANADIAN NATIONAL RAILWAYS

IMPENDING FIREMEN'S STRIKE—STATEMENT ON SETTLEMENT

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Labour. Before putting the question may I commend the minister on the part he has taken in averting a strike against the Canadian National Railways by the brotherhood of firemen. Can the minister tell the house upon what terms the strike was averted? If this is too broad, perhaps he can tell the house upon what principles the strike was averted.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I thank the hon. member for giving me notice of his intention to ask this question. The best way I could answer it would be to read the memorandum of agreement to the house, which covers it entirely:

Summary of discussions with representatives of the brotherhood of locomotive firemen and enginemen on the recommendations contained in the Montpetit conciliation board report:

1. The brotherhood is prepared to accept the unanimous recommendations of the board.

2. The brotherhood is prepared to accept in principle the recommendations of the board with respect to "arbitraries".

Clauses with respect to the amendment of the agreements to provide for the payment on a minute basis by the company for the time required for the performance of actual services shall be included in the agreements on the understanding that the schedule of increases in basic rates of pay in all classes of service, excluding locomotive engineers in Newfoundland, as given in clause 13 of letter dated April 14, 1959, addressed to Mr. W. E. Gamble, vice president, brotherhood of locomotive firemen and enginemen, and signed by Mr. S. F. Dingle, vice president, Canadian National Railways, shall be amended as follows: 2 per cent effective April 1, 1958, 5 per cent effective May 1, 1959, 1½ per cent effective August 1, 1959, 1 per cent effective April 1, 1960, except that in the case of firemen in yard service in the western region the scale of the increases shall be as follows: 2 per cent effective April 1, 1958, 7½ per cent effective May 1, 1959.

It is understood that the recommendations will not apply with respect to the employment of engineers in Newfoundland. The application of arbitraries to these engineers will be negotiated without reference to the recommendation of the board as it applies to firemen.

The brotherhood is not prepared to accept the recommendation of the board on the proposal covering terminal delay. The company agrees to waive this recommendation on the understanding that the present rule respecting booking rest shall remain at 12 hours.

The brotherhood is prepared to accept the recommendations of the board on the subject of mileage regulations.

The company shall be under no obligation to hire new employees for service as firemen or helpers on diesel locomotives in freight or yard service in accordance with the recommendations of the board. When in the sole discretion of the management the requirements of the service are such that a helper is required in the operation of a diesel locomotive

in freight or yard service such helper shall be taken from the existing seniority ranks of firemen-helpers.

Firemen presently employed as shown on existing seniority lists of firemen in diesel operations in freight or yard service will be retained as firemen-helpers until death, retirement or promotion, subject to all customary rules and regulations covering the running trades and in particular those rules relating to physical fitness and discipline.

This was signed by Mr. Gamble, Mr. Donald Gordon and myself.

Mr. Chevrier: I am prompted to ask the minister another question, if the house will allow me. Does the minister not think that if he had been allowed to intervene in another dispute involving a crown corporation, the C.B.C., it could have been settled as quickly as this and a great deal of hardship could have been avoided?

Some hon. Members: Order.

Mr. Harkness: A hypothetical question.

Mr. Speaker: I think the hon. member for Laurier will appreciate that the question is argumentative and also hypothetical. It might be better if it were reserved for the estimates or some other more appropriate time.

Mr. Chevrier: Mr. Speaker, if I may say so it is certainly not hypothetical. It refers to something that has taken place already.

POLYMER CORPORATION

INQUIRY AS TO STRIKE SITUATION

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Labour if he can tell us what progress has been made in the negotiations with regard to the labour-management dispute at the Polymer Corporation in Sarnia?

Hon. Michael Starr (Minister of Labour): There is fairly good progress being made now.

Mr. Martin (Essex East): My question, if I may put it in a supplementary way, was "what progress".

Mr. Starr: I said "fairly good progress."

POST OFFICE DEPARTMENT

ISSUE OF STAMP COMMEMORATING ASSOCIATED COUNTRY WOMEN OF THE WORLD

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to dip into the pool of wisdom of the Postmaster General to ask this question. In view of the Canadian government's intention to honour the Associated Country Women of the World with the issue of a new 5 cent commemorative stamp on May 13 next, and in view of the unusual and widespread interest in this issue—a good number of ladies have expressed their appreciation to me, and I am a person who is always interested when the ladies are interested—will the minister inform the house of the arrangements made for the distribution of this stamp and, in particular, its distribution from Stoney Creek, Ontario, the location of the first women's institute in Canada?

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, I thank the hon. member for sending me notice of this question, which, however, did not include some of the remarks he just made. Arrangements for the distribution of this stamp are exactly the same as those for all stamps at the present time. This means that a quantity is sent to each post office in Canada and placed on sale on the first day of issue, which in this case is May 13. However, there are collectors who like to have these stamps on a special cover mailed on the first day on which the stamp is available. This service, which normally is handled through the headquarters of the post office in Ottawa, is also going to be carried on voluntarily and independently by the Federated Women's Institutes of Canada at Stoney Creek, Ontario. It is a plan they have worked out in connection with their members and which has nothing whatsoever to do with the government.

AIRPORTS

BOUNDARY BAY, B.C.—AVAILABILITY FOR USE BY LIGHT AIRCRAFT

On the orders of the day:

Mr. W. A. McLennan (New Westminster): I wish to direct a question to the Minister of National Defence. Can the minister clarify the position of his department regarding the possible availability of all or some part of the R.C.A.F. airport at Boundary Bay, B.C., for use by light aircraft?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I should like to thank the hon. member for giving me notice of this question. This matter has also been the subject of inquiries by the hon. member for Burnaby-Richmond (Mr. Drysdale) and other members. The Department of National Defence is co-operating with the Department of Transport in consideration of the provision of alternative facilities for light aircraft in the lower mainland of British Columbia. One of the locations under consideration is Boundary Bay, but before any move of the military establishment there could be made an alternative location would have to be found. Various sites are now being examined and the necessary tests are being made. Some of these

technical tests must be carried out over an extended period. For this reason it is impossible at this time to say when the Department of National Defence could move.

(Translation):

COMBINES INVESTIGATION ACT

REPORTED PRICE FIXING IN AGRICULTURAL IMPLEMENTS

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to ask the Minister of Justice a question. Has he been informed that, according to some farmers' unions, manufacturers of farm implements have agreed to establish fixed prices on their goods?

If so, will the Minister of Justice order an investigation into this matter?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I know that, from time to time, it has been suggested to the combines investigation branch and others to look into all kinds of matters with regard to the sale of farm machinery, but I must inform the hon. member that the combines investigation branch has received no complaint indicating breach of the Combines Investigation Act. Consequently, no investigation in this matter is being considered.

If the hon. member or anyone else has reason to believe that there has been some collusion with regard to prices, I would suggest that he forward this information to the combines investigation branch.

(Text):

TRADE

OIL—REPORTED LIFTING OF U.S. RESTRICTIONS ON CANADIAN IMPORTS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce. I should like to ask the minister whether he has seen the press reports this morning to the effect that the restrictions against Canadian oil will be lifted effective July 1. Can the minister tell the house whether this report is accurate?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, this subject was raised in the house on March 18, when the Leader of the Opposition asked me a question in somewhat the same terms, based also on a press report which had appeared on that date.

I have seen the reports which appeared in the *Globe and Mail* and the *Gazette* this morning. Again I think these are speculative reports based on consideration of the situation as we have presented it from time to time to the authorities of the United States with regard to these mandatory controls on oils. I hope these reports indicate that some action will be forthcoming. However, at the moment I have no confirmation with regard to the accuracy of these reports that appeared this morning.

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask a supplementary question. Does the minister not think he might supplement his hopes by further action on his part and on the part of his colleagues directed toward that objective?

Mr. Churchill: Mr. Speaker, I think the hon. member is well aware that action can be expected very quickly on the part of this government, as we have shown on so many occasions.

ROYAL CANADIAN MOUNTED POLICE

REPORTED UNDERCOVER ACTIVITY RESPECTING FINNISH ORGANIZATION

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct a question to the Minister of Justice. I have sent him notice, but I have reworded it in order to bring it into line with what I imagine would be your ruling. It stems from a story by Pierre Berton appearing in the Toronto *Star* on the activities of the Royal Canadian Mounted Police. Has the Royal Canadian Mounted Police, as the Berton story indicates, tried to place an undercover agent in the Finnish organization in Canada, in the person of the lady referred to in the story? The second part of the question is this. Does the Royal Canadian Mounted Police recommend to the citizenship officials that membership in the Finnish organization of Canada should be a negative factor in any application for citizenship?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, the hon. gentleman was kind enough to send me notice of his intention to ask me these questions. I can only answer the first part of the question by saying that the government has consistently followed the policy of complete reticence concerning security work, which in such a case means that it must refuse either to acknowledge or deny allegations about the employment of secret sources for intelligence work.

The answer to the second part of the question is that the government has also consistently followed the policy of refraining from any comment, except in time of emergency, that would in any way identify an

organization as either desirable or undesirable from a point of view implied in the hon. member's question.

FLOODS

MANITOBA—FEDERAL ASSISTANCE IN RED RIVER CONTROL PLAN

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, if I may I should like to ask the Prime Minister whether the government has yet completed the studies of the proposals made by the Manitoba government for financial assistance in the proposed flood control program for the city of Winnipeg?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, knowing the interest of the hon. gentleman in this question I am sorry that I am unable to go further than I went on a previous occasion.

SHIPPING

TRAFFIC TIE-UP CAUSED BY COLLISION OF VESSEL AND BRIDGE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I wish to direct a question to the Minister of Transport. May I ask the minister whether he is aware of the collision which took place last night between the steamer *Prescott,* I believe, and the bridge over the Beauharnois canal, which has tied up traffic? I am particularly interested because this is one of the first ships to go east on its way down to Montreal and other St. Lawrence ports. Can the minister tell the house what was the cause of the collision.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I should like to thank the hon. member for advising me of his intention to ask this question. I am advised that the vessel *Prescott,* which got into difficulty last evening in the Beauharnois canal, was cleared at 11.23 a.m. today and that no damage was suffered by the vessel or the bridge.

The failure of the lift span to rise was apparently due to the blowing of a fuse. When the captain of the vessel, having arrived at the limit of the approach, did not receive the green light he dropped anchor and the vessel came to rest across the channel in front of the bridge abutment. Officers of the St. Lawrence authority have been directed to make a complete report.

NATIONAL DEFENCE

INQUIRY AS TO TABLING OF WHITE PAPER ON POLICY

On the orders of the day:

Hon. Paul Hellyer (Trinity): Now that the minister's estimates have been called, can he inform the house when the white paper will be distributed?

Hon. G. R. Pearkes (Minister of National Defence): All going well, I expect that it will be tabled tomorrow.

NORTHERN AFFAIRS AND NATIONAL RESOURCES

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

Hon. Howard C. Green (Minister of Public Works) moved:

That items numbered 261 to 293, inclusive, and items numbered 476 and 477, as listed in the main estimates of 1959-1960, relating to the Department of Northern Affairs and National Resources, be withdrawn from the committee of supply and be referred to the standing committee on mines, forests and waters, saving always the powers of the committee of supply in relation to the voting of public moneys.

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

Hon. Lionel Chevrier (Laurier): Mr. Speaker, while I realize that this motion is not debatable, I hope the house will allow me to make just this short statement which really is a reiteration—

Mr. Speaker: Order. I do not want the hon. member to proceed under a misapprehension. This motion, being properly on the order paper by notice, is a debatable motion within reasonable limits.

Mr. Chevrier: In that case I thank Mr. Speaker for reminding me of a rule of the house with which I should have been more familiar. I did not want to speak at any length on this motion; I simply wanted to reiterate the position which has already been taken by the opposition on previous occasions.

My only purpose in rising was to say, first, that we on this side think the estimates of the Department of Northern Affairs and National Resources should remain in the house for discussion in the usual manner, and should not be withdrawn from the committee of supply and referred to a standing committee. We think it is a loss of time to refer these estimates to a committee, because after the departmental officers have been heard in committee there will be another opportunity in the house for the same kind of consideration of the estimates that has taken place in the committee.

In addition, I repeat to the government what has already been said, that unfortunately for us on this side of the house we feel there are too many such committees, and we also feel it is impossible for us to fulfill our duties in this house as they should be ful-

filled and attend the meetings of these committees at the same time. Now, I know the house leader has some very strong views on this, and I am not making this statement in order to secure from him the kind of reply we sometimes get. I am making this statement because it is a source of hardship to some of our members who are on two and even three committees to run from one to the other and in addition do the work in the house, and then sometimes be accused, perhaps not in this house but outside of this house, of being members of committees but not regularly attending those committees. Certainly that accusation, were it directed at me, at times would have some foundation.

Mr. Speaker, I do not want to take up the time of the house unduly. I simply wanted to reiterate this position, and I am sorry the government has seen fit to withdraw these estimates and refer them to the committee on mines and forests.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we are pleased to support the motion to refer the estimates of the Department of Northern Affairs and National Resources to a standing committee of this house. We feel that such a committee will be able to do very useful work. We do not think that it is taking away from the House of Commons any privileges which we have. It is a well established rule, and I might say a well established custom, that when the estimates come back from the committee, where they have been discussed, further consideration is given to the estimates when they are put through parliament in the regular way.

Our objection to the government's procedure as far as committees are concerned is that very often we find it impossible to attend sittings of the house and of the various committees when they meet while the house itself is in session. In so far as this can be avoided we think it is preferable that members of parliament shall be able to attend the sittings of the House of Commons and not at times feel that they must forego attending the business in this house in order to attend one of the committees.

These departmental estimates which will be considered are very important. This is the department that relates, to a very large extent, to the great vision of which we have heard so much, and it is mainly to this department that Canadians look for action by the government to develop the Canadian north, to make certain our sovereignty over our territories is retained and strengthened and made abundantly clear to all the world. We feel that a thorough study by a committee of this house can lead to a strengthening of Canadian sovereignty over this very important part of our nation and our last remaining frontier.

This government has set itself up before the Canadian people as one which will see that Canadian sovereignty will be strengthened. That is a commendable position to take, and we are very pleased to support the minister and his department in that respect. However, there are many reports which indicate that knowledge of Canada's northland today is greatly wanting. As a matter of fact we are told by eminent scientists that Canada is not only not doing its share in developing our north, but that the knowledge which this department obtains about our north is derived in many respects from information that can be obtained in publications of the U.S.S.R.

This is a disturbing situation. I am certain that the government of Canada would get full support from the Canadian nation in taking bold steps to provide further research and exploration of our northland to make certain it is abundantly clear to all the world that we are protecting our sovereignty.

Mr. Speaker, we think under this department the government should consider implementing the recommendations of the Massey report. We think the government should act on the recommendations concerning amendments that would provide a new arrangement for the administration of our national museum. We think the whole administration of our museum is something to which this committee should give very exact and detailed attention. We feel that recent events surrounding the administration of the museum suggest that the present legal basis on which the administration of the museum rests is not satisfactory. The legal basis upon which the administration of the museum rests, as hon. members know, is merely one section in the act providing for the establishment and administration of this department itself. The section dealing with the museum reads as follows; it is to be found in chapter 4 of the statutes of Canada, 1953-54:

> The minister has the control, management and administration of the national museum of Canada, and shall collect, classify and arrange for exhibition in the museum of such specimens as are necessary to afford complete and exact knowledge of the geology, mineralogy, palaeontology, archaeology, ethnology and fauna and flora of Canada.

We do not think, Mr. Speaker, that is a satisfactory legal basis for our museum. We feel that the former administration took some action, at least, that was desirable, in introducing legislation into this house.

Mr. Speaker: I wonder whether before he proceeds further the hon. member would indicate whether he has in mind dealing

with the affairs of the department in general, because the motion does not seem to me to open up a general debate on the workings of the Department of Northern Affairs and National Resources. The motion seeks to refer certain items to a sessional committee rather than deal with them in another way, and I think reference to the working of the department ought to be limited to consideration of the reasons for and against dealing with this matter in the way suggested.

I know that on occasion the house has permitted fairly extensive debate on some of these motions, but to my mind the motion is one to arrange the business of the house and should not open up a general debate. That is why I inquire what the hon. member has in mind.

Mr. Argue: My understanding was that this was a debatable motion. I do not wish to proceed to a detailed discussion of these items. I was merely raising some matters which I thought were of general importance, and which might be considered by the committee. I feel that since these matters are of such grave importance to the Canadian nation it is quite appropriate to support this motion by suggesting some points to which the committee might give consideration.

Mr. Speaker: I think that is perhaps the limit of the debate which is open on this motion. It seems to me that the motion before us is whether these particular items should go to a standing committee rather than be dealt with by the whole house in committee of supply, and that is really a procedural question.

Mr. Argue: I do not wish to transgress the rules of the house, Mr. Speaker. I do not wish, either, to delay unduly the passage of this motion, and I think I can say to Your Honour—though this is no comment on the procedure we shall be following—that it is not the intention of this group to carry on a protracted discussion of all these items. However, in our study of this resolution we felt that there were certain matters which should be brought to the attention of the house as subjects to which this committee should give consideration.

I may say in that regard that, as we all know, committees of this house are able to call witnesses, and that members of committees are able to direct questions to those witnesses. I think this is a procedure which is necessary in regard to the affairs of this department and in regard to the examination of the various matters which will be taken into account. I said a few moments ago that certain questions as far as the museum and its operation are concerned should be considered by the committee. The opportunity should be taken to have witnesses from the national museum appear before the committee so the general administration of this institution might be considered.

The strength of any nation depends to a very large extent on the development of a distinctive culture and a distinctive cultural background, and I believe that to a large extent the very entity of Canada as a nation is determined by various branches over which this department has responsibility. I feel that this committee, by calling appropriate witnesses, should attempt to determine whether Canadian sovereignty has in fact been undermined by the lack of effective development of the Canadian north. If the answer is in the affirmative, an attempt should be made to find out to what extent our national sovereignty has been affected.

I do not wish to deal with this subject in detail, but I can tell the minister—indeed, this is something he well knows—that there have been many questions regarding the operation of the national museum. There is a fear among many people who are qualified to speak on its administration and its work that it is to some extent, to a substantial extent—to a much greater extent than is desirable—influenced by citizens of the United States.

The minister, in reply to a question in this house, told us of the very long delay which took place in obtaining permission from United States authorities for a Canadian citizen to proceed to the north in order to undertake certain work. That situation was something we all regretted, something about which parliament was ashamed. We are pleased to have been given an assurance that such long delays brought about by this kind of procedure will not be our experience in the future. I am not a member of this committee, Mr. Speaker, though when this matter is under consideration I hope I will be able to sit in on the proceedings.

There is one question which I feel should be raised, and that is the question of Canada's representation at certain international conferences. I have in mind the circum-polar conference at Copenhagan last year, when Canada had one representative, an employee of the Canadian government, a man who has worked in Canada, attached to the department of northern affairs, since June 24, 1949, and who is a citizen of the United States. I think it is to our discredit that at an important international conference attended by representatives of all nations the person who spoke for Canada should be a citizen of another country.

I believe the department the minister is administering is one of the most important departments of the government. I believe

the minister is very hard working. From the statements he has made both in parliament and to the press since he took office I believe he is conscientious. I know he is taking a very detailed interest in the administration of his department, and I am hopeful that this committee, as a result of its inquiries, may be able to make to the minister recommendations and representations which will lead to the strengthening of the cultural life of this nation and to the strengthening of Canadian sovereignty over all our territories in order that Canada, after this session has ended and after we have dealt with all these subjects, may be in a much stronger position than it is now as far as our national sovereignty is concerned. I hope it will be made clear that while we are happy to co-operate with other nations at all times in joint projects which are of value to us, Canada in her representations and in her actions will always use those safeguards which are necessary to make sure that the national welfare is a matter of first consideration.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I want to express my opinion briefly on the subject of the reference of these estimates to a committee. Like my leader and in contrast to the hon. member for Laurier (Mr. Chevrier) I believe the growing importance of this department and the branches connected with it almost makes it imperative that the estimates be sent to a committee for study. There is also the fact that more and more Canadians recognize the importance of this department and are concerned with the development of Canada and the maintenance of Canadian control in that development.

Mr. Grafftey: You are repeating the same things your leader said. You are being pleonastic.

Mr. Argue: Take a trip to New York.

Mr. Herridge: Are the people in the barnyard at the other end of the chamber quite finished?

Mr. Grafftey: You are being redundant. You are repeating the same things said by your leader.

Mr. Fulton: He will probably say them better, though.

Mr. Grafftey: The hon. member is guilty of all-consuming redundancy.

Mr. Herridge: Mr. Speaker, I wish to refer briefly to a speech made by the Minister of Northern Affairs and National Resources at the annual dinner of the Canadian institute of mining and metallurgy held at the Queen Elizabeth hotel in Montreal on April 14, 1959. I have no hesitation in saying that I have read this speech and think it is a jolly good one. I was very pleased to become acquainted with the minister's point of view in respect to a number of things about which I am concerned. In that connection I wish very briefly to quote one paragraph of the speech.

Mr. D. J. Walker (Rosedale): Mr. Speaker, I rise to a point of order. All hon. members of this house are hoping to get away from Ottawa before the end of the summer. Could I ask what possible relevancy the remarks of my hon. friend have at the present time on a motion to refer? His remarks are completely irrelevant and no one knows that better than my hon. friend who is an authority on this subject.

Mr. Argue: Closure again.

Mr. Herridge: Mr. Speaker, I crave the indulgence of the house for approximately four minutes.

Mr. Speaker: I would like to say this. On these motions to transfer items to a committee there have been fairly extensive debates from time to time in the past but there is nothing in the motion itself to warrant an extensive debate. In my view the matter is a procedural one. It is a decision of the house to deal with certain items of the estimates in a special committee rather than in committee of supply and to make the necessary order. That raises the question of whether certain items might more properly be discussed in committee of the whole house or before the special committee but I would think debate should be limited very strictly to the discussion of the relative convenience of dealing with these matters. I do not think it is improper to suggest the kind of matter with which the committee would have to deal but to debate these matters, to my mind, is to duplicate debate.

The committee is set up for hearing representations on these matters which the hon. member is discussing. It will be its duty to do so. It will then report back, and the committee of supply will have the privilege of dealing with them again. Unless we are to multiply debate and unless the house otherwise decides, we should restrict ourselves at this time. I believe these debates have taken place in the past with the general acquiescence of the house. In my view, however, the debate should be closely confined to the essentials of the matter before the house which is whether or not these items shall be transferred.

Mr. Walker: Mr. Speaker, you have already made that ruling but hon. members opposite in the C.C.F. party continually flout your rulings. This is the second time Your Honour has made the same ruling.

Mr. Speaker: I did not stop the hon. member for Assiniboia (Mr. Argue) again although that matter is now closed. The hon. member for Kootenay West (Mr. Herridge) assures me that he wants only two or three minutes to discuss this matter and if he will confine himself in that respect I do not think I can rule him out of order.

Mr. Herridge: I would have been finished long ago if the hon. member had not unfairly accused me of unnecessary repetition and unusual verbosity. My only object in rising is to point out the necessity of sending these estimates to the committee for two reasons, the importance of the question of the development and control of national resources—

Mr. Grafftey: Your leader already said that.

Mr. Herridge: —and also to demonstrate the importance of the reference of one branch of this department in which I am particularly interested, the forest branch. There is a tremendous need to give to the committee a full opportunity to have appear before it representatives of the forest industry so they may present their views. Now, with the indulgence of the hon. member I shall continue for about three minutes and then I shall conclude.

Before I was rather abruptly and somewhat rudely interrupted by the hon. member for Rosedale (Mr. Walker) I was going to quote from what I consider an excellent speech made by the minister on the date to which I made reference. At page 15 of the transcript of his remarks we find these words:

> Yes, I could continue almost indefinitely with expressions of pride in our achievements; but I prefer a more sobering note. In many segments of the mining industry—indeed throughout most of our national economy—we have become excessively dependent upon American business and the American market. Let us face this fact.
>
> No other nation in the free world is as exposed as Canada to the all-pervasive influence of another nation; and it is slight consolation that becoming an extension of the American way of life is preferable to certain other alternatives. We want to maintain our Canadian identity.

I happen to know with respect to the forest industry that they would welcome the opportunity to appear before the committee and give their views in relation to their problems. I hope the officials of the forest branch will also have an opportunity to appear because the questions of forest economics, forest research, fire protection, forest management and education concerning these fields are of vital importance. The committee should have an opportunity to hear from officials of the department but I rise particularly to emphasize the need to obtain witnesses on these questions, men with experience, operators who have had much experience in the forest industry of Canada. We should obtain these people from the various provinces so hon. members of the committee will get as much information as possible before they form their views as to the things that are best needed to correct the situation that faces them with respect to the hazards of the destruction of forests by fire, pests, insects and things of that sort.

I believe I have been quite modest in my remarks but I did want to emphasize those two definite reasons for having these estimates go before the committee. I trust the committee will not hasten its work but will take plenty of time to hear from the important people who have something vital to say to the hon. members of this committee.

Mr. Green: Mr. Speaker—

Hon. Lionel Chevrier (Laurier): Mr. Speaker, on a point of order may I just follow the example given by the hon. member for Rosedale (Mr. Walker) in trying to curtail this debate. If Your Honour will look at rule 37 (1) of the standing orders you will observe that it provides that no hon. member may speak twice to a question except in explanation of a material part of his speech which may have been misquoted or misunderstood, but then he is not to introduce any new matter and no debate shall be allowed upon such explanation. The second part of the standing order also covers this. Having made the motion, I think that ought to suffice.

Mr. Green: I think it is covered by the second part which provides that a reply shall be allowed to an hon. member who moves a subsequent motion but not to the mover of an amendment, the previous question or an instruction to a committee.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, may I just say a word on the point raised by the acting leader of the opposition (Mr. Chevrier). Citation 166, subparagraph 3, at page 139 of Beauchesne's Parliamentary Rules and Forms reads as follows:

> 166. (3) By a substantive motion—

That is the only kind of motion for which reply is allowed except, of course, on the second reading of the bill. I continue:

> By a substantive motion is meant a motion not incidental to a proceeding before the house and which can be dealt with by amendment or by the distinct vote of the house.

It seems to me, sir, that if this motion is not incidental to a proceeding in the house it is nothing at all and therefore the right of reply does not exist in this case.

Mr. Speaker: There are two points involved in whether or not this is a substantive motion. It has been regarded as a substantive motion in our practice here, because this type of motion has been used to introduce a debate on external affairs, for example, and the minister introducing the motion has been allowed the right of reply, so that to that degree there is a precedent for what the minister is doing. I admit that the wording of the comment in citation 166 of Beauchesne would indicate that this is not a substantive motion.

The other point is that where in moving a motion a member has not spoken, the house by courtesy, if not legally, has permitted him the right to speak at the end of the proceedings. I may be mistaken in this. In any event, as I am in some doubt, if the house will allow me to reserve the matter I will give thought to it and perhaps the house will allow the minister to make his remarks now.

Mr. Pickersgill: By unanimous consent.

Hon. Howard C. Green (Minister of Public Works): I really have very little to say and I intend to take very little time this afternoon, but I would like to point out to hon. members that in asking that these estimates be referred to a standing committee we are merely trying to improve the efficiency of the work undertaken by the House of Commons.

It should be clearly remembered that these estimates will come back to the house where they will be dealt with in the ordinary way just as though they had never been referred to a committee. But there is this great advantage in sending them to a committee. There officials can be called and can be cross-examined, which cannot be done in the house. Also, as the hon. member for Kootenay West, (Mr. Herridge) has suggested it might be found wise by the members of the committee to call outside witnesses, and that could not be done in the house. These are only two of the reasons why we believe that it is in the best interests of the business of the house that these estimates should go to the standing committee on mines, forests and waters.

There is one other reason why we have tried this plan. As you will realize, Your Honour, it was first adopted a year or so ago. This course had not been followed by the former government with regard to the estimates of this particular department although it had been followed with the estimates of the Department of External Affairs, and followed with great success. One reason why we are sending the estimates of the Department of Northern Affairs and National Resources and of the Department of Mines and Technical Surveys to this standing committee is that the work of these two departments should come particularly under the scrutiny of this standing committee of the house. For some reason or another the former government at no time made any use of this standing committee. The committee was set up at each session and I presume a chairman was appointed, and then the committee did nothing at all, never met.

Mr. Herridge: It was a living corpse for 15 years.

Mr. Green: I do not know about it being a living corpse; it was a corpse, anyway.

The work actually done by this standing committee on the estimates of these two departments has been very much worth while. I need only refer hon. members to the work this committee has done during this present session on the estimates of the Department of Mines and Technical Surveys, under the chairmanship of the hon. member for Lambton West (Mr. Murphy). With the co-operation of members of all parties, the estimates of that department have been given a very thorough examination. I am certain that there will be beneficial results to the department as well as to the members who have been taking part in the work of this committee.

The Department of Northern Affairs and National Resources has much the same type of jurisdiction as the Department of Mines and Technical Surveys. Here again there are many questions to be considered, some of which have been outlined today by the hon. member for Assiniboia (Mr. Argue) and the hon. member for Kootenay West. We believe it is a department the estimates of which lend themselves particularly well to a careful scrutiny in a standing committee and it is with these thoughts in mind that the government is asking support for this motion to refer the estimates to the standing committee on mines, forests and waters.

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

Mr. Pickersgill: On division.

Motion agreed to on division.

RAILWAYS, AIR LINES AND SHIPPING

ESTABLISHMENT OF COMMITTEE ON RAILWAYS, AIRLINES AND SHIPPING OWNED AND CONTROLLED BY THE GOVERNMENT

Hon. George H. Hees (Minister of Transport) moved:

That a sessional committee on railways, airlines, and shipping owned and controlled by the government, be appointed to consider the accounts,

estimates and bills relating to the Canadian National Railways, the Canadian National (West Indies) Steamships and Trans-Canada Air Lines, saving always the powers of the committee of supply in relation to the voting of public moneys and that the said committee be empowered to send for persons, papers and records, and to report from time to time, and that notwithstanding standing order 67 in relation to the limitation of the number of members, the said committee shall consist of 26 members.

Mr. Chevrier: Will the minister make a statement?

Mr. Hees: A very short one. This is the motion to appoint a sessional committee on railways, airlines and shipping. As the house knows, it has been the practice for many years to have a committee sit to consider the accounts of the Canadian National Railways and Trans-Canada Air Lines. Following approval of this motion, it is my intention to ask leave of the house to submit a motion which will name the members and refer to the committee the reports dealing with the Canadian National and Trans-Canada Air Lines which have already been tabled, together with the items of estimates that are to be reviewed by the committee.

I might add that it is planned to have the committee start its sittings on Tuesday, May 5, for the consideration of the reports concerning the Canadian National as the first business.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, this is the annual motion which seeks the establishment of the committee on railways, airlines and shipping, and it does give the house an opportunity to consider in a general way, although not perhaps in a particular manner, some of the subjects which the committee will be dealing with in due course. It has been the practice in the house from time to time, on a motion such as this, to allow hon. members to speak in a general way upon the subjects which are of particular interest to the Canadian National Railways and to Trans-Canada Air Lines, and on other matters which come within the purview of either the one or the other crown corporation.

I have no intention of dealing today with other railway matters but with the permission of the house I should like to refer as briefly as I can to a number of matters which in my opinion deserve the attention of the house. I should like to begin my remarks by saying that in the motion which seeks the establishment of the committee again we see the name, "Canadian National (West Indies) Steamships." The unhappy story of the liquidation of this fleet by the government is still fresh in our minds and I must say that the amount of information we have received from the minister on this subject is unfortunately too little. We have received very little information about the activities of this crown corporation since it was in fact liquidated during the course of last year, other than through newspaper items. It would strike me that that is not the manner in which information of that nature should be imparted to the house. However, as the minister has stated, we shall have an opportunity in due course to examine the position of this crown corporation when the committee is established.

It is my intention today to talk about those subjects which come within the actual purview of Canadian National Railways because it seems to me that before the establishment of the committee there is a great deal to be gained by a discussion and a public examination of the facts as well as a brief scrutiny of the government's record in this connection. The first thing I should like to do is to go back to the budget speech of the Hon. Walter Harris delivered on March 14, 1957, and to remind the house of what was said by him on that occasion. His words will be found at page 2219 of *Hansard* of that date, and I quote:

> One of the matters discussed in the Gordon report is the handicap which the Atlantic provinces have to contend with due to difficulties of transportation, and to post-war increases in railway freight rates. A good deal has been done in recent years in an effort to offset the higher costs of marketing the products of the Atlantic region caused by the long distances between the region and its markets in other parts of Canada, and to improve the means of communication within the region itself. For example, we have paid more in freight subventions so as to facilitate a greater movement of maritime coal to central Canada, and to enable maritime agriculture to obtain cheaper supplies of western feed grains. We have also spent substantial amounts for the improvement of shipping services and to meet the deficits incurred in coastal shipping.
>
> In the view of the government we should now undertake a fresh and comprehensive examination of the entire transportation situation of the Atlantic provinces in order to determine what changes could conribute toward the economic welfare of the region. Among other questions, we should consider how best to supplement or improve some of the present means of transport in order to improve the transportation system generally. In this way it might be possible for the Atlantic region to get more value from the present level of federal expenditures in this field and from any increased funds that might become available.

I draw particular attention to the conclusion which Mr. Harris drew on that occasion.

> It is therefore the government's intention to launch an immediate review of the maritime transportation problem in general, and thereafter to put forward proposals as soon as feasible.

The point I wish to make at this time is that an immediate review of the maritimes' transportation problem was initiated by the government of which I at one time was a

member and steps were taken forthwith after this statement in Mr. Harris' budget speech to get under way a comprehensive inquiry into the subject of transportation in the Atlantic provinces. Part of the work was to be undertaken by the management of the Canadian National Railways and part was to be done by the officials of the Department of Transport and if outside assistance should be required my understanding was that it was made quite clear that that would be obtained. It was anticipated that of necessity resort would be had to such assistance as was requisite in carrying out the study and inquiry mentioned in the budget speech in order that the examination of this subject would be carried on as efficiently and as quickly as possible.

Two years have now elapsed since the announcement was made in the house that such an inquiry was to be undertaken and despite the importance of the inquiry the investigation seems no further advanced now than when Mr. Harris made his statement in the house in 1957. Knowing the officials of the Department of Transport and the management of Canadian National Railways, I am sure that progress in this direction has been made and I can only express regret that the minister has not seen fit to take the house into his confidence and inform the house what has been done with reference to that investigation. What progress has been made? What inquiry has been undertaken? What difficulties, if any, have been encountered with respect to this matter? What solutions have been arrived at and what proposals have been submitted? Instead of doing so, the minister has passed over this important subject in silence.

I should like to give the house some general idea of what was in the mind of Mr. Harris when this proposal was advanced. In the first place, we know that Canadian National Railways provides extensive services by sea to the many outports of Newfoundland. A passing glance at any timetable of that railway is sufficient to give an idea of the extent of these services though no timetable could give any idea of their magnitude, the complexity of operation or the difficulties which must be overcome in providing this kind of service. Transportation, I need hardly tell the house, is of vital concern to Newfoundlanders and their interest in this subject as well as their hopes were raised in large measure by the Prime Minister (Mr. Diefenbaker) himself. I would remind the Minister of Transport (Mr. Hees) of the statement of the Prime Minister in St. John's, Newfoundland, on April 15, 1957, as contained in the *Globe and Mail* of April 16, 1957. I quote:

[Mr. Chevrier.]

Newfoundland's narrow gauge railway should be converted to the standard gauge because the present line retards development, adds to the cost of transportation and therefore makes it more difficult for Newfoundland industries to compete in domestic mainland markets on the same basis as other provinces.

As the minister knows, that is a problem of extreme importance to the province of Newfoundand. I know that the minister has been there. I know he has been at Gander and has perhaps made an examination of the railway. He will understand how important this problem is to the people of Newfoundland. Has any investigation been made of the cost of transforming the narrow gauge railway to a standard gauge railway? What will the cost of that transformation be? Is it possible, either here or elsewhere, to get from the minister a statement of the progress which has been made with respect to that problem as well as in respect of the statement which was made earlier by the Prime Minister during the election campaign of 1957.

I turn now to another problem which is of extreme importance to the province of Newfoundland, namely the car ferry service between North Sydney and Port aux Basques in Newfoundland. That question is of equal importance to the province. I have no doubt that this vessel will fully live up to the expectations we had when we planned her construction. Her entry into service was frustrated by conditions which were not anticipated when the decision to build the ferry was taken. However, it is now a fact that the vessel is in operation. The vessel is in service and is operating between the two ports. For a time it operated between North Sydney and Argentia because of certain difficulties which existed at Port aux Basques. However, I have been led to believe that for the most part those difficulties have disappeared.

Nevertheless, a number of questions still arise. Is the service which the *William Carson* is providing now adequate? Does the accommodation which it provides fully meet all the needs of the traffic or, as many people affirm, does the traffic exceed the volume which was anticipated when the plans for her construction were made and when the *William Carson* was designed? Does the position of this ferry vessel meet the present needs of the island? We must remember that the construction of a vessel takes a long period of time. Plans and specifications must be prepared. These things cannot be done in a hurry, particularly for a ship such as this one which must operate during all seasons and under difficult climatic and weather conditions. I feel that these are questions which should be asked of the minister. Is the question of the

adequacy of the facilities under serious consideration at this time? Has the Canadian National Railways estimated the traffic that will be available within the next few years, let us say within the next two, three or four years, for instance; and will the *William Carson* be adequate to meet all the needs, actual and prospective?

I turn now to another transportation problem which affects particularly the Canadian National Railways and has to do with the services between the mainland and Prince Edward Island, in particular between Cape Tormentine and Prince Edward Island. Under the terms of the constitution it is clearly set out that transportation services must be provided by the central government. Over the years that responsibility has been fulfilled by the Department of Transport. As hon. members know, there are two ferries which operate between the mainland and Prince Edward Island. There is the *Abegweit* which was built some years ago—it was an up-to-date ferry at the time—and there is also an additional ferry service that has been provided by means of the *Prince Nova*. However, I am informed that in recent years, because of the growth of traffic, this ferry service has been outgrown and the most optimistic estimates indicate that these two services are not sufficient at the present time. Hence, one of the questions that comes immediately to mind is this. What has the government in mind having regard to the future requirements of transportation between the mainland and Prince Edward Island.

A causeway between Borden, Prince Edward Island and Cape Tormentine, New Brunswick, has been under consideration for some time. I do not want to add to the length of this discussion by putting on *Hansard* what was said on this subject at one time by the former minister of public works, Hon. Mr. Winters. Those who want to see it can find it at page 1020 of *Hansard* of February 6, 1957. Apropos of that question, let me simply say that I know the Department of Public Works has taken steps to assess the possibility of obtaining suitable rock for the building of the causeway although the results of its inquiry has not led to any final conclusion.

The subject of the causeway was mentioned at great length during two election campaigns. It was mentioned not only by those of us who support the Liberal party but by those who support the Conservative party. At a time when the present Prime Minister had no responsibility for a subject of this nature, at Saskatoon on May 27, 1957, referring to certain promises which the former prime minister, Mr. St. Laurent, had made, particularly when he said that he would make no promises, he stated:

> Each day in every part of Canada the magnitude of the promises is increasing . . . increases for civil servants and the armed services, a causeway across the Atlantic to Prince Edward Island . . . railroads into northern Quebec . . . improvements to Montreal harbour.

These words will be found in the Saskatoon *Star-Phoenix* of May 28, 1957.

I find that the words of the Prime Minister do not seem to indicate that he favoured the construction of the causeway, because he describes it as being "across the Atlantic to Prince Edward Island". But we well know that the position of the Prime Minister is flexible and that his attitude at Saskatoon can be flexed somewhat from the position he would take if he were speaking in Prince Edward Island. At all events, more flexibility developed in the mind of the Prime Minister because before the 1958 election campaign began he announced in Ottawa, on February 5, 1958, that the government had ordered an engineering study of the proposed causeway between Prince Edward Island and New Brunswick. In fact, this project was rather touted as being a positive step by the government to reduce unemployment. At all events, the announcement said that the preliminary engineering study for the causeway would cost an estimated $200,000 and that it would determine the effects of the causeway on tidal conditions and fisheries in the area. Then, in the announcement to the press, the Prime Minister described the prospective works as:

> —a great national program which will swing into action immediately and will be part of his party's national development policy promised in the general election campaign in 1957.

This statement can be found in the Montreal *Star* of February 5, 1958. The point I wish to make here, Mr. Speaker, is that in this budget for 1959-60 there is nothing for the causeway. It is that fact which makes it necessary that consideration be given forthwith to the whole question of providing adequate facilities for efficient means of communication between the mainland and Prince Edward Island.

If the government is really sincere in the promises which it has made about the engineering study of the causeway, surely there would have been something in the main estimates to deal with this matter so that a start can be made on the causeway without any undue delay; but nothing is to be found in the estimates for that purpose.

Therefore it comes to me as a natural question, I think, to ask the minister what consideration is being given to the existing ferry services and the provision of one or more vessels to share the operation of transportation facilities with the *Abegweit*?

Surely the Department of Transport has this matter under study and consideration. If the position is the same as it was some years ago when I was on the other side of the house, then I have no doubt that the minister and the Canadian National Railways are receiving all kinds of representations from those who live in those provinces. Therefore it would strike me that if there is nothing in the estimates for this fiscal year to carry out the undertaking made by the government, then at least we should get some statement on the part of the minister.

I pass on now to another subject in that area, and that is the Yarmouth-Bar Harbour ferry. That was a ferry which was established some years ago and which has been put into operation. I think the minister should tell the house what success that service is obtaining. I do not speak now from the financial aspect so much as I do from the aspect of transportation. What I would like to know is what amount of traffic is developing? Has the traffic reached the estimate which was anticipated at the time the service was put into effect? Is the amount of passenger, freight and other services which were had in mind at that time developing? Are the rates conducive to the fullest use of the service? Is it really achieving the purpose which was had in mind at the time, namely that of getting for Nova Scotia a greater number of tourists? Is it bringing in new sources of revenue to Nova Scotia? And what is even more important, is the growth of the traffic which has taken place since the inauguration of this service sufficiently imposing to warrant an expansion of the service? In other words, do we need another vessel? Is it desirable to inaugurate a new service which will better meet these particular needs of transportation in Nova Scotia? I hope the minister will either now or when the special committee is formed and meets bring the house up to date on this matter.

There is another important subject, about which we have heard very little in recent months, and that is the question of the extension of existing railway facilities into Great Slave lake. Both in the 1957 and the 1958 session the Minister of Transport and the Minister of Northern Affairs and National Resources (Mr. Hamilton) showed what seemed to be an encouraging interest in the subject. However, the two ministers were not always in complete harmony when they advised hon. members of the progress which was being made, and I think it is no exaggeration to say that we were left in some doubt as to the seriousness of the consideration that was being given to the planning of this project. Nearly 12 months have elapsed now since this subject was discussed, and I would hope the matter had now progressed sufficiently that we could get an informative and complete statement from the Minister of Transport who after all has something to do with this important subject and who is in charge of the provision of transportation facilities in this country.

It seems to me that the Minister of Transport should tell the house what actual progress has been made toward the development of a railway to Great Slave lake. Have the Canadian National Railways and the Canadian Pacific Railway Company, who operate the Northern Alberta railways, made a report to the government or to the minister in connection with this project? Do they find that the traffic in prospect justifies the investment of the substantial sums of money which are involved, or do they expect the government to provide a large subsidy in order to make the project self-sustaining, in accordance with the usual practice which railroads follow in order to determine the wisdom of investing in such a project? It seems to me that the construction of a railroad at this time, if it can be justified economically, is the kind of project which would be supported by the Canadian people at a time like the present, and that the minister should take the first opportunity and the first advantage to acquaint hon. members with the government's plan.

This is not a matter simply of rising in the house and saying that the policy of the government will be made known in due course. I think it has reached the stage now where it is a matter of privilege to the hon. members of this house to know where the matter stands. No information whatever has been given, although it was mentioned in the speech from the throne in the session of 1958 and it was mentioned also from time to time in discussions in this house. It is a matter of national concern. It is a matter which falls to be determined not only by the government but by one of its crown agencies, the Canadian National Railways and the least the government can do is to give to the house a frank and straightforward statement in advising the house of the progress which is being made, if any, in respect to this proposed railway, which as the house knows has attracted a great deal of public attention.

Now I come to another matter of interest more particularly to the province which I

represent. It concerns a railway which has been discussed before in this house. I raised this matter on one occasion and I believe it was raised by other members too. Mr. Jean-Claude Lessard, a former deputy minister of transport, in a brief which was presented to the royal commission on Canada's economic prospects in November of 1956, and which is contained in one of the interim reports of the royal commission, deals with the subject of transportation at some length and with great efficiency.

He divides his brief to the royal commission into many parts, but I want to deal with only a small part, that concerning railway transportation, which can be found at page 128 of the submission. On that page there are suggested to the royal commission on Canada's economic prospects five possible future railway projects in the north. While I have no intention of burdening the house with all of these, there is one I would like to draw attention to, particularly the attention of the Minister of Transport, and that is the last recommendation made by Mr. Lessard concerning the construction of a line east from lac St. Jean or Murray Bay in Quebec and the possible extension of such a line to Labrador.

I have before me a map of that part of the north shore of the province of Quebec and the lac St. Jean area, and while I know that there are very often, among railway officers, two views with reference to the route which a railway should follow—perhaps that appertains here; I am not in a position to know—I think this recommendation was to the effect that the railway should follow the north shore in order to link Murray Bay with Seven Islands and then on to Labrador, so as to serve this area and the other settlements which are growing with tremendous rapidity on the north shore because of the development of natural resources.

The other alternative, and one which many railway officers seem to think is more appropriate, is that the railway should run some miles north of the gulf so that there would be two lines of settlement, one along the shore and the other inland, some miles from the shore. If the latter alternative were adopted there would then be a line going east from lac St. Jean, connecting with Seven Islands and then on to Labrador.

The point I wish to make is that I do not believe any study has yet been carried out and I refrain from putting forward any suggestions other than to bring to the attention of the house the submission which was made by Mr. Lessard at that time. I think the minister and the government would be doing Canada a service if they would conduct a survey into the possibility of constructing a railway to assist the development of this fast-growing area.

Of course, as the minister knows, he has received many representations from people residing in the Gaspe area for the development and the extension of that railway. I remember that when I sat on the other side of the house three alternatives were under consideration. Two of them, if I remember well, were extremely costly, but one was of such nature that it could be considered by both the Canadian National Railways and the government. Whether there has been some change in that situation or not I am unable to say, but I do think that the minister should, at an appropriate time, if not in the course of this debate, be good enough to bring the house up to date as to what has transpired with reference to the railway in the Gaspe peninsula.

I should not like to conclude my remarks at this time without saying a few words in connection with the general problem of the Canadian National Railways. I doubt if ever before railways have been faced with problems of such magnitude or with such far-reaching consequences as seem to be the daily lot of Canadian and United States railroads. On the one hand they are faced with competition—extremely stiff and difficult competition on an ever-widening scale—from the trucking industry which has the advantage of being able to pick up goods quickly and to ship them to their destination with equal rapidity. This is a particularly difficult form of competition for the railways to meet, and the development of more and more first rate highways in Canada has naturally meant that competition from trucks has become increasingly sharp and more devastating in its effects on railway revenues.

At the same time, the railroads have had to meet the demands for higher wages, which, not unnaturally, have been put forward by the labour forces of the railroads in Canada, and the increases in average wages which have taken place in other fields, particularly in the durable goods industry, have made it necessary for the railroads to follow the same general pattern and to agree, unwillingly perhaps because of their own problems, to increasing what is probably the largest element in their costs of operation.

At the same time, and although the railways have modernized their equipment, the economies in operation which have resulted have to some extent been offset by increases in their fixed charges because of higher capital investment required to operate modern equipment. And all the while this process of attrition has been going on involving on the one hand the carriage of fewer

goods and on the other the loss of passengers to business and private automobiles.

I assume the statement I have just made has had a lot to do with the position in which the Canadian National Railways finds itself, and which is exhibited in the report for the calendar year 1958 tabled some weeks ago. The situation has unquestionably been difficult for the railways, and the situation of the Canadian National Railways is no exception; it is no exception to what railways in the United States have encountered. We have already had an opportunity to discuss the interim assistance which the house, through a subsidy measure of $20 million is going to give to the railways, but nonetheless I hope the government will lose no time in trying to get to the root of the problem which faces the industry at this time.

The Prime Minister and the minister himself has announced that we can expect soon the appointment of a royal commission to deal with this problem. This was announced, too, by the acting leader of the house some months ago. I hope the scope of this inquiry will be broad enough to cover some of these difficult problems which face the managements of the Canadian National and other railways in Canada.

I would conclude, now, by saying just one word in connection with Trans-Canada Air Lines. I know that all hon. members will take satisfaction from the fact that Trans-Canada Air Lines has again this year reported a small profit, and we shall welcome the opportunity of reviewing its activities when the committee sits. However, I would be derelict in my duty as a member of the opposition if I did not point out that the competition in transcontinental air service to be provided resulting from the decision of the air transport board allowing Canadian Pacific Air Lines to operate one transcontinental flight in each direction per day, is a long, long way from the rather rosy prospects which the minister portrayed before the last election. When in opposition he favoured outright competition and the putting to death of the sacred cow called Trans-Canada Air Lines. After he attained the position of minister of transport and a sense of responsibility was thrust upon him his words became more ambiguous but he did leave with the people of Canada the positive impression that there was to be all-out competition in air services. What has taken place is an entirely different thing. The decision to allow one flight in each direction per day certainly falls a long way short of what Canadians were led to believe.

I want to make it abundantly clear that I do not in any way criticize the decision of the air transport board. What I am criticizing is the positive attitude adopted by the minister in former times and the virtual complete reversal of that attitude in recent months. I suppose this is another example of the flexibility which I mentioned earlier. It certainly makes for a convenient way of dealing with problems to be so flexible in one's approach to those problems that the statements of yesterday can be forgotten as early as tomorrow.

We on this side of the house welcome the opportunity to discuss the operation of two of these crown agencies which have contributed so much to the transportation services of our country. In supporting the motion I am sure that the house will be anxious to hear the evidence which will be submitted in due course before the committee.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, the point of flexibility in so far as the minister is concerned, as the hon. member for Laurier (Mr. Chevrier) described it, has been very noticeable to us all. The only thing I would wonder about is that the hon. member for Laurier should criticize that because it just seems to indicate that perhaps the policies of the government with which he was associated were not really so bad if the Minister of Transport (Mr. Hees) is going down the line with them.

As far as Canadian Pacific Air Lines and Trans-Canada Air Lines are concerned, I wonder if in giving this franchise to Canadian Pacific Air Lines we are not opening up the same kind of invidious comparison that has gone on through the years between the Canadian Pacific railway and the Canadian National Railways. Here is a case where Canadian Pacific Air Lines has been given a run on which it should be able to do very well; at least, it is a transcontinental run between major cities, which is fine. I am sure, however, that very shortly in our committee meetings when we are reviewing the operations of Trans-Canada Air Lines we will be hearing about how well Canadian Pacific Air Lines are able to do. As one reads through old committee reports one discovers those words were often used by hon. gentlemen opposite when they were in opposition.

They said that if you could only compare the cost of United States Airlines with T.C.A. you would see what a white elephant or sacred cow this was. The minister himself used to make a point of that.

In recent months evidence has been coming more and more to the fore that United States Airlines are being more heavily subsidized than almost any other airlines in the

world and the number of small airlines that have been in difficulty in that country illustrates that in this form of transportation you cannot go far without some form of subsidization if the airlines are going to operate general purpose services into many communities where there is no high income available such as Canadian Pacific Air Lines is getting.

One point we need to remember is that unless Canadian Pacific Air Lines is willing to accept or is given routes that are as questionable from an economic point of view as some that Trans-Canada Air Lines has to carry it will in future appear to have a much more satisfactory economic basis than T.C.A. and we will have perpetuated in the air the very bad comparisons we have had made between the C.P.R. and C.N.R. To a certain degree the C.P.R. is hamstrung as is the C.N.R. in so far as redundant lines are concerned but not nearly so much and it has not had to accept the capital debt structure that the C.N.R. has nor has it had to accept lines such as the C.N.R. had foisted upon it when Newfoundland came into confederation. This has led to much criticism especially on the part of those people who love to prate about economic efficiency and the virtues of the free enterprise system.

The main problem so far as the railway industry is concerned is still one of the other means of transportation cutting in upon its long-held business and forcing it more and more into the position where it handles long-haul low value commodity traffic and loses out on the high value short-haul traffic. It is almost entirely losing out in the passenger service field. In fact, all the indications are that the future is extremely pessimistic and that more and more we are going to have passenger service provided on the basis of that rather damnable phrase, the public interest, rather than on the basis of economic reasoning. This is one more argument that when we set up a royal commission the terms of reference should be very broad so that inquiry will be possible into passenger service provided by other facilities that are available.

The key problem as far as employees on the Canadian National Railways are concerned is well known to me. I feel that I can speak on this subject with as much authority as anyone in the house since there are four Canadian National Railways divisional points in my constituency and two more within twenty miles. The problem is that the morale of the employees is very low at the present time. I know that the settlement of the dispute involving the firemen will be a contribution toward raising their morale but the whole future of railway employees is extremely indefinite.

I might remark in passing that there is one group that has never had the publicity or recognition enjoyed by other groups concerning the tremendous impact upon their phase of railroading and that is the maintenance of way employees. The running trades and the changes that are involved thereto have tended to attract much more interest. The fact is, however, that on section after section across the country these people have been pulled out of their jobs and no longer have employment. Their whole means of livelihood has been removed. They have lost their homes and the investment they had in the communities where they lived and worked. This is due to the introduction of revolutionary mechanical equipment and a whole new concept of looking after the rails. With the introduction of steel wheels in the next few years in place of what we now have there will be very few carmen across the whole system. We will have a great reduction in what are referred to as "bad order cars" that at one time gave a considerable amount of employment in divisional points across the country.

Just out of Toronto we have an indication of the effect of perhaps the most revolutionary change. That is the fact that now the brakemen and conductors on freight run through for two divisions from the Mimico yards to Capreol. This is a precursor of what is going to happen at the end of 1961 when we will have central traffic control all the way from Winnipeg to Toronto. It means there will be a tendency to run all freight crews for two divisions; in other words, for 240 or 260 miles instead of the present 125 miles.

There is also going to be a tremendous drive—and I think it will be much more embittered than the one in relation to firemen—to do away with the rearend brakemen. This will be feasible in practical terms when central traffic control is in effect and when radio communications of a standard that can be relied upon have been established between the caboose and the engine. All these factors are having a serious effect on the morale of employees of the Canadian National Railways.

Let me give one specific example. The railway divisional point at Hornepayne in my constituency is losing most of its dispatchers and quite a few of its operators. There is a whole new kind of management being introduced called area management, which is going to sit, in this case, at Capreol. These are all advances in the tremendous drive of the Canadian National Railways in the last decade to improve the efficiency of its service. For

example, it is quite possible that within a couple of years the Canadian National Railways will be able to give freight service from Toronto to Winnipeg in 36 hours, which was unthinkable a short time ago.

If these moves are necessary they are all to the good; but concomitant with that you have this tremendous unrest because the employees have no conception of what their individual futures are and what the futures are of their communities. It is all very well to say that this is progress and that lots of people have been affected by the industrial revolution, and that the blacksmith has disappeared. But this is not very satisfactory to people who are committed to a line of work and have their roots down in so many communities that the railroaders have. One of the crying needs is for both railways—but especially the Canadian National Railways—to spell out their future program in terms of its effects upon personnel and upon communities and for this parliament to determine and decide what responsibility the railways have as employers in so far as those communities are concerned. Many of them, in effect, are going to fall away completely. Is there a responsibility in this particular regard?

In connection with the firemen's strike or threatened strike, one of the things that amused me was the feeling that the public right across the country has been against the firemen. This is true as a generality but it is not true in the local divisional points. I have a petition from Hornepayne which indicates that nearly every adult signed it, insisting that the firemen should be kept because those people in those communities are very conscious of what is going to happen to the communities as a result of those shifts. First, there is the shift of the firemen. Then there is the wiping out of divisional points and a drastic reduction in section forces, and future reductions in operating crews as a result of central traffic control.

It is easy enough to say that these people are being purely selfish, but this happens to be the nature of human beings. Human beings stand up and protest against something that is going to rob them of their livelihood and what they have invested in communities. We have had all kinds of examples in the federal field where the government has come to the rescue or to the partial aid of such communities and it seems to me it is about time, with the kinds of revolutions which are taking place in the railway transportation picture, that this should become an issue and of concern to the government. I am not saying that it has to be necessarily the responsibility of the government, but there needs to be some analysis of these points.

[Mr. Fisher.]

One of the frustrating things that is going to happen when we get into this committee and get talking to Mr. Gordon and Mr. Dingle and asking them questions is that they are going to say, "It does not do any good to explain to the employees what the future is. All it does is to get their backs up prematurely." Furthermore, Mr. Gordon is going to go on and say that you cannot spell out these things too completely, and certainly he is going to steer completely away from accepting any responsibility for the dislocation in so far as the railway as a corporation is concerned.

One of the things that I am most dissatisfied with in connection with the operation of the Canadian National Railways is the inability of anyone to discover what their retraining program means in terms of dislocation or of dislocated workers.

I get most scarifying reports from railway personnel. I had one yesterday about a section of track along the north line of the C.N.R. where I understand there are hundreds of rails under which there are 4-inch shims, as a result of the very hard winter we had. Every time there is a wreck, such as the one we had recently west of Sudbury, in which I understand a number of western members of parliament were marooned for many hours, the cry goes out right away, here was a broken rail. The story I have is that it was a broken rail that was not discovered. There was not proper inspection because there were not enough inspection crews going along to spot this. Most of these stories are probably untrue, but it is all a reflection of this tremendous loss of confidence on the part of the personnel of the Canadian National Railways.

On the management side, I know their feeling is that one of the things that hamstrings them in making a proper, perhaps the best kind, of arrangement in the light of changing circumstances is the very rigidity of union agreements. I know an instance where one machinist with 29 years seniority was laid off; his job is through. There are other places on the system where there are much younger men working, but he cannot take advantage of those places because the union contracts set out very definite limits where he can move, and the boundaries of the agreement under which he is employed. This sort of thing is something that calls for a tremendous amount of give and take on the part of both management and the union.

I feel that here is a place where the Canadian National Railways has to take much more initiative in the working out of better relations. In my conversation with railroaders the outstanding thing I find is that

there is a very deep suspicion of management. I think myself that much of it is unfounded and could be wiped completely away if there were franker and better relations on a continuing basis between the railways, the workers and the public as a whole who are involved in those railway communities. This is why I would hope that when this committee is working on the annual report of the Canadian National Railways we shall be able to get Mr. Gordon to say something on this point, or at least to acknowledge that this bad morale situation exists at the present time.

One cannot really see the picture of the Canadian National Railways without looking at the picture of the Canadian Pacific railway. I am sure the contrast between the two roads this year will be brought out by members of the government on the committee. It will be pointed out that last year the Canadian Pacific railway was able to pay dividends that represent roughly somewhere between 3 per cent and 5 per cent on the capital involved; whereas our government railways went $51 million in the hole.

One of the things that we really need presented much more clearly—I almost feel it is the responsibility of the Minister of Transport to do it—is some sort of separation of the Canadian Pacific railway income so that we can see more clearly at least a comparison with the Canadian National Railways. I know there are historical tables; I know the statistics put out by the dominion bureau of statistics are very thorough, but there are a number of factors in the Canadian Pacific railway setup that do not apply to the Canadian National Railways setup, and yet the accusation or the common belief is that the Canadian Pacific railway is able to do a so much better job. There is little recognition of the extra burdens and difficulties that the Canadian National Railways have.

The review given by the hon. member for Laurier on the railway problems was, I think, an excellent one. I think he could have added something which has been said here before, namely that our basic difficulty in the transportation field in Canada is that we have never been able to make up our minds as to whether we want a private enterprise kind of transportation or a public enterprise kind of transportation. We have something that is neither and yet in some people's minds it is one thing and in other people's minds it is another thing.

I only hope that by the time this kind of resolution appears in the house again we shall have a royal commission report which will have looked into this whole matter of transportation and the relationship of the railways to water, road and air shipping interests and that they will have enunciated a national policy on transportation which will make much more sense than what we are doing in this particular field today.

Mr. R. H. Small (Danforth): Mr. Speaker, when I have spoken about Canadian National Railways in the past I have made some critical comments, particularly with regard to the service between Toronto and Ottawa. I dealt with the matter a couple of years ago and more or less regaled the house for a while with a description of the service. Everybody seemed to enjoy it because it struck them as being absolutely correct and true. I elaborated on the matter and I got an answer from the divisional superintendent in the Ottawa papers in which he admitted that everything I said was true but went on to say that not very much could be done about it. I thought that was a very poor answer for an organization in the business of rendering a service.

However, it must also be remembered that the service I am talking about is a joint effort on the part of the C.N.R. and C.P.R. but inasmuch as C.N.R. tracks are used most of the criticism can be directed to the administration responsible for the operation of that line. I outlined the service, the type of cars and the condition of the stations, as I saw it. In fact, I called it more or less a glorified freight service. Freight service seemed to be the most important and passenger service seemed to be the least important. I also mentioned that the morale of C.N.R. employees was not as good as it might be and that there was general dissatisfaction with the administration.

Some hon. members took exception because I singled out the president of the C.N.R. for attack. I criticized the service and I related his value or worth to the company to the service that was being given. Last year I made similar comments elaborating on what I have just mentioned. I made some comments about his value to the company and what I thought he was worth. What I had to say did not go over very well with members of the opposition. May I say here that I think the Minister of Transport (Mr. Hees) is doing an exceptionally fine job but the president of the C.N.R. is more or less running things and the minister cannot do very much about it. I would naturally expect that the minister would have to defend his officials. The minister is giving good administration and no doubt follows the dictates of his own judgment and conscience.

I was rather surprised and amused at the reaction of the hon. member for Bonavista-Twillingate (Mr. Pickersgill), the hon. member for Laurier (Mr. Chevrier), the Leader of the Opposition (Mr. Pearson) and the hon. member for Cartier (Mr. Crestohl) to my remarks. The hon. member for Cartier more or less implied that I was looking for the president's job but that was the farthest thought from my mind as I have no affinity for railroading, but neither has the president. All I was trying to do was to improve the service, and since my criticism there has been a slight improvement but there is room for a lot more. More consideration should be given to the passengers and in my view if you want to make the service more profitable the first step is to give more consideration to the passengers accommodation at the terminals.

To get back to the observations made by the hon. members I mentioned, they said that I had been unfair to the president's past performance. In fact, they mentioned the very valuable services that the gentleman in question had given. They said that during the war years he did such a tremendous job that he became one of the outstanding officials in Canada and that he could never be replaced or equalled. This was a revelation to me because I always thought that the man who won the war was C. D. Howe but now I understand that the president of the C.N.R. is the man who won the war. Nonetheless, I found out that when you gouge one of the opposition's sacred cows they become quite concerned about it, but other than that they all recognized but would not admit that what I said was true.

I have not given up my determination to strive for better service between Ottawa and Toronto or any other points where the service is not up to standard. Therefore I take this opportunity to draw to the attention of members of the house again the views of these people who feel themselves aggrieved. In that regard may I say that many people commented that what I said was true and that there could not be any objection taken to it. If offering criticism from year to year will improve the service you can count on yours truly to keep on doing so until we get the service from the railways the country is entitled to.

When I referred to the salary of the president of the C.N.R. it was said that he had had another job in the United States offered to him at a tremendous increase in salary. If that was the case then it is my opinion that he was very foolish not to take it because no one in this country is indispensable and he can be replaced even from within the system itself. Having made this comment on the situation with regard to the service, I will let the house and the people know next year if there is any further improvement.

Mr. Frank Howard (Skeena): Mr. Speaker, I have one or two very brief comments to make with respect to the operation of the Canadian National Railways in so far as that railway and its potential expansion affect the constituency from which I come and the northern part of British Columbia. The C.N.R. north line runs from Jasper to its terminus at Prince Rupert through the constituencies of Skeena and Cariboo. In recent years there has been quite a bit of discussion about the extension of the railway system, not in an east-west direction, but in a north-south direction. The suggestion is that there should be an extension of railway service northwest from the present line of the C.N.R. through the northern part of British Columbia to connect with Yukon and Alaska.

The Pacific Great Eastern railway fits into this picture because there has been some discussion about the extension of this provincially owned railway into that particular region. It has been suggested that the P.G.E. itself could be extended or that service could be provided by installation of the so-called monorail system of the Wenner-Gren foundation although the latter proposal has been pretty well washed out of the picture. If it is not washed out in one sense it is at least potentially washed out because the power development on the Peace river will flood certain portions of the P.G.E. roadbed which was going to be used for the monorail system.

But if any consideration is being given, and I think it should be, to the possibility of extending railway facilities north to Alaska and the Yukon I suggest that the most logical place for the extension to start from is near the community of Hazelton which is the most northerly point on the present C.N.R. north line. A natural valley extends north from there right through to the Yukon and the whole area has been topographically surveyed. The mineral wealth is practically unknown. Forest wealth, hydro-electric power, oil and other natural resources are in abundance in the northern part of British Columbia and are practically untouched. Apart from the necessity of extending rail lines to assist in opening up the country, apart from having a north and south rail line for purposes of defence, there is the question of developing the potential mineral and industrial wealth.

The fact is that one of the largest coal deposits in Canada lies up in that part of the country. I refer to the Groundhog coal field which is estimated to have over 1 billion tons in an area of some 1,200 square miles.

This field has been untouched and would be of tremendous value not only to a railroad but to anything else in that area requiring fuel coal. It would be a tremendous impetus to the whole question of the vision that our friends opposite have in developing the north in the roads to resources program. There could easily be fitted into it a railroad to resources scheme if the C.N.R. would just get off its fanny, do some survey work and take some concrete steps towards this objective.

Before I sit down I should like to make one comment with regard to the feeling which exists among the employees of the C.N.R. towards the president of that railway. Many others in the house have made comments about this matter but I would say one thing. If there is not confidence, generally speaking, among the majority of employees in any corporation, whether it be publicly owned or privately owned, or in any organization, then there is not harmony. The majority of railway employees with whom I have spoken have relatively little confidence or faith in the present president of the Canadian National Railways. Unless that faith and that confidence are capable of being generated by or on behalf of the person who is the president of the Canadian National Railways I suggest that we are going to continue to have difficulties plaguing the internal harmony of the employees and the internal harmonious relationships between the employees and the management of the railway. I am not suggesting that, out of a clear blue sky, we should replace the person who is at present president of the Canadian National Railways, or at least do so in an out of hand way. But in so far as the employees of the railway themselves are concerned, I suggest that if you had as president of that railway someone who knew railroading, something which is necessary for efficient operation, you would have much more harmonious relationships between employees and management and among the employees themselves, something which would lead to more efficient operation of the railway.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, this resolution provides for a study of the estimates relating to the Canadian National Railways, the Canadian National (West Indies) Steamships and Trans-Canada Air Lines. This committee will have an opportunity to study some of the services provided by the C.N.R. in Canada. The hon. member for Port Arthur (Mr. Fisher) gave some extremely interesting and, as I thought, some factual comments on the attitude of the employees of the C.N.R. toward certain modernization procedures and so on. I should like to give my impression of the reaction of consumers or of the general public to some of the things that are being requested by the C.N.R.

Mr. Speaker, I feel that this motion would be greatly improved if it were possible to have brought before this committee not only officials of the C.N.R. and T.C.A. but officials of the C.P.R. and C.P.A. There is another standing committee of this house which has the opportunity to consider a certain provision introduced by the government which will relieve some of the burden of freight rates in the country. There is no provision by which members of parliament can inquire into the operations of the Canadian Pacific railway or Canadian Pacific Air Lines. I feel that this resolution would be improved if it were expanded so that members of this committee would have an opportunity to review the general operations of transportation facilities in this country.

The railway companies of this country, the C.N.R. and C.P.R.—and my remarks now must be related to the C.N.R.—are endeavouring to remove as many station agents as possible in order, of course, to make savings for the railway companies. It may soon come about, as far as our ordinary smaller villages are concerned, that a railway agent will be as prehistoric as a dinosaur. One of the aggravating things for a member of parliament, Mr. Speaker, is to have brought to his attention a great number of requests relating to the removal of station agents about which, in ordinary circumstances, in the majority of cases he is able to do little. These applications to remove a railway station agent are taken to the board of transport commissioners and there is no opportunity for members of parliament to make any representations to the C.P.R. There is, of course, some opportunity to make certain representations to the C.N.R.

In addition to the removal of station agents in a wholesale manner—and this is particularly true in the prairie provinces—it is now reported that the railways are about to embark on a policy of the removal of certain railway trackage and the abandonment of certain railway lines. This policy has caused great concern in the communities that may be affected. If we were able, under this motion, to have brought before this committee not only the president of the C.N.R. who has been roundly criticized in the house this afternoon, but the president of the C.P.R., in order to find out why the C.P.R. is not giving essential services which I feel it is failing to give and should provide, I think it would be an advantage. I think the publicly owned system is put in a disadvantageous position by being brought into the

spotlight of public scrutiny when its competitor, the C.P.R., is not obliged to appear in the same spotlight. With regard to other questions such as that of freight rates, the president of the C.N.R. is prone to follow the example set by the C.P.R. I should like to see the authority of this committee extended so that we could have brought before the committee the president of the C.P.R., the person who is giving, much more than the C.N.R., leadership in the railway associations in this country, in many instances in directions that I feel should not be followed.

There has been some discussion already this afternoon of things that should be taken into consideration by way of improvement. I have had some critical things to say about the premier of the province of Newfoundland. I want to agree with those who have said that consideration should be given by the C.N.R. to providing a standard gauge railway in the province of Newfoundland. I had the privilege of visiting that province last fall and I found a great deal of criticism being voiced with regard to the inadequate service provided by this railway. The people of that province are most anxious that the C.N.R. give to them the same kind of service as that which is provided to other provinces in our nation.

I had the opportunity also to visit Prince Edward Island. There is a unanimous complaint in that province about the type of ferry that is provided between the island and the mainland. As the hon. member for Laurier (Mr. Chevrier) pointed out, there are two old ferries now in service. Very often they are out of service because they are in need of repair. The people of the island were led to believe by the Conservative party that they had a program which would result in the building of a causeway. I think it is high time that the necessary inquiry be made to see whether or not a causeway is a feasible undertaking. I think that in addition to the improvement of services which would be provided for Prince Edward Island it would satisfy the very natural desire to have facilities to reach the mainland in a quick and efficient manner. The people of the island feel that to some extent they are isolated because of this inadequate service. They certainly request the government to take action in this regard.

Mr. Speaker, the Canadian National Railways is forced to provide certain services that the Canadian Pacific Railway Company does not have to provide. To some extent it is unable to compete in an equitable manner with the C.P.R. The same can be said of Trans-Canada Air Lines. Although Trans-Canada has in many instances a monopoly, nevertheless it is requested to provide services on lines which do not provide a net revenue. I would suggest that if we are to have an adequate over-all transportation policy in this country, and if members of parliament are to be given the kind of jurisdiction that should be theirs, namely that of discussing and inquiring into all railway matters, the government would be well advised to bring in an amendment to this resolution which would provide for wider scope and would give the committee authority to inquire into the whole railway system of our country as well as our airlines system.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

Mr. Chevrier: Is the minister not going to reply to some of these questions?

Mr. Hees: Mr. Speaker, in answer to the hon. member's question as to whether I am in a position to reply, the hon. member covered a very wide field and posed a tremendous number of questions which would probably take over an hour to even try to answer. I think the proper place to answer those questions is in the committee which will start sitting next Tuesday morning. In attendance will be the president of the railway and various officials, and all questions can be answered then.

Mr. Chevrier: I think the hon. minister could answer them in a much shorter time.

Motion agreed to.

REFERENCE OF ANNUAL REPORTS, BUDGETS AND CERTAIN ESTIMATES TO RAILWAYS, AIR LINES AND SHIPPING COMMITTEE

Hon. George H. Hees (Minister of Transport) moved:

That the sessional committee on railways, airlines and shipping consist of Messrs. Badanai, Bourbonnais, Brassard (Lapointe), Broome, Carter, Chevrier, Chown, Creaghan, Drysdale, Fisher, Fraser, Granger, Grills, Horner (Jasper-Edson), Kennedy, McPhillips, McWilliam, Martini, Mitchell, Monteith (Verdun), Pascoe, Robinson, Rowe, Smallwood, Smith (Simcoe North) and Tassé; and that the annual reports for 1958 of the Canadian National Railways, Canadian National (West Indies) Steamships Limited, Canadian National Railways securities trust, auditors' report to parliament in respect of the Canadian National Railways and Canadian National (West Indies) Steamships Limited, tabled on April 14; the annual report of Trans-Canada Air Lines for 1958, the auditors' report to parliament on Trans-Canada Air Lines for 1958, tabled on April 10; and the budgets for 1959 of the Canadian National Railways and Trans-Canada Air Lines, tabled on April 20, be referred to the sessional committee on railways, air lines and shipping; and that items numbered 410—Prince Edward Island car ferry and terminals; 411—

Newfoundland ferry and terminals; and 419—Maritime Freight Rates Act, as listed in the main estimates of 1959-60, be withdrawn from the committee of supply and referred to the said committee, saving always the powers of the committee of supply in relation to the voting of public moneys.

Mr. Speaker: Has the hon. minister leave to introduce this motion?

Some hon. Members: Agreed.

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

Mr. Pickersgill: Mr. Speaker, just one question. Has the hon. minister forgotten to include the budget of the Canadian National (West Indies) Steamships Limited?

Mr. Hees: Mr. Speaker, if I did then certainly the hon. member is right in correcting me. I did not know that I had missed it, but if I did it should be included.

Mr. Speaker: The motion deals with the budgets for 1959 of the Canadian National Railways and Trans-Canada Air Lines, tabled on April 20. Has the hon. minister leave to insert in the motion the budget of the Canadian National (West Indies) Steamships Limited?

Mr. Pickersgill: Perhaps I may be permitted to ask one other question. Is there any such budget?

Mr. Chevrier (Laurier): If the minister is agreeable I think the motion should be amended to include the budget of the Canadian National (West Indies) Steamships Limited.

Mr. Hees: Yes, I believe it should be included, Mr. Speaker.

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

Motion as amended agreed to.

INDIAN ACT

MOTION FOR APPOINTMENT OF JOINT COMMITTEE TO CONSIDER AMENDMENTS

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration) moved:

That a joint committee of the Senate and House of Commons be appointed to examine and consider the Indian Act, chapter 149, R.S.C., 1952, and amendments thereto, and to suggest such amendments as they may deem advisable, with authority to investigate and report upon Indian administration in general and, in particular, on the social and economic status of the Indians;

That twenty-four members of the House of Commons, to be designated at a later date, act on behalf of the house as members of the said committee, and that Standing Order 67(1) of the House of Commons be suspended in relation thereto;

That the said committee have power to call for persons, papers and records and examine witnesses under oath; to sit while the house is sitting, and to report from time to time; and to print such papers and evidence from day to day as may be ordered by the committee and that Standing Order 66 be suspended in relation thereto;

And that a message be sent to the Senate requesting that house to unite with this house for the above purpose, and to select, if the Senate deems advisable some of its members to act on the proposed joint committee.

She said: Mr. Speaker, it is not my purpose at this time to make any extended remarks in the introduction of this motion, because I think most members of the house are anxious to see this committee established and proceed with the work which will be given to it. However, I might just briefly trace some history which is probably well known to the members of the house, but for the purposes of the record I think it should be repeated. I might recall that in 1946 parliament appointed a joint committee of both houses to examine and consider the Indian Act and report upon Indian administration. This committee studied the various aspects of Indian affairs during the 1946, 1947 and 1948 sessions of parliament, and it completed its work with its final report in June, 1948.

Over 400 briefs were filled, and 122 witnesses, both Indian and non-Indian, were heard. It was the most exhaustive review of Indian affairs undertaken by a parliamentary committee up to that time. As a result of the recommendations of the joint committee, a complete revision of the Indian Act was carried out and a new act was passed in 1951. I think it would be true to say that the deliberations of the committee and subsequent revision of the Indian Act stimulated a great deal of interest in the affairs of Indians among people in all walks of life. Since then there has continued to be a marked awareness of, and increased interest in, the position and future of the Indians. This is a most welcome development.

Ten years have now passed since the joint committee submitted its report, and it would seem appropriate to again have a committee of both houses review the Indian Act to find out how it is working out in practice and to suggest such changes as may be deemed advisable. It would also seem desirable to have a review of Indian administration in general, and in particular the social and economic status of the Indians. The problems facing Indians in changing times are many and varied, and, I believe require periodic review and study such as can be given by a parliamentary committee. We hope we will then be in a better position to consider such measures as may be necessary to improve the welfare of the Indians and facilitate the administration of their affairs.

Hon. J. W. Pickersgill (Bonavista-Twillingate): On this occasion I agree completely with what the hon. lady has said, and, having said that, I think we ought to pass her motion.

Mr. Frank Howard (Skeena): Mr. Speaker, the amiability just expressed by the hon. member for Bonavista-Twillingate (Mr. Pickersgill) will certainly not be disturbed as far as those of us in the C.C.F. are concerned. I do not mean the feeling between the minister and the hon. member for Bonavista-Twillingate, but the feeling of amicability which we in this group share toward this proposal to set up a committee to consider Indian affairs, a proposal which, we believe, will receive the support of everybody in this house.

Ever since notice of the intention to establish such a committee was placed on the order paper on February 9 we, together with others interested, have been anxiously awaiting the time when the matter would be proceeded with. Of course, the native Indian people have been more anxious than anyone to see the committee finally set up, in the hope that solutions might be forthcoming to the many problems affecting the Indian population. I have had numerous letters from members of Indian bands in my own constituency and others in British Columbia with respect to some of the questions which they hope may be dealt with by the committee.

The minister made reference to the joint committee which was established in 1946, the committee which met in that year and in subsequent years and whose work culminated in the 1951 amendments to the Indian Act. I hope the committee which is now contemplated, or one similar to it, will have the opportunity to meet during future sessions of this parliament, because I do not think it would be possible, within what we expect will be the few short months left of this session, to complete the exhaustive study of Indian affairs which must necessarily be made, and deal with all the problems in detail. This committee could, in my opinion, make a far greater contribution toward the welfare of Indians than any other agency or group if it approaches the whole question with some imagination, as I am sure it will, and with a keen desire to find solutions to the problems presented to it.

It may be, of course, that eventually there will be no need to have an Indian Act or an Indian affairs branch. It may be a time will come when our native Indian people will be on an equal footing with non-Indians throughout the country, a time when there will be no differentiation between peoples of Indian extraction and people from any other group. In the meantime I think it would be well to indicate some specific fields of interest with which the committee might concern itself. I should like to suggest some of these fields of interest; not in a critical way, but merely as a guide, as was done in 1946 when a similar committee was established. I should like to mention a number of topics which might well be considered in order that the committee, when it meets, may have some specific ideas concerning the people it might most profitably meet and the fields into which its inquiries can be directed.

In this regard I have an amendment to suggest to the motion. As I said earlier, I do not move it in any critical spirit or with the intention of detracting in any way from the contents of the motion which the hon. lady has put forward. The motion merely suggests that certain specific fields of interest should be included in the deliberations of the committee when it comes to examine Indian affairs. I, therefore, move, seconded by the hon. member for Timmins (Mr. Martin):

That the motion be amended as follows: At the end of paragraph one add the following: "including,

1. The liability of Indians to pay taxes,
2. The eligibility of Indians to vote at dominion elections,
3. The operation of Indian day and residential schools and the relationship between the Indian affairs branch and other educational groups, agencies and organizations regarding the education of Indians.
4. The relationship between the Indian affairs branch and the various provinces and municipalities,
5. The responsibilities of, and remuneration to band councils,
6. The relationship between the Department of Northern Affairs and National Resources and Indians resident in the Yukon and Northwest Territories, and
7. Any other matter or thing pertaining to the advancement of Indians which will lead to a more complete participation in all phases of society which, in the opinion of the Committee, should be dealt with.

Perhaps, Mr. Speaker, I may now proceed; and relate some of my remarks to the amendment. The key to success in the future so far as Indians and Indian affairs are concerned is to be found in enlightenment and understanding and a mutual desire to work together for the advancement of our native population. But it is also to be found, and to an equally great extent, in the manner of our co-operation. When I use the word "co-operation" I mean it to be all-inclusive. There is little doubt that there will be co-operation between all the members of the committee which the government contemplates setting up. But you will notice, Mr. Speaker, that one of the paragraphs in the amendment I have moved, namely paragraph 4, concerns the relationship between the Indian affairs branch and the various provinces and municipalities.

The provinces and municipalities are slowly being required to play a much larger role in Indian affairs than was the case ten or 12 years ago. What I have in mind is their jurisdictional responsibility and co-operation between municipalities who experience Indian problems day to day more so than does the federal parliament or more so, let us say, than does the Indian affairs branch, and that the co-operation of these groups and elements is most necessary with the various Indian organizations—naturally provincial ones—and other agencies which are interested in and concerned with Indian affairs. The amendment which I suggest, I would reiterate, is not made in the sense that most amendments are made in, that is in the sense of being critical of something or detracting from something or being advanced in a negative way.

This amendment is designed to set out what I think should be suggestions about some of the major and important questions in relation to Indian people and to give some guidance not only to the committee but more particularly to the many Indian bands and Indian councils and the provinces and municipalities which are affected by Indian affairs and are certainly interested in them.

Mr. Speaker: I have been considering the relevancy of the amendment which is proposed and before putting it I should be glad to hear if any hon. member has any assistance to give me as to the relevancy of the proposed parts of the motion by way of amendment.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, without inquiring into the various clauses of the proposed amendment, a copy of which has been given to me, may I say it seems to me that the whole scope of this amendment is covered in the words of the original motion:

> —investigate and report upon Indian administration in general and, in particular, on the social and economic status of the Indians.

I think what the hon. member is trying to achieve is already contained in the very broad phraseology that is used in the original motion.

Mr. Howard: Mr. Speaker, if I may comment on that phase of it, I do not think there is any doubt that the terms of the original resolution with respect to Indian administration and the social and economic status of the Indians are broad enough, as the minister said, but I wonder if that precludes specific suggestions concerning some of the things that could be contained within those broad aspects or considerations. It is in that light that I suggest this is an attempt to particularize some of the phases that are probably of greater importance than some of the other phases of Indian affairs.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I rise to support the remarks of the Minister of Citizenship and Immigration (Mrs. Fairclough) which are entirely relevant. This amendment attempts to particularize in some paragraphs the general terms of the main motion. We all realize the dangers of particularizing in these matters. By trying to particularize you sometimes restrict the operations of the committee through using specific terms because then the committee is limited to those specific terms. Therefore I think as a matter of policy and for the good of the committee the amendment is not one which should be accepted by the house.

On a point of order I would refer Your Honour to a citation in Beauchesne's 4th edition which no doubt Your Honour already has before him. I allude to citation No. 291 where Beauchesne says:

> 291. When the house is considering a motion, of which notice has been given, for the appointment of a select committee,—

Which is the case here. I continue:

> —a member cannot move in amendment that the committee be given wider powers than those which were set down in the notice.

As I said some of these paragraphs simply particularize the general terms of the resolution. Then too, we have reference to the relationship between Indian affairs and the department and the Indian affairs branch and various provinces and municipalities which I think is going rather farther than the terms of the resolution. We then find reference to the eligibility of Indians in relation to voting in federal elections. There is on the order paper, although I do not know where it stands, a motion to set up the elections committee of this house. I am under the impression that it is soon to be called. Certainly this is a matter pertaining to that committee. Without further elaboration I suggest that because of citation 291, and possibly because of other citations as well, the proposed amendment is out of order.

Mr. Speaker: My concern with the proposed amendment was rather along the line that the minister has just mentioned in that it was already included in the main motion. If it is fully covered it is, of course, redundant and not needed but it does specify certain things that are perhaps additional. My concern with this amendment is that it seems to go broadly into other fields. For instance, it raises the question of the liability of Indians to pay taxes. That seems to me to be a matter of taxation policy and quite removed from the Indian Act. Then there is

also the question of voting. I am not sure how far that is dealt with by the Indian Act. Those items are so broadly different from the general inquiry into the Indian Act that it seems to me in the light of citation 291 which indicates that a new matter can be introduced only by notice I cannot really be disposed to accept the amendment. If the hon. member has anything to say in reply to that I shall hear him briefly.

Mr. Howard: One comment, if I may. With respect to your reference to the liability of Indians to pay taxes I would submit there is reference in the Indian Act to the payment of taxes by native Indians and to the exemption of Indians from such payment. I submit the committee is competent to deal with this subject which falls within its jurisdiction. The subject does not wander into the other field of general taxation.

There is also reference in the Indian Act to the eligibility of Indians to vote in dominion elections. The act sets up the procedure which is connected with their liability to pay taxes. They may vote under certain circumstances but are restricted from voting under others.

I wish to make reference to citation 291. As I understood the Minister of National Revenue (Mr. Nowlan), he said this amendment was expanding upon the contents of the original motion and inasmuch as it did expand it would require notice. I realize I may be getting myself into another difficulty by arguing along these lines but I would submit that this amendment is not expansive of the contents of the motion itself which I say and which the minister indicated is written in the broadest possible terms and authorizes the committee to investigate into Indian administration in general and in particular into the social and economic status of the Indians.

I submit that each aspect of the contents of the amendment relates to the economic and social status of Indians in one way or another. I also submit the amendment does not expand the broad general approach set out in the motion but is rather designed to particularize some of the things which would fall within those broad general terms.

Mr. Speaker: I thank the hon. member and both ministers for their assistance on this rather novel point. Amendments usually do not take in as much territory as the proposed amendment. I think that is a difficulty which is insuperable.

I would refer also to citation 293 of Beauchesne dealing with a motion that a select committee be appointed to examine a rise in the cost of living and an amendment that the committee be empowered to examine the efforts of government policy in lessening agricultural production on which occasion the Speaker ruled as follows:

> Though I find this amendment relevant to the main motion, I cannot yet overlook the fact that questions of policy are so complex that they should not be moved as corollaries to the appointment of such a committee as the one now proposed. It is against all parliamentary usage to refer questions of policy to a fact-finding committee.

Farther on, he says:

> When an amendment is irregular in one particular, the whole of it is not admissible and must be ruled out of order.

A good part of this amendment is a repetition of the main motion, which I think would cover what the hon. member has in mind. I am concerned about the departures from the Indian Act which are involved in the question of taxation, which is not referred to this committee. I understand Indians are exempt from taxation. To ask this committee to inquire whether they should or should not be taxed while on the reserve seems to me to be outside of the scope of the motion and would require notice. Therefore, with regret I cannot accept the amendment of the hon. member.

Mr. Howard: May I pose a question, sir? This question is a bit irregular. Are we to take it, then, that the committee when established will not be able to deal with the questions in the amendment?

Mr. Speaker: The committee will have before it the interest of the hon. member in all of these things, and it will cover them as they desire.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I have an amendment to move in connection with this motion. It stems from the situation in my own region. In order to examine some of the very large problems which are spelled out in the resolution, I feel that the committee will have to do a considerable amount of travelling, and in that particular aspect it will be necessary, for practical purposes, for the committee to break up into certain subcommittees. I think especially of one area with over 200 Indians which is about 350 miles north of Port Arthur, and another one about 500 miles from Port Arthur, which have very special problems. I am not suggesting that this committee will necessarily go into this type of work, or that any subcommittees will do so, but I am sure there are examples of this across the country where an intimate personal contact on the part of members of the committee will be useful.

Since citation 294 of Beauchesne's Parliamentary Rules and Forms, fourth edition, says that a committee does not have power

to appoint subcommittees except under special circumstances, I would like to move, seconded by the hon. member for Burnaby-Coquitlam (Mr. Regier) an amendment to paragraph 3 by inserting after the word "power" in the first line, the following:

To appoint from its members such subcommittees as may be deemed advisable or necessary to deal with specific phases of the problem aforesaid;

Mr. Speaker: Has the hon. member who wishes to present this amendment considered citation 291, which has already been read, to this effect:

When the house is considering a motion, of which notice has been given, for the appointment of a select committee, a member cannot move in amendment that the committee be given wider powers than those which were set down in the notice.

It seems to me the amendment which the hon. member is proposing attempts to enlarge the powers of the committee, and it will therefore be rejected.

Motion agreed to.

BROADCASTING

MOTION FOR APPOINTMENT OF SELECT COMMITTEE

Hon. George C. Nowlan (Minister of National Revenue) moved:

That a select committee be appointed on broadcasting to consider radio and television broadcasting together with the annual report of the Canadian Broadcasting Corporation, and to review the operations, policies and aims of the corporation and its revenues, expenditures and development, with power to examine and inquire into the matters herein referred to, and to report from time to time their observations and opinions thereon, and to send for persons, papers and records;

That the committee have power to print such papers and evidence from day to day as may be deemed advisable or necessary;

That the committee have power to meet while the house is sitting;

That the committee shall consist of 35 members;

That standing orders 66 and 67 be suspended in relation thereto.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, there are just two brief points that I should like to put on *Hansard* in relation to this motion to establish a committee on broadcasting. First, I would like to recall the statement made by the minister, which appears at page 4046 of *Hansard* of August 25, 1958, when he said this:

On behalf of the government, Mr. Speaker, I would say that if it is requested at the next session of parliament, we will shortly after the session begins set up a special committee of the house to deal with radio and broadcasting generally. All these matters can be referred to that committee, and perhaps the committee can watch the organization take shape and form and grow during the session rather than speculate, which is all we can do now concerning the operation of the bill.

These words were uttered in August of last year to the effect that if the committee was asked for it would be established immediately. On three occasions, namely on January 26, 1959, on January 27, 1959, and on February 6, 1959 I asked that this committee be set up, the first time by putting the question to the Prime Minister (Mr. Diefenbaker), so that certain matters which were then of an important and pertinent nature could be discussed. Always the request for the establishment of the committee was refused or put off. I do not think the house should be treated to two kinds of promises: one undertaking that is fulfilled and another undertaking that is not, and that is deemed to be fulfilled as and when the minister, the government or the other side of the house thinks it should be. I thought this should go on record so that it would be clearly shown that, notwithstanding the request made by myself and many other hon. members for the establishment of this committee to deal with certain pertinent matters, the committee was not established.

All I need say is that we welcome the establishment of this committee, but we would have felt a great deal happier had it been established a long time ago.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, we look forward to this committee. We have shared the disappointment of the hon. member for Laurier (Mr. Chevrier) that it was not got under way before this, especially in the light of those optimistic remarks made by the minister when the bill itself was before the house last year, which instituted a new system of broadcasting. I think one of the greatest disappointments of everyone interested in broadcasting and telecasting has been the very slow way in which the board of broadcast governors has got under way. I think of one point. They still have not prepared any regulations in so far as political telecasting is concerned. According to my analysis they have made no attempts—

Mr. Nowlan: And have no intention of doing so.

Mr. Fisher: The minister says that they have no intention of doing so. Someone needs to do something about it. I know they have largely followed the old C.B.C. regulations in so far as radio political broadcasting is concerned.

One other disappointment in connection with its performance is the repetition of the C.B.C. policy, which more than one station operator has regretted, of setting out their regulations in mimeographed form, a very clumsy way. Obviously they are going to be added to on an ad hoc basis. It is a most unbusinesslike method.

I know this is not the place to make criticisms of the performance of the board

of broadcast governors but I think that in the committee we do want to take a close look at the board, perhaps not least because of the rather equivocal position that group took with regard to calling representatives of certain radio stations before it. We had this complete flummox and misunderstanding about what the purpose of these licence hearings was and I know that in my particular region there was a great deal of misunderstanding and hard feelings consequent upon the issue of the call.

If, as was originally suggested, these stations were being summoned in a sense to account because of certain kinds of programming then it should have been stated instead of having the back-tracking in this regard that did take place because it was obvious to most observers—certainly it could be seen from the press—that these particular stations had certainly given indications as to why their programming could be condemned or reassessed in the light of the issuance of the licences.

So far as the committee is concerned, we would hope that the matter of the committee having the power to meet while the house is sitting will not be extended, as in the case of some of the other select committees, so that we will be sitting right through from nine o'clock in the morning until the report of the C.B.C., for example, has been disposed of. With the number of committees we have coming at the present time I think it would be well to limit ourselves to morning and afternoon sittings at the most.

The Canadian Broadcasting Corporation has always been a favorite sniping target of past parliamentary committees and the amazing thing to anyone who has observed the operations of these committees is how year after year—the committee has met on the average of once every second year over a period of ten years—the conclusions reached by the committee roughly dovetailed with the report of the Massey commission and the Fowler commission that we needed this kind of institution and that there was a role for the C.B.C. in a country such as ours.

It seems to me that we will need information both from the C.B.C. and the board of broadcast governors about a most important question that has been claimed to be government policy. I refer to the matter of licences for television stations in those areas that already have C.B.C. television stations. I trust that when we get to work on the problem in the committee we will not be faced with the usual slough-off, as happens in so many committees, that this is strictly a question of government policy and that it is not for a committee of the house to become exercised about it. It seems to me that this is the forum where we need to go into this particular question, and I certainly believe that we have to start with the position of the C.B.C. as the officers of that corporation can enunciate it from the point of view of what their position is going to be in the face of competition. Otherwise it seems to me that the government will be operating in the dark when it does come to hand out these plums, and I think that everyone agrees that in the main they are going to be plums.

I must compliment the minister with regard to his general stand on radio and television broadcasting since it has been his responsibility. One hates to draw odorous comparisons with the previous situation but it does seem to me that, compared with the previous minister, he has certainly given a little more leeway to the corporation. With regard to the board of broadcast governors, I do not know what sort of relationship he has had with them but they certainly seem to have been able to fumble and bumble along on their own which would indicate that the minister did not stick his nose into things.

Whatever relationships he may have with the committee, I hope that he will be continuously liberal in a general sense and perhaps a bit more liberal than he has been in another committee before which he has appeared where in my view he has tended to draw perhaps too sharp a line between government policy and what one may expect by way of an answer from deputy ministers.

Motion agreed to.

CANADA ELECTIONS ACT

REFERENCE OF PROPOSED AMENDMENTS TO STANDING COMMITTEE ON PRIVILEGES AND ELECTIONS

Hon. J. W. Monteith (Minister of National Health and Welfare) (for the Secretary of State) moved:

That the standing committee on privileges and elections be empowered to study the Canada Elections Act, and the several amendments thereto suggested by the chief electoral officer; and to report to the house such proposals relating to the said act as the committee may deem to be advisable.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I ask the house leader what the business is for tomorrow and Friday as well?

Mr. Green: We shall carry on with the business I announced last night, commencing with the resolution dealing with federal-provincial tax-sharing arrangements.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

NATIONAL DEFENCE—SPECIFICATION WRITERS AND CONSTRUCTION CONSULTANTS

Question No. 327—**Mr. Herridge:**

1. How many specification writers are employed by the Department of National Defence, and at what salary in each case, for (a) navy; (b) army; (c) air force?

2. How many consultants for construction projects have been hired, during the past five years, for the (a) navy; (b) army; (c) air force, and how many of these consultants are presently employed and at what dates do their contracts terminate?

3. What percentage of the designs for any buildings has been prepared by private consultants, during the past five years, for the (a) navy; (b) army; (c) air force?

4. Have any construction contractors for the Department of National Defence complained of slipshod methods in the preparation of construction specifications during the past twelve months?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. (a) The R.C.N. does not employ personnel specifically for specification writing. All specifications are prepared by engineers and architects on the staff of the civil engineer in chief as part of their design work.

(b) 3.

	1	$6840-$7860
	1	$6480-$7200
	1	$5700-$6180

(c) 4.

	1	$7500-$8580
	2	$6420-$7200
	1	$6210-$6660

2.

	Consultants retained during last 5 years	Presently employed	All contracts will have terminated by
(a)	36	12	January 1960
(b)	113	37	April 1960
(c)	127	35	January 1960

3. (a) 36 per cent est., (b) 95 per cent est., (c) 35 per cent est.

4. The Canadian construction association has complained about the number of modifications to D.N.D. standard specifications, a condition brought about by changes in construction methods and materials since the original specifications were prepared. The services' design branches are now incorporating addenda within the body of the main specifications and it is anticipated this will alleviate the condition leading to such complaints.

Questions

INTERSERVICE EQUIVALENTS BOARD

Question No. 349—**Mr. Herridge:**

1. Who are the members of the interservice equivalents board, and what was the total expenditure for salaries of (a) members of the board; (b) staff; (c) travelling expenses, for the year 1958?

2. What are the functions of the interservice equivalents board, and to whom is it directly responsible?

3. Has the board issued an equivalent certificate for a door closer named the Briton? If so, how many certificates for this product have been issued during the years 1957-58, and how many door closers does this represent?

4. What is the cost of the Briton door closer?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. The members of the interservice equivalents board are as follows: Air Commodore R. B. Whiting, Chairman, R.C.A.F. member; Capt. J. B. Roper, R.C.N. member; Brig. H. L. Meuser, Army member; Mr. A. M. Fordyce, D.R.B. member; Mr. W. Loynes, A.D.M. (C&P).

(a) The members of the board receive no salaries for service as members.

(b) Total salaries for staff, $45,805.

(c) Total travelling expenses for staff, $133.30.

2. The functions of the interservice equivalents board were described in detail in a paper tabled on Friday, July 25, 1958 during the proceedings of the standing committee on estimates. (See appendix H—pp. 567-69) The board is responsible to the assistant deputy minister for construction and properties, Department of National Defence.

3. Yes, 68 certificates approving Briton door closers were issued to various firms in 1957 and 1958. It is not possible to give the exact number of Briton door closers represented by the certificates issued. To obtain this information would require an inspection of all the buildings on all the sites for which the approvals had been given.

4. The cost of the Briton door closer varies according to size and competitive circumstances. The cost of the Briton door closers used in D.N.D. buildings range from approximately $10.50 to $13.50.

ARMOURY PURCHASE, SACKVILLE, N.B.

Question No. 352—**Mr. McWilliam:**

1. Did the Department of National Defence or other government agency purchase a building in the town of Sackville, New Brunswick, for use as an armoury?

2. If so, from whom was it purchased?

3. What was the amount paid for the building?

4. Were there other expenses in connection with this purchase? If so, to whom, and in what amounts were moneys paid?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. The Department of National Defence purchased the Stratton Motors building located at the corner of Main street and Allison avenue, in the town of Sackville, N.B.

2. The building was purchased from Mrs. Ethel M. Wood, Sackville, N.B.

3. The amount paid was $28,500.

4. There were no additional expenses in connection with this purchase other than the legal fees payable to the agent of the Department of Justice. This account has not yet been received.

BRITON DOOR CLOSER—GERMAN SILVER HINGES

Question No. 356—**Mr. Herridge:**

1. Has the Briton door closer been tested by the Department of Public Works? If so, was it found unsatisfactory?

2. Has the inter-service equivalents board issued a certificate of equivalency for German silver hinges, in lieu of stainless steel hinges manufactured in Canada?

3. Has the use of German silver hinges received the approval of the appropriate construction officials of the army?

Answer by: **Hon. Henri Courtemanche (Secretary of State):**

1. (a) Yes. (b) No.
2. No.
3. No.

HOUSE OF COMMONS

Thursday, April 30, 1959

The house met at 2.30 p.m.

VETERANS AFFAIRS

Second, third and fourth reports of standing committee on veterans affairs—Mr. Dinsdale.

TRADE

OIL—ANNOUNCEMENT OF REMOVAL OF U.S. RESTRICTIONS ON CERTAIN IMPORTS

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as the house knows, the United States since July of 1957 has restricted imports of oil, first by what was known as the voluntary oil imports program and, since March 10, 1959, by mandatory controls. This government has consistently maintained and repeatedly emphasized to the government of the United States that we could not recognize that such controls were consistent with the mutual security interest of Canada and the United States and with the economic co-operation which must underlie such a vital common interest.

I am pleased, therefore to be able to tell the house that the United States government has today announced the exemption from import restrictions of crude oil, unfinished oils, and finished petroleum products which enter the United States by pipe line, motor carrier or rail from the country in which they are produced. Under the terms of the United States government decision the exemption will become effective as of June 1 next.

I wish to take this occasion to express the Canadian government's satisfaction at the decision which has been taken and announced by the United States. I am glad to recognize that it is the consequence of a desire on the part of the United States administration to reach agreement with Canada in the solution of a difficult problem.

The exemption will be of direct benefit to the export sales of Canadian crude oil and products. As important, if not more, is the benefit which will follow in terms of a normal, healthy development of the Canadian petroleum industry, which is thus restored to its appropriate place as an important and natural supplier of the North American markets.

In addition to its intrinsic importance for the future of the Canadian oil industry, the decision is also of significance in terms of our general relations with the United States in that it removes a source of distressing irritation and reflects a degree of co-operation and sensible development of resources which is so necessary for the economic prosperity and mutual defence of our two countries.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am sure all hon. members of the house will have heard with great satisfaction from the Prime Minister of the decision of the United States government to lift the restriction on the export from Canada to the United States of this very important product. We all hope this may be followed by an increase in our exports of oil to the United States and in an encouragement to the development of this industry.

Perhaps I am not right in this assumption, but I assume from the Prime Minister's statement that the action taken by the government of the United States affects Canadian oil and not imports of oil from other countries in this hemisphere. If that assumption is correct perhaps I may be permitted to ask the Prime Minister whether as a result of the discussions and negotiations that have been carried on in Washington, Canada's hands are tied in any way in regard to any action which we may feel obliged to take in the future concerning imports of oil from, say, Venezuela.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, this announcement by the Prime Minister is a welcome one. I believe that parliament as a whole has supported the representations the government of Canada has made to the United States. We have supported the government in these actions, and we are fully confident of the fact that because parliament spoke with one voice this had some bearing on the important results announced today.

This announcement is of importance to the Canadian oil industry and to the oil industry of western Canada in particular. In recent months there have been serious cut-backs in production. There has been a reluctance on the part of oil companies to continue exploration at a rapid pace. We hope this will restore morale to the oil industry and mean an expanded exploration and development program. We believe it should result in increased markets for Canadian oil.

Inquiries of the Ministry

Mr. Diefenbaker: Mr. Speaker, the question raised by the Leader of the Opposition I think is answered by the fact that the exception covers the products I mentioned which enter the United States by pipe line, motor carrier or rail from the country in which they are produced.

NATIONAL DEFENCE

NUCLEAR WEAPONS—INQUIRY AS TO AGREEMENT ON STORING AND CONTROL IN CANADA

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether any agreement has been reached with the United States in regard to the storing and control of nuclear weapons on Canadian soil.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am glad to welcome the hon. member's return after his enforced absence from the house. I assure him that the whole subject will be dealt with very shortly on an occasion other than on orders of the day.

REQUEST FOR TABLING OF WHITE PAPER IN ENGLISH AND FRENCH

On the orders of the day:

Mr. Maurice Bourget (Levis): Mr. Speaker, I should like to direct a question to the Minister of National Defence. I understand that he said yesterday the white paper on national defence would be tabled today. I should like to ask him if he would inform the house whether French and English copies of that report will be made available simultaneously.

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, the white paper on national defence was placed in the hands of the Clerk of the house today, and it will be distributed to hon. members by the distribution office some time today. Unfortunately, although the translation has been completed, the printing of the French edition is not yet complete. As soon as it is finished it will be distributed to the members.

ST. LAWRENCE SEAWAY

REPORTED STATEMENT RESPECTING INADEQUATE FACILITIES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I wish to direct a question to the Minister of Transport arising out of a report in this morning's Montreal *Gazette* that a 15,000-ton vessel dented two hull plates, scraped her sides and lost part of her deck railing in negotiating the canals and locks. Can the minister comment on the statement by Captain MacDermid of the Grace Line freighter *Santa Regina* to the effect that unless changes are made in the seaway canals and locks, which are so narrow and inadequate, ocean vessels may have to be redesigned to avoid damaging their hulls and superstructures in the cramped facilities of the seaway?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I would say it is all a matter of ocean-going skippers becoming as skilled as lake-going skippers in navigating their ships through the seaway.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO FURTHER EXTENSION OF BENEFITS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct a question to the Minister of Labour. I understand the government is in receipt of telegrams from the Vancouver and district labour council and affiliated unions expressing concern at unemployment insurance supplementary benefits being cut off on May 15. This is the purport of the telegrams. Can the minister inform the house of government policy on this matter, and will provision be made for continuing assistance if employment is not available?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, no consideration has been given to that suggestion as yet.

Mr. Winch: May I ask a supplementary question. In view of the statement by the Minister of Labour that no consideration is being given to the matter, will the Minister of Labour inform the house—if supplementary benefits are cut off on May 15 and no employment is available—what the government expects these men and women to live on?

Hon. Paul Martin (Essex East): May I ask the Minister of Labour a supplementary question to that put by the hon. member for Vancouver East in regard to representations made to the Prime Minister in the matter of a continuation of supplementary unemployment insurance benefits. The minister said no consideration has been given that matter. In view of the fact that we shall soon be confronted with the 15th day of May, will the government give consideration to this request?

Mr. Starr: Mr. Speaker, this government, for the first time any government has ever taken such action, extended seasonal benefits by two months last year and again for six weeks on a temporary basis when conditions

demanded it; whereas the former government would not even extend it by even one month.

Mr. Martin (Essex East): They did not face the unemployment levels now before us.

Mr. Starr: Those conditions existed in 1954 and 1955. The members of this house and the people of this country have a great deal of confidence in this government, and we will see that the proper thing is done to look after the people.

Mr. Chevrier: Not nearly as much as you think.

Mr. Martin (Essex East): Mr. Speaker, I thank the minister for what he has said, but he has not yet answered my question. In view of the fact that there are now over 522,000 men and women out of work in Canada, will my hon. friend tell the house whether or not the government will give consideration to the request made to the Prime Minister by the Vancouver and district labour council?

Mr. Starr: Mr. Speaker, this government gives consideration to every request, as has been pointed out. On every occasion when requests have been brought to the attention of this government, action has been taken.

Mr. Winch: Based on the remarks of the minister a few moments ago, if these people are cut off from benefits on May 15, what do they live on as far as government policy is concerned?

Mr. Speaker: The hon. member is carrying on an argument on this question.

COAL

REPORTED LAY-OFFS IN ALBERTA MINES

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I should like to address a question to the Minister of Labour. A few days having passed since I asked a question in reference to some men being laid off in Drumheller as a result of the abandonment of two mines, what consideration if any has been given this matter by the minister's department up to date?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, as I pointed out to the hon. member the other day, my officials are doing everything possible to assist those miners who have lost their jobs in the Drumheller coal mines. There are approximately 300 of that type of miner. Every effort is being made to find alternative employment wherever this can be located. I have declared this area a labour surplus area, so that arrangements can be made to pay removal expenses of those miners, their wives, families and household effects, who wish to take jobs in other areas. This is not compulsory on anyone who does not wish to so move.

FINANCE

REPORTED INCREASE IN BANK RATE SINCE APRIL 28

On the orders of the day:

Mr. Lucien Cardin (Richelieu-Vercheres): May I direct a question to the Minister of Finance? Will the minister advise the house whether bank rates have increased since he spoke in the house on Tuesday last?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the weekly rate on treasury bills today is 4.76 compared with last week's rate of 4.72. It is practically the same as last week's.

Mr. Cardin: It did increase.

Mr. Fleming (Eglinton): If the hon. gentleman wishes to gloat over the increase I presume he will continue to do so, as his colleagues have in the past.

Mr. Chevrier: You should not get angry over a question like that.

SHIPPING

P.E.I.-NFLD.—REQUEST FOR SUBSIDY ON STEAMSHIP SERVICE

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, I should like to direct a question to the Minister of Transport. May I ask the minister if his department is giving consideration to a request from the Newfoundland board of trade for a subsidy on a steamship service between Prince Edward Island and Newfoundland and, if so, what is the attitude of the department?

Hon. George H. Hees (Minister of Transport): We are giving consideration to that request, Mr. Speaker.

IMMIGRATION

REPORTED UNFAVOURABLE PUBLICITY IN U. K. NEWSPAPER

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the Minister of Citizenship and Immigration. As an immigrant who came from Great Britain in the same year as the Minister of National Defence, but who has not done nearly as well as he, and as one who is proud to be a Canadian, I am very concerned, as I think a number of other members are, about the series of articles recently published by the English

newspaper *The People* with respect to conditions in Canada, supplemented by pictures taken I believe in 1955. Would the minister inform the house of the steps being taken by her department to correct the false impression of conditions in Canada created by these articles?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, we have been greatly concerned over what we consider to be the totally false picture painted by this newspaper. A representative of the paper is in Canada at present and the facilities of my department have been made available to him so that he may properly assess the facts as they are. We hope the stories he will write will be somewhat different from those he has written in the past.

I should also like to say that I am grateful to the members of the press gallery having connections with other United Kingdom papers who have offered the facilities of their newspapers in an effort to set the story straight. I believe that through this medium we will eventually get across to the people of the United Kingdom the facts as they are.

HOUSE OF COMMONS

ELEVATOR SERVICE FOR MEMBERS DURING RINGING OF BELLS

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I understand it is not proper to interrogate the Speaker, and in line with the usual custom I should like to ask the Minister of Public Works whether he has noticed the growing annoyance of members of the house because the old rule is not being observed that when the bells ring calling us into the house for its opening or for a vote, first priority on the elevators should go to members of the house. Will the minister look into the existing situation?

Hon. Howard C. Green (Minister of Public Works): This really comes under His Honour, I believe. However, I will be very glad to do what I can.

LIVESTOCK

BOISSEVAIN, MAN.—CERTIFICATION TO HANDLE REGISTERED STOCK

On the orders of the day:

Mr. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I should like to direct a question to the Minister of Agriculture, notice of which I have given him. Has any progress been made in having the port of Boissevain certified to handle registered livestock shipped through there? In view of the approaching summer season this matter is assuming some urgency.

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, Canadian livestock inspection facilities are in the process of being built at Boissevain, Manitoba, close to the United States border, and when these facilities are ready they will be available to the United States department of agriculture veterinary officials for the inspection of Canadian cattle moving to the United States. The United States authorities have not yet agreed to provide regular veterinary inspection services at Boissevain. However, when the Canadian inspection facilities are available the United States veterinarians will travel to Boissevain at the request of the United States importers to make the inspection of Canadian cattle moving to the United States. Expenses and time charges made by the United States animal inspection service for this inspection away from a regular United States inspection port are chargeable to the owner of the livestock being examined for admittance to the United States.

As soon as our new inspection facilities at Boissevain are ready for use we intend to again write the United States department of agriculture officials requesting that they provide part-time inspection facilities on prescribed days at Boissevain.

Mr. Pickersgill: May I ask a supplementary question of the minister. Does he hope to have these facilities at Boissevain ready by May 14?

Mr. Harkness: Mr. Speaker, I do not know why the hon. member for Bonavista-Twillingate seems to be so interested in affairs in Manitoba at the present time.

Mr. Pickersgill: I lived there for 30 years.

Mr. Harkness: Apparently he has some particular interest there which has not been disclosed to the house.

Mr. Bell (Saint John-Albert): They ran him out.

Mr. Harkness: In any event, this matter has been under consideration for well over a year now, and progress has been made in getting something satisfactory to the people there into operation.

COMBINES INVESTIGATION ACT

PACIFIC PRESS LIMITED—INQUIRY AS TO STATUS OF INVESTIGATION

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Justice,

of which notice was given earlier this morning. Is the minister able to give the house any information regarding the status of the investigation by the combines investigation branch into the operations of Pacific Press Limited of Vancouver?

Hon. E. D. Fulton (Minister of Justice): In accord with the usual practice, I must answer this question in rather general terms; and say, I am not in a position to give the house any information regarding the state of this investigation, except that I have not yet received any report from the restrictive trade practices commission; but if and when I do receive such a report it will be published, as required by the act, in the usual way.

BUSINESS OF THE HOUSE

REQUEST FOR RECONSTITUTION OF JOINT COMMITTEE ON CAPITAL PUNISHMENT

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of Justice. I regret not having given him notice, but since he is so conversant with the operations and responsibilities of his department I feel sure he can answer extemporaneously.

In view of the unanimous recommendation of the joint committee of the Senate and the House of Commons that the question of capital punishment should be reviewed, and in view of the statement by Mr. Justice Manson denouncing the use of the Queen's clemency to commute death penalties to life imprisonment as an abrogation of the authority of parliament—with which statement I may say, sir, I completely disagree—

Some hon. Members: Order.

Mr. Speaker: Up to this point the hon. member has been out of order, so perhaps he can bring himself in order by asking his question.

Mr. Winch: I was right there when you rose, Mr. Speaker. My question, therefore, is, will the minister inform the house whether consideration has been given or will be given to reconstituting the joint committee for the purpose of further considering this most important, controversial and complex matter?

Hon. E. D. Fulton (Minister of Justice): I can tell the hon. gentleman that up to the present time no consideration has been given to reconstituting that committee, and in view of the complaints we have already heard from the opposition about the number of committees on which they have to serve I should think it is not likely that any consideration will be given to that suggestion at this session.

Inquiries of the Ministry

TELEVISION

BRITISH COLUMBIA—REQUEST FOR ESTABLISHMENT OF LOWER MAINLAND STATION

On the orders of the day:

Mr. W. A. McLennan (New Westminster): I should like to direct a question to the Minister of National Revenue. Since over 60 per cent of the population of British Columbia live in the lower mainland area, where there is no private television station, and since $1,500,000 per year is spent by British Columbians on advertising over the Bellingham, United States, television station, would the minister give consideration to granting a private television licence for a station in the lower mainland area of British Columbia, preferably in the New Westminster-Surrey district?

Hon. George C. Nowlan (Minister of National Revenue): The short answer to that question, Mr. Speaker, is no, because of course I have no control over the issuance of television licences. This matter comes under the control of the board of broadcast governors. Therefore I have no opinion in this matter, but in fairness to the house, and with Your Honour's permission, I may take 30 seconds because I know many members are interested in this matter.

I find that there are no regulations respecting television in Canada. I have asked the board of broadcast governors to draft regulations respecting television in Canada so that if and when the board of broadcast governors see fit to consider or grant applications for additional television stations wherever they may be, the applicants will at least know the rules and regulations with which they will have to comply, and will not have to complain about the fact that someone has changed the rules in the middle of the game. I am advised by the board of broadcast governors that they hope the regulations will shortly be drafted in preliminary form and finished in the very near future, and once they have been published and promulgated the government will then give consideration to lifting the present restrictions on competing television stations in Canada.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I ask Your Honour if it is now permissible to discuss this question now, at this moment, because this matter was raised by members of the opposition on a previous occasion and the minister has taken this opportunity, in answering a question, to debate this matter. I might say there are many members on this side of the house who would like to enter the debate.

Mr. Speaker: As I understood the minister, he asked leave of the house to make the short statement he did make, and no objection was taken. Therefore I assumed the house gave its consent.

Mr. Chevrier: Mr. Speaker, I here and now take objection to the form of the question, although of course it might be important to the hon. member. I take objection to the form of the question and to the manner in which the answer was given, because this is the very kind of question which has been prevented from being asked from this side of the house and, with respect, the rules should apply to both sides of the house.

Mr. Speaker: I will note what the hon. member has said. The question has been asked, and the answer was no.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I would just like to support what the hon. member for Laurier has said. We had a discussion yesterday on this very topic, and the only comment we had from the minister was a brief interjection.

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS ACT

FURTHER EXTENSION OF INCOME TAX RATE

The house resumed, from Wednesday, March 11, consideration in committee of the following resolution—Mr. Fleming (Eglinton)—Mr. Rea in the chair:

That it is expedient to introduce a measure to amend the Federal-Provincial Tax-Sharing Arrangements Act to extend for a further period of one year the rate of 13 per cent for standard individual income tax for the purpose of calculating the tax equalization payments to the provinces and the amounts payable to the provinces under the tax rental agreements.

Mr. Regier: Mr. Chairman, when we last had this resolution before us on March 11, in the dying minutes of the day the minister made an appeal to the house, as recorded on page 1854 of *Hansard*, to agree to the passing of this resolution. At the time I indicated we were not yet prepared to allow the resolution to pass so the minister might introduce the bill, because looking at the wording of the resolution it is obvious that once the bill is before us we will be limited very much indeed in our debate on the matter. Once the bill is before us we will be limited to the terms which are outlined in the bill. Looking at the resolution, it says:

That it is expedient to introduce a measure to amend the Federal-Provincial Tax-Sharing Arrangements Act—

There is a feeling in our group that the word "expedient" in this context is of importance. I looked up the word in the dictionary, and I found that "expedient" may mean that "it is advisable". However, I also noticed in one dictionary that in the days of William Shakespeare the word "expedient" could be interpreted as "hasty". I believe that the Elizabethan interpretation of the word "expedient" ought to apply here. I would prefer to say that the resolution ought to read: "Resolved that because of the lack of policy and the unwillingness to fulfil election pledges, it is regrettable that it is expedient that this measure now be introduced."

I realize that a ruling has been given that we may not at this time debate the advisability of calling together a formal dominion-provincial conference. The minister has indicated that there is to be a meeting of the finance ministers of the ten provincial governments himself, and to that end the minister has indicated on the orders of the day that he has now employed a roving ambassador who is interviewing the ten provincial finance ministers.

I hope that before the resolution is adopted the minister is going to indicate to the house what kind of reception this roving ambassador has received and when we may expect the meeting of the finance ministers. We feel that the government has ignored its election pledges, that it is carrying on the old policy, and that it is employing an ad hoc philosophy in regard to the financial resources of the various levels of government. We in our group feel that there ought to be developing in Canada the idea that the federal government should begin to share the responsibilities that are faced by various levels of government in the year 1959. We prefer a sharing of responsibilities attitude to the approach that used to be expounded by the Conservatives when in opposition, which was one of the federal government relinquishing certain sources of revenue in favour of other levels of government.

We should like to ask the minister this question. On what basis is this resolution founded? Why does he ask the house to continue the old arrangement? I have indicated before that what the minister is now asking is not in line with his election speeches. We notice—and it is with agreement on our part—that the government has provided for extraordinary grants for a number of our Canadian provinces, namely Newfoundland, Prince Edward Island, New Brunswick and Nova Scotia. We notice also, and with extreme pleasure, that the federal government under the auspices of the Prime Minister has at long last agreed to share the cost of a major undertaking in the province of Saskatchewan. I refer, of course, to the building of the dam. We also note with some agreement that the federal government is willing to share responsibility in the field

of unemployment by way of its winter works program, that the federal government has also agreed to help in the development of natural resources, and has itself evolved a roads to resources program. We hear—and we hear this only by way of the "grapevine" —that the federal government is about to undertake a sharing of some responsibilities with the government of Manitoba, and we hope an announcement in that regard will not be very long delayed.

This problem which faces our ten provincial governments and all our municipal governments is a very serious one. Since March 11, when this question was last under discussion, we have received information regarding the expected revenues and expenditures of each of our provincial governments. We have also read a good deal in our home town newspapers about the budgets of our municipal governments. It causes us a great deal of concern when we realize that our municipal governments, almost without exception, have found it necessary to raise the mill rate.

I know the advice the Prime Minister gave to the municipalities last October was that if they did not wish to raise their mill rates, maybe they ought to raise their assessments. That is advice which I think could be exploded by any 14 or 15-year old in Canada. However, we regret that our municipalities, by reason of the niggardliness of this federal government, are in the position where they must either raise their mill rates or their assessments. I may say that many municipalities and provinces are giving very serious consideration to the imposition of a retail sales tax in order that they may be able to meet their obligations. I understand that in the province of Manitoba, unless there is an extraordinary announcement on the part of the national government, a sales tax will be imposed after May 14.

I should like at this point to read the receipts by way of taxation for the fiscal year ending March 31, 1957. I notice that the federal government received the sum of $5,019 million. Our provinces were able to collect $733 million, and our municipal governments were able to raise the sum of $923 million. In other words, of all the taxes levied upon Canadians 75 per cent went to the Minister of Finance here in Ottawa, our ten ministers of finance in the provinces collected 11 per cent, and our municipalities collected 14 per cent.

Now let us look at what happened in the year 1937. We see that in that year the federal government did not receive 75 per cent of the taxes the Canadian people had to pay. They received only 47 per cent. Our provincial governments did not receive 11 per cent. They got twice as much; they received 22 per cent of the taxpayers' dollar. In the same year, 1937, our municipalities received 31 per cent, as compared with 14 per cent in the fiscal year ending March 31, 1957. Thus we see that there has been a real change in the apportionment of the money which the Canadian people pay in taxes. The federal government has received an ever-growing share of that money, and other levels of government which have been faced with increasing responsibilities have received a lesser percentage.

We believe there ought to be a growing willingness on the part of the government of Canada to enter into agreements with other levels of government in assuming a part of the burden. I notice that in the fiscal year ending March 31, 1957 in the important field of transportation, while the provinces incurred expenditures amounting to $591 million the federal government spent only $27 million. In other words, this government spent only 4.5 per cent of the money which was spent by the various Canadian governments in improving our roads and highways. In the field of health, while the provincial governments had to spend $326 million expenditures by the federal government in this sphere amounted to only $37 million, or 11 per cent. I could list social welfare, education and resources and, in the second case, the figures show that the federal government paid only 1.3 per cent of the total expenditures on education.

It is our contention that the resolution is inadequate in that it makes no new arrangements whereby other levels of government have any reason to look forward to a new deal at the hands of the present Minister of Finance.

Mr. Carter: Mr. Chairman, in a recent nation-wide telecast the Prime Minister of Canada made the following statement:

> I find that since confederation Newfoundland has received a total of $300 million from the federal government including the amounts for the current year.

In view of that statement by the Prime Minister I should like to ask the Minister of Finance if he would be good enough to give the committee the total amounts under all headings paid to each of the other nine provinces for the same period, including the amounts for the current year. I should like to emphasize that I am not interested in a breakdown of these figures, but just the total amounts.

(Translation):

Mr. Caron: Mr. Chairman, for a number of years that very significant matter of federal-provincial agreements has been discussed in this house. We all admit that the subsidies paid to the provinces by the government are

justified. Criticism is mainly aimed at the way those subsidies are distributed. Now, the method of distribution was attacked at the time our hon. friends opposite were sitting on this side of the house, and the promises they have been making since 1957 would lead the people of Canada, and particularly in Quebec, to believe that there would be great changes in the approach to this matter.

Indeed, after the Conservative government came into power on October 18, 1957, the Solicitor General and member for Three Rivers (Mr. Balcer) stated in this house, in answer to a question:

> Mr. Speaker, I would like to tell my hon. friend that I am still opposed to subsidies such as were proposed by the former government.

A little later he added:

> I want to tell him that proposals of the federal government are not yet known, but I am convinced that they will be made on a very different basis from those of the former government.

Consequently, I cannot blame the Solicitor General very much for believing this. He had followed the various discussions held in the house and, in view of the speeches made by the present Minister of Finance (Mr. Fleming), at the time he was sitting in the opposition, everything pointed to a very different approach when the Conservatives would come into power, for on July 23, 1956, as shown on page 6296 of the official record, the present Minister of Finance said:

> I ask the government to take a responsible attitude in this matter and recognize the imperative needs of the provincial and municipal governments. This formula is at best a makeshift; it is no solution of the problem. What is needed is a government with a realistic and sympathetic appreciation of the responsibilities and burdens and problems of the provinces and a wholesome respect for the constitutional position of the provinces and the constitutional rights they possess, as well as the responsibilities they bear.

In the light of that statement made by the present Finance Minister when he was sitting in the opposition, it will be seen that, according to him, the Liberal government of the day did not sufficiently consult the provinces before taking a decision. At that time he wanted more federal-provincial conferences. Yet, since the Conservative government took power, the provinces have been called in only once. Indeed, after provincial officials had met for a couple of days in Ottawa, they were told: "Now go home and study the position; draw up some suggestions and we shall call you in again later and you may then submit them."

Since then, no action was taken to call a further federal-provincial conference to discuss that important problem. And yet, during the 1956 session, as recorded on page 699 of *Hansard,* the present Minister of Finance stated:

> Would the Minister permit a question? Has the government given consideration to the resumption of the federal-provincial conference on constitutional questions?

It can be seen, therefore, that the present Minister of Finance, who was then so interested in calling a federal-provincial conference when the Liberal party was in power, has completely lost track of the opinions he expressed at the time, since, on July 23, 1956, as recorded on page 6287 of *Hansard,* he stated:

> The house is now asked to carry into legislative form and effect the formula which was the essence of the federal government proposals. We are asked to do so with full knowledge that no provincial government has yet given its approval to those proposals and indeed with full knowledge that there has been widespread disapproval of the government proposals on the ground of their inadequacy.

A little farther on, he added:

> If we look at the constitution with regard to the history of the intervening 89 years, we must recognize at once, as fairminded men and women, that the provinces in these common fields of taxation have at least equal rights with the dominion.

Again it was he who, when sitting on this side of the house, denounced the Liberal government's policy. Yet, we know that when the Liberal party was running the country, it never imposed its will on the provinces and never acted without first consulting them, to establish what should be done. There might have been times when the governments concerned failed to reach full agreement, but each time, at least, the provinces were consulted; they were not informed of a decision by a mere telegram or announcement in the speech from the throne.

Here is a further statement of the hon. member for Eglinton, during the 1956 session, as recorded on page 6289 of *Hansard:*

> Sir, there have been premiers who have said that so far as the so-called conference this year was concerned, it was really no conference at all.

And yet, Mr. Chairman, it was still he who said that the Conservative government had called a federal-provincial conference, he who then criticized the Liberal government about such a conference, because there had not been full agreement, who criticized the Liberal government's attitude in saying

that it was no conference at all. How would the present Minister of Finance describe the federal-provincial conference he called hardly a year and half ago, when the provinces were required—

(Text):

Mr. Fleming (Eglinton): Mr. Chairman, I rise on a point of order. I do not wish to interrupt the speech of the hon. gentleman, but when this resolution was under debate on March 11 a question arose as to whether it was in order to make references to proposals for a dominion-provincial conference, and a ruling was made at that time that it was not in order to refer to that subject in view of the extended debate that had taken place on that same subject in this house on February 9 and 10, culminating in a decision of the house on the evening of February 10 on an amendment to a supply motion. You will recall, Mr. Chairman, that from the time of that ruling on March 11 the debate proceeded on the basis that reference to the subject of a dominion-provincial conference was out of order.

The Deputy Chairman: The hon. member will keep that in mind.

(Translation):

Mr. Caron: Mr. Chairman, on the point of order—

(Text):

On a point of order, Mr. Chairman. Seeing that you have your hearing aid may I be permitted to continue in French?

(Translation):

I believe, Mr. Chairman, that the way the Minister of Finance's approach to the problem is so narrow as to be unacceptable.

The resolution reads:

> That it is expedient to introduce a measure to amend the federal provincial tax sharing arrangement act—

It deals with matters which must be related to the sharing of taxes between the federal government and the provinces. It therefore follows that such agreements cannot be made in the manner announced by the minister, either by telegram or in the speech from the throne. But we can also rightly claim, as did the minister himself when he used to sit on this side of the house, that in this matter a federal-provincial conference is essential to the good relations between the federal government and the provinces. I say that if he tries to curtail the debate on that matter he would be enforcing closure, and I do not think that the chairman could agree to that at this time.

The matter of federal-provincial relations is intimately related to federal-provincial conferences.

(Text):

The Deputy Chairman: Order. I think the hon. member must realize that the Chair is bound strictly by the rules of the house. Since a resolution dealing with a federal-provincial conference was discussed on February 9 and 10, the hon. member cannot discuss a matter that has already been discussed. I am sure the hon. member must realize that. I say once again the Chair does not make the rules; it interprets them, and I shall have to ask the hon. member not to debate a federal-provincial conference since it has already been discussed.

Mr. Martin (Essex East): I point out to you, sir, that the strictness of the ruling you have just given does not seem to be in conformity with the rules or the practice of this house. I am not addressing myself now to the point made by the Minister of Finance. An hon. member in a subsequent debate, after another matter had been decided, is certainly not precluded from making reference discussed but which has some relevancy to to the subject matter which may have been the point under immediate discussion.

To say that the hon. member who is now speaking cannot refer to the failure of the government to call a dominion-provincial conference is surely stretching the rules of the house far beyond their literal meaning and far beyond what was ever intended. I submit with confidence that the hon. member has the right to refer to the fact that the government has not called a conference and that it should call a conference. He has no right to make a full speech on that subject, but to preclude him from making reference to it is I think doing mischief to the rule referred to by the Minister of Finance.

The Deputy Chairman: I would refer the hon. member to citation 148 of Beauchesne's *Parliamentary Rules and Forms,* fourth edition:

> It is a wholesome restraint upon members that they cannot revive a debate already concluded; and it would be little use in preventing the same question from being offered twice in the same session if, without being offered, its merits might be discussed again and again.

This is exactly the point I was trying to make to the hon. member. I realize that there may have to be references to it, but not a debate on the question of a federal-provincial conference.

Mr. Martin (Essex East): If I may say so, sir, you have underlined the very important words:

> It is a wholesome restraint upon members that they cannot revive a debate already concluded—

That is clear; that is the rule to which the minister directed our attention. But then it goes on to say:

—and it would be little use in preventing the same question from being offered twice in the same session if, without being offered, its merits might be discussed again and again.

It is not being offered again. That is not what the hon. member is doing. He is discussing the resolution before us, which has to do with the rate of 13 per cent for standard individual income tax for the purpose of calculating the tax equalization payments to the provinces and the amounts payable to the provinces under the tax rental agreements. Surely under this he can refer to the failure of the government to do certain things which would have made more effective the very purpose contemplated in the resolution now before the house.

All that the hon. member has been doing is to refer in passing to this conference and to the failure of the government to carry out its promise to call the provinces together for the very purpose of this resolution. We could not have debate of any kind in this house if we were to be restricted in the manner suggested by you, sir, a few moments ago.

The Deputy Chairman: I am not suggesting the hon. member cannot refer to it, but he cannot enter into a debate on it. I was listening to him quite closely, and I was getting the impression that he was going to debate it. I hope the hon. member will bear that in mind.

(Translation):

Mr. Caron: Mr. Chairman, I was just about through dealing with this matter. I merely sought to show up the many inconsistencies between the words and deeds of the Minister of Finance and his government. Besides, he said, and I quote from page 6292 of *Hansard* for July 23, 1956:

Let no one underestimate the importance of the provinces and municipalities in the field of government of this country. They are the governments that are closest to the people. Anyone who has had experience of municipal government and has entered the federal field is well aware of the fact that is the form of the government that is closest to the people.

We are so aware.

It is a form of government much older than our federal form of government in this country.

As you see, Mr. Chairman, the action being taken today is in total contradiction with the statements made by the ministers when they were on this side of the house. Indeed, in the last elections, and particularly in the province of Quebec, Conservative candidates promised great changes in the handling of federal-provincial relations. Foremost among them were the hon. member for Three Rivers (Mr. Balcer), the Secretary of State (Mr. Courtemanche) and the Minister of Defence Production (Mr. O'Hurley). I am not blaming them, I do not say they acted in bad faith, nor would I say that the Conservative members in this house were acting in bad faith when they promised constant improvements, but I do say they were misled, just as an enormous sector of the public was misled, by the promises of the present Minister of Finance (Mr. Fleming) and of the Prime Minister (Mr. Diefenbaker), who went about the country saying that everything was wrong and that henceforth everything would be different.

Those people believed in what they had been told, but the promises made were not kept. So now, with the party system we have in Canada, they can hardly rise in the house and express total disapproval of the government's position. They can express their views in a caucus, but it remains a secret with the caucus, and the public has no way of knowing what has been said there. Just the same, I pity those people, because it is hard on them to see that their government has not kept the promises made before and during the elections. I wonder how the Minister of Finance can rise in this house and speak as he does if he has gone over his past speeches in the federal parliament.

How can the minister come here and deny by his actions his words uttered in this house? But then, he is not the only one. During the 1956 session, the present Prime Minister, head of this government, had this to say, and I quote from page 2917 of *Hansard* for April 13 of that year:

Mr. Chairman, I want to join the hon. member for Rosetown-Biggar in his reference to the necessity for action being taken to overcome hazards—

—which we find everywhere. And he added:

I should like to have the minister reply, realizing that this a national problem, and indicate why the national government should not give deed by convening a conference with the provinces and municipalities to consider the adoption of an effective slum clearance program throughout the dominion.

Therefore there are indeed many problems which must be considered in conjunction with the provinces.

When the Liberal party was managing this country, it called provincial conferences to study those problems. Today, there are no more conferences. As a matter of fact, certain views are being forced upon the provinces. They are told: "Take it or leave it; that is all

you can do". When we ask the Minister to approach the provinces and see if they want to accept such and such a position with regard to some problem, we are told that the government does not want to interfere in provincial matters, but that the provinces will be called in conference and their requests looked into. Such an attitude is a far cry from the one the Minister of Finance used to advocate when he was sitting on this side of the house.

The right hon. Prime Minister, as we may see on page 6369 of *Hansard* for the year 1956, stated at that time:

> Why these short-term meetings? Why these gatherings of a day or two? Why do we not have a meeting of the federal authorities, the provincial authorities and the municipalities? Call it a constitutional convention, if you like, without the power of amendment of the constitution in respect of those fudamental rights which are inherent in the constitution, but why not have a gathering designed to bring about the reconsideration of a problem which for the last 13 years or so has become increasingly complex?

And further:

> Why should the municipal authorities be required to provide the necessary services in the way of roads and so on for federal government institutions without that government paying full taxation? Why should the municipalities be required to pay 10 per cent sales tax on their needs, apart from the exceptions in connection with fire and road machinery costing over $1,000 per unit?

Now, Mr. Chairman, that is the issue—the whole municipal and provincial issue that faces us when we speak of taxation. Yet, the present minister who had been so critical now seems completely incapable of acting on his own suggestion.

Moreover, during the same session in 1956, some time before the Conservative party came to power, the Prime Minister stated:

> What is the position of the municipalities? I do not want to go into particulars; let me just say that, at the present time, municipalities throughout Canada are finding it almost impossible to get by.

And conditions as they were then cannot be settled. As long as the question of federal-provincial relations is not completely solved, the position of municipalities will not be settled either.

And yet, due to the inefficiency of the present government, municipalities have to spend extravagant sums of money in order to provide for the families of the unemployed who are getting no unemployment insurance benefits, not having worked long enough, or having used up their stamps.

Mr. Chairman, those problems must be settled. And the federal government will have to convene the provinces. Whether it be a federal-provincial conference, a meeting with the provinces, or a discussion with the provinces, the name does not matter; the important thing is that the federal government should begin to think about its responsibility, which is not limited to saying that 13 per cent in tax return will be granted to the provinces for another year.

Mr. Chairman, the plight of the provinces is more serious than it seems to be admitted. And we sense some danger in the increase in taxation. Besides, the Prime Minister agreed with us in 1956, when he said, as reported on page 6371 of *Hansard* of that year:

> I have before me a table showing the increases in expenditures by municipalities for education and for general services. All these are eastern municipalities, but we, in the west, find ourselves in the same position. The percentage of increases as between 1951 to 1954 are as follows:

And that percentage has increased still more since that time.

> Scarborough 62.07 per cent, 42.78 per cent.

Those are situations which, in some provinces, can only be settled by the provincial government. For instance, in the province of Quebec, schools are not the responsibility of the municipal governments, but of the schoolboards, which are under the jurisdiction of the provincial government. Unless this rise is stopped, our schoolboards will be driven to bankruptcy, precisely because this government will have failed to carry out its promises and because no understanding will have been reached with the federal government to find some means of raising the funds needed to keep the schoolboards from going bankrupt. In the city of Hull, in fact, there is a constant deficit, and we are always forced to seek help from Quebec, just as other schoolboards are doing. The Quebec government is doing its best, but probably lacks means to do more. This, incidentally, was indicated by the premier of Quebec just a few weeks ago.

We realize that the premier of Quebec is inclined to be rather demanding in his proposals, but we also know that some of his proposals would at least warrant a hearing. Unfortunately, this government refuses to consider proposals not only from Quebec but from the other provinces.

The premier of Ontario complained a short time ago that the government had hinted, if not promised, that his province would get

an additional amount of $100 million. He complained bitterly that the government had failed to carry out this agreement or promise. Yet the premier of Ontario had surely done his best to put this government in the saddle, because he was hoping for much more from the government, precisely because of the speeches made by the present Prime Minister and the Minister of Finance. Today however, those two ministers remain strangely silent and dare not speak up, ashamed as they are of all the promises they made and of the little action that has followed.

We recognize, Mr. Chairman, that problems have changed and have become more difficult; we recognize that Canada is no longer the small colony that it was 50 years ago; we realize that the needs are greater and are constantly increasing with Canada's emergence as an international power; we acknowledge our responsibilities to the United Nations; we acknowledge our responsibility to keep troops in Germany and France; we acknowledge the responsibility we had of sending troops to Korea; we acknowledge the responsibility we had of sending troops in the last world war. We also recognize our responsibilities with respect to NATO and to all the problems facing the world; we recognize that in joining the Colombo plan, we willingly accepted responsibilities, quite simply as a matter of charity and because the more favoured nations have a duty to help underdeveloped countries.

We have responsibilities with respect to education. Whether or not we accept the principle of helping education, directly or indirectly, whether or not this is a direct responsibility of the provinces, it makes no difference. We still have a responsibility in this field. If this is a matter under provincial jurisdiction, it is nevertheless a responsibility of ours to give them more for educational purposes and at various stages of education. We have responsibilities with respect to the social legislation of our country. The federal government has its responsibilities and, directly or indirectly, it has to meet them. We have responsibilities in regard to unemployment insurance, which requires more and more money. Increased unemployment brings about other responsibilities with respect to hospital insurance. All this points out to the increased responsibilities of the federal government in the last few years. Therefore, the federal government needs more revenue than in the past; however, this does not mean that the federal government can completely ignore the provinces. Provinces, too, have their rights. There is no supreme government in Canada.

Each provincial government has its own rights and the federal government should approach the situation in that spirit. It should do nothing that could be prejudicial to the other governments of the country. The federal government has no right to take decisions without consulting the provinces. Yet, that is what has been done since this government is in power. Provinces have not been consulted about anything, though, in my opinion the taxation problem is possibly the greatest single problem facing this country today. However, in spite of all the glittering promises which the right hon. Prime Minister (Mr. Diefenbaker) and the present Minister of Finance made when they were sitting on this side of the house, and especially those they made during the election campaigns, they keep silent now, and I can assure you, Sir, that they will not solve the problems that we have brought to their attention. They will simply wait and say: "We believe we should wait another year before proceeding with the revision of the act, or with further study of the problem in conjunction with the provinces."

Mr. Chairman, if the present government again waits as long as it has since it took power, we are forced to the conclusion that we will never reach an agreement and that, next year, the house will again have to deal with this same bill to extend the present fiscal agreements for another year, simply because the government lacks the courage to face its obligations.

Mr. Chairman, I say that there is in this government less determination than we have known for many years, because the man who is heading it, the Right Hon. Prime Minister, though a past master of electioneering lacks the courage of his convictions in the administrative field. To my mind, the Prime Minister looks genuinely pitiful when meeting provincial representatives. If he had the courage of his convictions, he would respect today the words he said when he was sitting on this side of the house.

The same goes for the present Minister of Finance and those people who are trying to run the country their own way, without even caring to take the advice of anyone. Those people are really to be pitied.

Mr. Chairman, we shall be celebrating shortly the centenary of confederation. Would

it not be the finest gift we could give the Canadian citizens to ask the present government to convene the provinces in order to study not only the fiscal problem, but also the matter of a thorough review of the 1867 constitution?

Mr. Chairman, we know that in 1867, Canada was a small colony and that its population was small. Its expansion was far from being what we know it to be today. The rural population, which was then 70 per cent, is now only 35 per cent of the whole population. Problems and needs are now different. At the time, people were satisfied with a horse and buggy, and narrow barely passable roads. Today, we need modern highways. In fact the federal government was forced to help provinces and municipalities to rush the completion of the trans-Canada highway. Let us not forget, sir, that this was the work of the Liberal party.

In the light of all the problems that face us today, could we not justifiably say to the federal government: "Instead of merely introducing a bill to extend present agreements for another year, you should have the courage of your convictions and call a conference of the provinces so as to make a thorough study of the problem of Canada's constitution, in the light of the present situation, and of federal and provincial responsibilities."

Mr. Chairman, I am sure that if the federal government wanted to go to the trouble of calling a provincial conference, it would receive the approval of all parties in the house, for all here agree that this problem, which has been with us for some years now, will become even more acute in years to come. To do this, what we need is not an election-minded man, but a statesman. And that is what we are looking for now.

Mr. Chairman, you no doubt recall Mr. Disraeli's idea of the difference between a statesman and a politician. Mr. Disraeli, a true Conservative, used to say that a politician prepares the next election, while the statesman prepares the next generation.

Mr. Asselin: Then you can surely not qualify as a statesman.

Mr. Caron: It is a responsibility of the present government to prepare the next generation. And may I say to my hon. friend who has just interrupted me that I may be a politician—I never claimed to be anything else—but I ask those who like to think of themselves as statesmen to act like statesmen, and to do the things that statesmen do, because, according to what has been done so far, they have shown themselves to be good politicians in preparing for elections, but that they surely failed in preparing the next generation.

(Text):

Mr. Winch: I wish it were possible, Mr. Chairman, and I think it would be profitable, for those in this house to have an honest, heart to heart and down to earth conversation on the entire question of federal-provincial tax-sharing arrangements. I think it would be for the good of Canada if that could be done without reference to points of order, previous decisions and precedents. In my opinion one of the most difficult problems facing the various governments of our country today is that of having sufficient revenue, from old or new sources, to meet the new and varying responsibilities with which they are faced.

I am firmly of the belief that the provinces and municipalities have a very good case in asking for a reasonable and logical basis for the sharing of taxation. I had the privilege, Mr. Chairman, of being the leader of the opposition in British Columbia when the first tax-sharing arrangement was made between the federal government and the provinces of Canada. I can well remember the thinking in the British Columbia legislature at that time. What was noted then I think should be noted here this afternoon, when we are discussing the resolution now before us.

There can be no question but that the provinces, under the British North America Act, were given and still have the right of direct taxation. It was the provinces which exercised that right in the first instance by the introduction of the income tax, corporation tax and succession duties. Because of the exigencies of world war I Sir Robert Borden, then prime minister, moved the federal government into the field of direct taxation under the over-all section of the British North America Act.

To the best of my knowledge there was an indication given at that time by the federal government under Sir Robert Borden that this move of the federal government in the field of direct taxation was made only because of the exigencies of war and there was no intention of remaining in that which was accepted as being a provincial tax field.

However, the federal government having got its foot in the door of the provincial field of taxation never got its foot out. It has not only stayed in continuously and consistently, but in 1941 it got more than a foot in the door; it shoved all the way in when, because of the exigencies of another world war, it introduced an arrangement between the federal and provincial governments whereby the tax was levied by one government only but there was a sharing by two.

I fully realize that in the original introduction of this method in 1941 it was understood, and I think it still is, that a basis was provided upon which a province may withdraw; but I know that the majority of the provinces of Canada realize that people do not like being taxed twice or having to fill out two forms if one will do the job. Therefore the federal government is in a very strong position in that regard. Mr. Chairman, I honestly believe that the federal government when it considers, as it is now considering, a continuation for a further year of the federal-provincial tax-sharing arrangements it has more than a moral responsibility in this matter. In fact, the federal government is an interloper in this field of taxation, although under one general clause they have the right of so taxing. I admit that never will the federal government be able to remove itself from that field of taxation; but I do think there is a moral responsibility to remember the statements made by Sir Robert Borden back in the time of the first world war that it was only a temporary measure; and remember too the arguments used to the provinces in 1941 as to why they should give up their rights of taxation in the direct field and operate jointly with the federal government.

There is also something which is perhaps of more paramount importance than that, and that is that when the fathers of confederation drafted the British North America Act, brilliant as they were, and brilliant as is the document which became the constitution of Canada, they could not have anticipated or foreseen the economy of Canada or the new responsibilities of government for the next hundred years. I feel that all members of this house, whether cabinet ministers or hon. members, are dodging the issue and refusing to face up to facts. We must recognize that in making a federal-provincial tax-sharing agreement it has to be done with an understanding of the new responsibilities of all forms of government and the need for money in order to meet these responsibilities which were not foreseen 100 years ago.

[Mr. Winch.]

I know there are many who think that the British North America Act is something which is sacrosanct and, like the sacred cows in India, completely untouchable. Mr. Chairman, we are not going to be able to appreciate fully federal-provincial taxation agreements unless we recognize the need now for the clarification of the responsibilities of the three levels of government and how they are going to be able to meet their financial responsibilities. That will in my estimation, in the long run, most definitely require not only understanding between governments but also revision of the British North America Act.

Whether we like to name it as such or not, we are rapidly moving into a welfare state society. Because the allocation of responsibilities, quite understandably, could not have been foreseen 100 years ago, we find today between federal, provincial and municipal levels of government an absolute hodgepodge of security measures and responsibilities which makes it almost impossible for a municipal government, a provincial government or a federal government to know quite where they are going or how to finance themselves.

May I very briefly outline the situation in which the governments find themselves today? If it is a question of workmen's compensation, that is a provincial responsibility. If it is mothers' pensions, that is a provincial responsibility. If it is welfare, the responsibility for that has been changing over the years but now it is a federal, provincial and municipal responsibility. A municipality does not know where it stands because its position is determined by the province. If it is family allowances, that is a federal responsibility. If it is unemployment, that is federal. Unemployment insurance payments are the responsibility of the employer, the employee and the federal government. If it is old age pensions, for the over 70's it is federal, but under 70 it is federal and provincial. Now in our normal and understandable development we have reached a hodgepodge of security measures where the responsibility in one case is provincial, in another dominion and provincial, and in yet another dominion, provincial and municipal.

Surely the point I am trying to make is understandable to all. We have reached the point where we are entering into a welfare state and building up progressively, as we must do, a system of security measures, but on an unrealistic basis. We must understand that what applied 100 years ago does not apply now and there must be found some method or means of allocating responsibility, and with responsibility the ability to pay for those responsibilities. That is something, Mr. Chairman, which I think must be considered

in the very near future by the government of Canada and any provincial government which calls itself a responsible government.

But because that situation has not yet come about and, undoubtedly, it will be some time before it does, we must extend a considerable measure of sincere understanding to the municipalities and to the provinces, because in this coming year they have to rely to a great extent on measures taken by this House of Commons in connection with tax-sharing arrangements. I can understand the unhappiness felt by the provinces in this regard, in the light of the fact that there is to be no change in the basis of tax-sharing in the coming year as compared with the basis of sharing revenues in the past year. The responsibilities of the provinces and of the municipalities are increasing, yet the means open to them for collecting money through taxes continue to be limited as before. The federal government has the broad field of taxation to cover, and is not exercising its prerogative of collecting money from sources where it can be collected, such as racketeers and profiteers. This is an avenue not open to the provincial governments and to the municipalities, and for this reason the dominion government has an even greater responsibility for assisting other levels of government.

It must be remembered, too, that the responsibility for taking the initiative in these matters lies with the federal government. It is the federal government which must do the basic thinking, and initiate the studies which are required if the sharing of taxation revenue in the light of governmental responsibilities is to be placed on a scientific and constitutional basis. This is, in my view, an added reason why the provincial governments are entitled to more consideration than it would appear they are to be given judging from the motion which is now before us. I do not object to being called a politician, because I think that is an honourable word, but I venture to say it is high time that the government showed a little more statesmanship in dealing with this particular subject, since statesmanship is now something which is most needed in Canada.

(Translation):

Mr. Brassard (Lapointe): Mr. Chairman, the matter of federal-provincial relations is a very important one, it is even a vital matter for our country, for the provinces and also for the municipalities and school boards. In short, it is of vital importance for all Canadian citizens whatever province they come from, because the federal policy in this field with regard to the provinces may affect the entire economy of this country; it will, indeed, have repercussions on the means the provinces, municipalities and school boards have of fulfilling their obligations with regard to the people.

The members of the government now in power, when they were sitting on this side of the house, felt strongly about federal-provincial relations. They also felt strongly on the matter during the 1957 election. Even in 1956, during the national convention of the Conservative party, a manifesto was prepared with regard to practically all matters concerning the federal government, the provinces and municipalities as well as the school boards. But the manifesto was never made public. There had been prepared, so it seems, a press release which was held back. However, this is what we find on page 4 of that manifesto with regard to federal-provincial relations. I quote:

> We have full confidence in the federal system of government such as it is outlined in the British North America Act which divides responsibilities and obligations between the federal government and the provinces. That system is jeopardized by the exaggerated centralization practised by the present federal government. In order to restore a just balance between the Dominion and the provinces, we shall ensure;

Then comes a series of steps that are advocated, but I shall read only two. Paragraph (d) reads:

> The working out, after consulting with the provinces, of a lasting solution to the problem of fiscal relations between the federal government and the provinces.

And paragraph (e) says:

> We also are of the opinion that provincial governments and municipal councils should have sufficient financial means to carry out their constitutional responsibilities and meet the ever growing needs for education and public services in order to ensure the constant development of their economic productivity.

As I said, Mr. Chairman, that manifesto never was released. Various reasons were given by some groups, but the fact remains that the public never was informed of the resolutions in this field which had been passed during the convention which elected the present Prime Minister leader of the Conservative party.

There is also the Minister of Finance who spoke very feelingly, when sitting on this side of the house, about federal-provincial relations. My colleague from Hull (Mr. Caron) recalled some of his words. I too

should like to recall one in particular, which he said when the house was considering, in 1956, the new money-sharing project with the provinces. It was the project introduced by the hon. Mr. Harris. On page 6287 of *Hansard* of July 23, 1956, there appears the following, which was spoken at the time by the present Minister of Finance, then member for Eglinton.

> The question that we ought to ask ourselves is similar to that which my leader put before the house when he spoke a week ago. To paraphrase it, I would say the question before us is whether or not at this time there is evidence that the proposals of the government, and in particular this formula, will satisfactorily meet the demands which are actually now imposed upon provincial governments, municipal councils and boards of education throughout Canada and particularly whether they will be adequate over the five-year period during which the new scheme is intended to be in effect.
>
> As to the details of the formula, suffice it to say at this point that it is an actuarial maze to most people. The formula itself would undoubtedly confuse most citizens. Talk of tax equalization payments, provincial revenue stabilization payments, tax rental agreements, gross national product, average personal income, and other expressions in which this formula abounds make it very difficult for the average citizen to appreciate the niceties of the formula.

Mr. Chairman, since the Minister of Finance took over his portfolio, he must have had some opportunity of studying the formula, and he must have understood it very well for he has kept using it.

And later on, the hon. member for Eglinton said, as recorded on page 6297 of *Hansard* of the same date:

> Therefore, sir, apart from all other considerations, some of which I have mentioned, I give this house in conclusion ten reasons why, because of its utter inadequacy, we of Her Majesty's Loyal Opposition, cannot support this bill and why we shall on second reading vote against it.

And do you know what those ten reasons were, Mr. Chairman? When I read that, I was expecting very sound reasons, something really solid; but the hon. member for Eglinton merely said: First, it makes inadequate provision for Prince Edward Island. He then went on to enumerate the nine other provinces, after Prince-Edward Island. Those are rather insignificant and childish reasons to oppose the equalization formula, such as it was introduced in 1956.

During the 1957 campaign, the matter of federal-provincial relations was raised. I shall not take much of the time of the house, because I only wish to quote two or three promises made at that time, when the former Liberal administration was accused of having treated the provinces with arrogance, of having failed entirely to settle the question of federal-provincial relations, and of having taken only unilateral action in that regard.

Here is what the Prime Minister said on May 27, 1957, at Saskatoon, as reported in the Toronto *Globe and Mail* of May 28, 1957:

(Text):

> Any new decision, he added, would be based not on the Liberal policy of a grasping greed for dollars but only on the basis of agreement by all the provinces. "They are all equal", he underlined.

(Translation):

On May 7, 1957 in Hull, according to *Le Droit* for the next day, the present Prime Minister had this to say:

> The Leader of the Opposition said that he has noticed the same uneasiness in all the municipalities of western Quebec, where he met no less than 20 mayors who are all faced with increasingly acute financial problems.
>
> The new Conservative leader pledged that, as soon as his party is elected to power he will call a federal-provincial conference to revamp the tax sharing system between the central government and the provinces and municipalities.

On May 22, 1957, the present Prime Minister made a speech in Victoria—that is he spoke on May 21 but the report was published the next day in the Victoria *Times*. And this is what he said:

(Text):

> The plight of the municipalities is becoming tragic because there is a constant increase in federal taxes. Now the federal government takes the attitude that there is no responsibility on them to assure that the municipalities shall have the right to discharge their responsibilities—
>
> The municipalities find themselves unable to carry on because they are being restricted of the sources of revenue.
>
> The premiers of many provinces, he said, had complained there was no recognition of their fiscal needs.
>
> Even the city of Victoria has to pay outrageous rates of interest today. Taxation is falling more and more on local residents in our municipalities.
>
> The time has come for a meeting of the provinces and the federal government, with the municipalities present, to discuss these problems.
>
> We intend to convene such a meeting in the spirit of confederation. If action is not taken we shall find ourselves in a position in five years' time where the municipalities will be bankrupt or unable to carry out their responsibilities.

(Translation):

I will quote only a few of his promises, because we already have two full books of them and soon we will probably have to make up a third one because there are Conservative members who, at certain by-election campaigns, go out and add to the innumerable promises that were made in 1957 and 1958.

In a speech he made in Massey Hall, in Toronto, at the start of the 1957 campaign—on April 25, 1957 to be more precise—the Prime Minister had this to say:

(Text):

We believe there can be no national unity in this nation until there is a realization that the federal-provincial matters have handcuffed the provinces of this nation; have denied the municipalities adequate sources of revenue; have placed the provinces and the municipalities in a position where they cannot discharge their constitutional responsibilities or permitting the necessary development in their own territorial confines of the natural resources that there are. We believe the provinces and municipalities must have the financial resources to carry out those responsibilities. We believe in the federal system of government. We believe that its preservation is essential to Canadian unity. We believe the federal system is today being challenged by the centralization complex of the St. Laurent government and that a healthy division and balance of revenues as between the federal and provincial governments must be assured.

We intend to form a government to immediately convene a dominion-provincial conference to bring about a settlement of these problems, not in the spirit of arrogant domination as displayed by the present government, but in the spirit of unity and amity and with mutual tolerance and respect.

(Translation):

That is the kind of statements and promises made to the nation by the Prime Minister, both as leader of the opposition and in 1958, after he had become Prime Minister of this country.

I do not suppose we can discuss federal provincial relations without being allowed at the same time to discuss the matter of a federal-provincial conference. If opposition members are refused a chance to deal with this matter, it means that the government is not to be blamed for trying to settle the problems of federal-provincial relations on a unilateral basis, that is to say on its own terms. There can be no question of settling the problem of federal-provincial relations without consulting the other provinces. We have heard all kinds of statements, all kinds of promises in this regard. We were promised a conference. There has been a sham federal-provincial conference, where the government listened and then said that the conference should be guided by a spirit of co-operation. *Le Devoir* for September 18, 1957 reported as follows:

The Prime Minister had then stated that the next conference might be final or might simply clear the way for another conference where more work would be done.

"The provinces will have their say on the matters to be discussed and on the date of the discussions", the Prime Minister added. "We shall be guided by a spirit of co-operation. The provinces will have the privilege of making recommendations on the most desirable action."

The Prime Minister's office has added that this latter statement was contained in the invitations subsequently sent to the premiers of the ten provinces.

The press release simply states that the next conference will be called "to discuss a review of tax sharing arrangements".

The Prime Minister listened. The Minister of Finance listened. And when everything was over, the Minister of Finance spoke to the representatives of the various provinces and said: "Gentlemen, we understand your problems, but all your demands would require $1½ billion from the federal treasury".

There is the kind of co-operation we had been promised in the 1957 and 1958 election campaigns.

A conference had been announced for 1958. Then there were telegrams. If I may refer to a phrase used by the hon. member for Bellechasse (Mr. Dorion), this was not a matter of having the knife at one's throat, but I think it was even worse, because in that telegram, the provinces were not even asked for their views.

The speech from the throne referred somewhat tersely to federal provincial relations. There was talk of co-operation. What is the government waiting for to call a federal provincial conference?

I would like to quote the remarks that the hon. Minister of Finance made on April 28, 1954 when he used to sit on this side of the house.

As can be seen on page 4213 of the official record, the hon. member for Eglinton said:

It is imperative that there be called a dominion-provincial conference. Only the Prime Minister of Canada can call a dominion-provincial conference. The agenda for that conference must include this whole field of taxing powers and responsibilities. It must take due account of the necessity of honouring and respecting, both in the letter and in the spirit, all existing agreements. It must seek in the long run, under the proper auspices and with a patriotic Canadian spirit, to secure a better deal than any of the provinces have had as yet. It would mean an end, Mr. Speaker, to a situation such as that which now has arisen and for which this federal government must accept responsibility.

In the same speech, the hon. member for Eglinton stated another reason which, to my mind, has demagogic overtones. As a matter of fact, we further find on that same page of *Hansard* dated April 28, 1954, that the hon. member had this to say:

Is it not a strange contradiction, is it not an amazing commentary on the attitude of the government opposite, that at this very moment at

Geneva representatives of the Canadian government are sitting around a table with representatives of communist governments, Russia and China, to discuss matters of at least common concern, yet the Canadian government will not bring itself to sit down with fellow Canadians representative of the provinces to discuss matters of common concern?

I think the hon. member might have given sufficiently good reasons at that time to ask that a federal-provincial conference be called, without having to resort to concepts that might rouse all sorts of feelings and thoughts amongst Canadians.

Mr. Chairman, one of the favourite defenses that this government and its ministers resort to when we accuse them of failing to do their duty or to keep their promises, is to tell us, after picking up a sheet of paper and asking their secretaries to do some careful research work: "In such and such a year, you did exactly the same thing in another field."

Mr. Chairman, when is this government going to stop behaving this way? It is behaving like a 15 year old boy who, on being called down by his father for staying out till 11 o'clock or midnight the night before, answers: "My big brother who is 30 didn't get in till four this morning".

This government has no business recalling what we did when we were in power. On two occasions, the Canadian people rendered its judgment. There is no purpose in recalling the fact and perpetually harping on the former Liberal administration's actions when it was administering the country. However, Mr. Chairman, there will be an appeal against the decision the people have rendered on two occasions since 1957, and when that appeal is heard, the present government, including the Minister of Finance and the Prime Minister, will be judged according to their own actions and not according to the deeds of the former Liberal administration when it was at the helm in Ottawa.

Mr. Chairman, present developments in the field of federal-provincial relations repeat themselves in many other fields and departments of the federal government.

Everybody remembers the decision which affected more than 14,000 workers in Toronto last February and, at this point, I want to read out a sentence from an item published in the *Globe and Mail* of February 23, 1959, with regard to this administration's decision and I quote:

(Text):

This weakness has been apparent since the government assumed office 20 months ago; but never, in that time, has it been so dramatically disclosed.

(Translation):

Mr. Chairman, what is happening at the present time is not limited to the field of fiscal relations; it also applies in several other fields. We could even apply to the present government much more aptly and truthfully today what the present Minister of Finance said of the Liberal government in 1957 when he was sitting in the opposition. In fact, as recorded on page 2559 of *Hansard* of March 21, 1957, speaking of the Liberal government, the hon. member for Eglinton said:

—a government floundering in the welter of its own incompetence, errors, contradictions and arrogance! These are the fruits of this government; and in the words of Holy Writ, ye shall know them by their fruits.

Mr. Chairman, government members often accuse us of merely criticizing. I should therefore like to close my brief remarks with a suggestion to the government. The field of federal-provincial relations is a very complex one; it must require the federal government's daily attention. I do not believe we can solve those complex questions in a two-day conference held each year or every three years, unless we manage to develop some organization or even a department whose sole duties would consist in studying those matters and keeping in touch with the ten provinces of Canada. That is a question of vital importance to the federal government and the ten provinces, as well as to the municipalities and school boards.

It seems to me the government should consider that suggestion. Besides, I do not claim credit for the idea, for I have heard it expressed by other colleagues on many occasions. However, I am of the opinion that if the government seriously wished to consider the opportunity of setting up a department of federal-provincial relations, there would be no need for calling a conference every two or five years to tell the provincial representatives: "We understand your problems, but we can't do any more than this".

If the government set up a department of federal-provincial relations, it would gain much more co-operation, not only in the field of taxation but also with regard to public works and education, as well as in sectors of common concern to the federal and provincial governments.

I sincerely thank the Minister of Finance for listening to my humble remarks and I hope he will take them into consideration.

Mr. Flynn: Mr. Chairman, our friends in the official opposition have chosen the occasion of the debate on this resolution to bring up the whole problem of fiscal relations between the federal government and the provinces. If the discussion had remained within the terms of the resolution, a debate of such scope would not normally have been allowed. Personally, I have no intention of exhausting the subject, or of expressing all my thoughts on the matter. I shall only make a few remarks which are prompted by the speeches made this afternoon in the house by the hon. members for Hull (Mr. Caron) and for Lapointe (Mr. Brassard).

Mr. Chairman, I must say at the outset that I am rather surprised at the statements made by the hon. members for Hull and Lapointe, because they prove the former government's fiscal formula to have been a failure.

An hon. Member: Then, why are you using it?

Mr. Flynn: Mr. Chairman, I shall deal with that question in a moment.

I claim that the remarks of those hon. members show that the system has proved a failure, because at the present time no province is satisfied with it. The fact is that this very complex problem cannot be solved through a simple conference, as the hon. member for Lapointe agreed a moment ago.

When the central government convened the provincial representatives in 1957, it listened to their proposals, but soon realized that there were such differences of opinion between them that it became necessary to go very deeply into that problem.

In other words, the present system has shown that fiscal centralization can never really work in Canada, a country with a federative regime. The important thing would be to find a formula which would hand back the provinces their responsibilities in fiscal matters. That responsibility is essential so that provinces can fully exercise their rights in the field of legislation. Those responsible for the present situation, though they do not like to be told, are the Liberals. They are the ones who during the war, took over the main sources of revenue and who, after the war was over, refused to restore them to the provinces. They are the ones too who, having got hold of those considerable revenues, surreptitiously invaded many other exclusive provincial fields.

Today those people are watching our attempts to solve the problem, and realizing how they messed up the whole thing, how they complicated the fiscal system in this country, they keep telling us: just try to untangle the skein.

The problem of fiscal relations between Ottawa and the provinces reminds me of an iceberg, only a tenth of which shows above the surface. Actually, Mr. Chairman, the government must be put in a position where, through this legislation, it can keep on arranging meetings and other preliminary talks between the Minister of Finance and the provincial ministers to a new federal-provincial conference, in order to find a lasting formula and not only expedients. It is to be hoped, Mr. Chairman, that once that durable formula is found, it will recognize two principles. First of all, the maximum fiscal responsibility of the provinces. If all provinces were equally empowered to levy revenue, there would be no serious problem involved in allowing them to raise the funds needed to meet their obligations under the constitution. It would only be a matter of distributing the various taxes between the federal government and the provinces. The difficulty today is that several provinces are unable to raise the funds they need, and therefore have to be helped financially. Of course the present system was an attempt to settle this problem, but it considers such assistance as a basic rule rather than an exceptional and temporary one. However, subsidies to the provinces should not be considered as a permanent feature. First, a way should be sought to enable the legislatures to raise their own funds, before asking Ottawa to grant them money that is collected across Canada by the central government, and for which the legislatures are not responsible to the people.

The second principle is that we must recognize the necessity of helping the economically weaker provinces. But this, again, must be a temporary rule. I am confident, Mr. Chairman, that eventually the solution found by this government will rest on those two principles, and then we shall be back to the true spirit of Confederation.

The system devised by the Liberals over 14 years ago has created a bad habit. It is known that several provinces, rather than increase their own tax rates, come here and ask the federal government for subsidies to supplement their budget. This practice is the result of the system adopted by the Liberals, and it is really the basic obstacle to a settlement of the problem. That is why I think we must proceed slowly, and as suggested in this resolution, extend the present system for a period of one year while granting the provinces a further three per cent. But the very fact the government is seeking permission to extend the system for a single year is an indication that it does not intend to maintain a system which, again, has proved inadequate and which truly

shackles the fiscal responsibility of the provinces, and which must necessarily be discarded. I truly believe that the spirit of confederation requires that the provinces be sovereign and be able to use their taxation powers. Again, the present system does not allow this.

(Text):

Mr. Garland: Mr. Chairman, I want to say a brief word or two on this admittedly complex subject of dominion-provincial fiscal relations. I want to comment on only one phase of the resolution. The resolution provides us with the opportunity to bring to the attention of the house and the country another broken promise of the government. All Canadians remember the Conservative election and pre-election promises to call at once a dominion-provincial conference to improve the existing agreements with the provinces and to settle this matter on a long term basis. *Hansard* is filled with the utterances of hon. members opposite on this subject when they sat on this side of the house and newspaper files across the country are loaded with statements on the matter. But I can do better than that. I can read from an interesting document I have here. This is a statement of policy of the Conservative party and that aspect of its dealing with federal-provincial fiscal relations, as found in paragraph (d), reads as follows:

[Mr. Flynn.]

We will provide for the development in conference with the provinces of a long-term solution of dominion-provincial fiscal relations.

Two elections and almost two years later what has happened? This promised Utopia in federal-provincial fiscal arrangements has not been delivered. In fact, with the passing of the second election the ministry is suddenly strangely silent on this very important subject.

Most Canadians are familiar with the series of incidents over these last two years. At a politically appropriate time the provincial premiers were called to Ottawa with appropriate publicity. Pleasantries were exchanged, some speeches were made, several pictures were taken and more promises were made to meet again soon. There the story seemed to end.

It is true that a small election bone was thrown to the provinces in the unusual form of telegrams, again with appropriate publicity, just conveniently prior to the March 31, 1958 election. However, these election bones shrunk from the time they were promised, which was before the election, to the time they were delivered, which, of course, was after the election. I am thinking now of the Ontario story. The promise there was something of the order of $22 million or $23 million and I understand that when delivery was made the amount was substantially less due in part, of course, to the economic slow-down for which the government must assume a fair share of the responsibility.

This Ontario story is indeed an interesting one. It was a romance born of political expediency and frustrated ambition. Canadians living in Ontario particularly remember clearly the political shenanigans between Mr. Diefenbaker and Mr. Frost. They co-operated to lead the voters in Ontario down the primrose path. Most people remember those happy, reckless days of love and mutual appreciation for each other. Today, the two principal stars of the show, each for his own reasons, would like the public to forget their earlier alliance and avowed aims to correct the wrongs in the field of federal-provincial relations.

Perhaps I should, for the benefit of those who might need their memories refreshed, refer briefly to a couple of items on this subject. There is one appearing in the *Globe and Mail*, which is scarcely a Liberal organ, under the heading, "Frost Views PM as new FDR". This article goes on to say:

Prime Minister Diefenbaker, Premier Frost and the Conservative members of the Ontario legislature had a love feast over lobster and other cold delicacies yesterday at Queen's park.

By the time they reached the coffee and the end of two short, so-called non-political talks, the two leaders had cemented the mutual security pact born of last year's campaign and, equally important, last June's victory.

What they were doing for each other, they said, they were really only doing for Ontario and Canada.

The luncheon was a re-run of one held last February and MPP's who attended both said they detected an ever greater air of cordiality.

Along the same vein, to substantiate this alliance and to enter into the spirit of it, I would quote what the Prime Minister said about the premier of Ontario. This is taken from the Montreal *Star* of February 18, 1958. He said:

"Your co-operation, your counsel, your advice and, above all, your wisdom, has meant more to me than I can ever possibly pay an adequate tribute to."

It was a case of love in a cold climate as snow swirled in the stingingly-cold wind outside.

Then, the article continues:

But the political climate couldn't have been warmer.

We all remember Premier Frost's demands for an extra $100 million. I do not need to detain the house on that particular point. We all remember Premier Frost's appearances. We can all think of one in particular in which he turned to the present Prime Minister and said, "There sits the man who will give Ontario its just dues; there sits the man from

whom we will get this $100 million." There were statements of this kind. In order to avoid any misunderstanding about that, I should like to quote briefly from an article which appeared in the *Globe and Mail* after the election. This refers to the $100 million, which was still Ontario's aim. It reads:

> Premier Frost still expects to get the balance of the $100 million he suggested to Ottawa last year would be a fair division of tax revenue.
>
> He forecast yesterday that the dominion-provincial conference which adjourned last November will be resumed before July 1 and that Ontario's just needs would be satisfied.

What has happened since March 31, 1958? I suggest that if Premier Frost had wanted a conference one could easily have been held. If the Prime Minister had wanted a conference one could easily have been held, as promised.

Now, what can one conclude from all this? Is Mr. Frost waiting to slide through another election, hoping the voters will not remember this hoax? Is the Prime Minister waiting for important provincial elections to be held before disposing of this matter? Who knows? Is there to be a new approach or will we simply be called upon, as we are in this resolution, to extend this arrangement a year at a time? After almost two years in office the Conservative government has failed to do what they said they would do if given the opportunity to form a government.

There is another aspect of this matter upon which I should like to speak briefly. Before the elections the Conservatives said they would leave more room in the direct taxation field for the provinces. Let us look at what has happened. In the field of corporation taxes we find that before the Conservatives took office this tax rate was 47 per cent. The provinces were returned 9 per cent or practically one-fifth, and the federal government retained 38 per cent. Today, after the election, as a result of the recent Conservative budget, the provinces will receive proportionately less in the field of direct taxes. With the election safely behind them, they have moved in the opposite direction. The provinces will still receive only 9 per cent, in spite of the increase in the rate of tax on corporate income to 50 per cent, and the federal government will retain 41 per cent. This is just another example of broken Conservative promises.

The Minister of Finance, by increasing the federal government's slice in this particular field of direct taxation in his budget, has given us a peek at new government policy. You will remember the minister advised us in his budget speech that the federal government would be borrowing less in 1959-60 than last year. He indicated that this would leave more money available for the provinces and municipalities to borrow. Apparently a new Conservative government policy on federal-provincial fiscal arrangements has emerged. What they are saying, in effect, is: We will tax more, and you borrow more. This is a further example of broken promises.

Mr. Batten: I should like to make a few observations on this resolution. If I understood the translation of what was say by the hon. member for Quebec South, he referred to the arrangements made by the previous administration as a fiasco. Well, there was at least an arrangement under which the provinces knew what they were going to get, and there was no need for an annual resolution such as the one we have before us now. The provinces knew what they were going to get, and they knew that further conference had been called. If this was a fiasco, Mr. Chairman, I think it could be well said that after two elections and after almost two years this government has done very little to improve the situation.

Mr. Brooks: It certainly improved the situation in Newfoundland.

Mr. Batten: I will refer to that in a few minutes.

When this resolution was introduced the Minister of Finance said that the purpose of the resolution was clear and simple. I certainly believe the purpose of the resolution is clear, but I do not believe it is that simple. I am sure that this resolution is one that is of deep concern to the provinces across this country. They have to bring down their budgets and arrange for their year's work. There is some of this work that will take more than one year, and yet they are dependent on the federal government for payments to be made to them based on an annual resolution in parliament. They have no assurance that these payments are going to be made. After all, this government is not one that is noted for observing its election promises or even its contractual obligations, for that matter. The provinces have no guarantee, therefore, that these payments are going to continue.

I believe the time has arrived when this government should meet with the provinces and decide on some arrangement that will at least give the provinces a fairly long term outlook and enable them to arrange their own affairs. There is no need to go into the long list of election promises. We all know what they were. In fact, the government has now become so embarrassed by the continued repetition of those promises that they have decided to divide them into two classes; those that are not so sacred

and those that are sacred; those that are made outside the House of Commons and those that are made inside. It is a little bit difficult to see what use the members of the cabinet will be able to make of such an argument, but I think it is understandable.

Then there were the promises before the election of 1957 and before the election of 1958. We all know what happened. There was the so-called conference, called in November, 1957, and then we had the famous, or infamous, telegrams of the Minister of Finance, and then later the take it or leave it attitude of the government by declaring an increase of 3 per cent on the income tax arrangements. At the conference held in November I remember the Prime Minister said that this would be no take it or leave it attitude; but when a similar resolution came before this house on January 25 last year the provinces were told it was going to be increased from 10 to 13 per cent for one year. There was no agreement; it was just a unilateral action and could not be described as anything but a take it or leave it attitude.

On February 9 exactly the same resolution was introduced by the Minister of Finance. Again there was no agreement between the central government and the provinces; it was a decision made by the central government, and as far as the provinces were concerned they could take it or leave it. I believe we live in a country where it is absolutely imperative that there should be sharing of responsibilities between the central government and the governments of the different provinces. There is no sharing of responsibility in a resolution of this type. As I said before this is nothing more than a unilateral action and the provinces have to like it or lump it.

As far as the maritime provinces are concerned I agree that special grants have been made to them, and I would be one of the first to commend the government for the action it has taken in this respect. But let me say this. These grants have been made not by agreement with the provinces of Canada. I think there is a tremendous difference between making grants to provinces unilaterally and making grants to provinces by agreement. I think agreement between the central government and the provinces is necessary and desirable, and just giving handouts to different provinces, no matter how welcome they may be, is not the proper way to do the job.

Last year, I think on January 25, when the Minister of Finance introduced a similar measure he said it was an interim measure, and an interim measure only. Those words are to be found on page 3796 of *Hansard* for January 25, 1958. Yet here we are a year later still talking about the interim measure. I think it is about time we had some sort of meeting with the provinces to find out what agreement can be reached in order to solve the very pressing problems which now face different provinces across the country. I believe that the way this thing is being handled by the government is one example of the piecemeal policy they have adopted for nearly two years now. They have no long term guiding policy; if they have there has been no announcement of it, and there has certainly been no sign of it. They are approaching many of the very important problems in this country on a temporary footing, just to solve the problem for now and avoid the responsibility of having to make any long range policy by which the present government can be guided, by which the governments of the different provinces can be guided, and by which the people of this country can be guided.

Mr. Chairman, everybody recognizes that this is not a simple problem. It is indeed a very complicated one, and I think it is for that reason that more effort should be made by the present government to tackle this problem in some sensible way. Certainly there is no permanent arrangement. I do not think there is any permanent arrangement which can be made between the central government and the provinces in this particular problem. I think it is one which can be solved only for a short period of time, and then further meetings must be held in order to arrive at some arrangement which will carry on for a few more years. But I do not think it is possible to find a permanent solution. It seems to me that the method by which the government is handling this question is nothing more than asking parliament every year for an annual reprieve from their election promises and from their responsibility to the people of this country.

We live in a country which has its central government and its different provincial governments. We live in a country which is governed by unity within multiplicity, and until all parts of this country have their fair share of the great things with which this country is endowed there will always be parts of the country which will be particularly well off and other parts which will not be so well off. In conclusion, Mr. Chairman, I say that this country will only be a good place for some of us to live in when it is a good place for all of us to live in.

(Translation):

Mr. Pickersgill: Mr. Chairman, before the introduction of the budget, I had not intended to speak on this matter, but when I saw the strange table on page 2410 of *Hansard*, I decided to look closely into these so-called federal contributions to the provinces. I

shall demonstrate that this table indicates an utter disregard for provincial autonomy.

I hope that Conservative members from the province of Quebec will remain in the house to hear the remarks I intend to make later on in my mother tongue. If they have the patience to listen, I will prove to them that the attitude of the present government toward the provinces is paternalistic and quite different from the one which, during the election campaign, their party had pledged itself to take.

I will also make a few comments about the remarks made this afternoon by the hon. member for Quebec South (Mr. Flynn).

(Text):

Now I will continue. In order to save the Minister of Finance from the temptation of raising points of order which are not really points of order, I intend to read part of the resolution to show why I am completely within the ambit of this resolution.

Resolved—

I may say I am not resolved about this; very far from it.

—that it is expedient to introduce a measure—

They are the governing words of the resolution, that it is expedient to introduce a measure. Mr. Chairman, you just cannot have a one-sided debate; at least not in the kind of parliament we have in a free country under British parliamentary institutions. If you are able to argue that it is expedient, you are likewise able to argue it is inexpedient. I propose to argue that as long as the government has the kind of attitude to the provincial governments that it has demonstrated since it came into office it is not expedient year after year, as my hon. friend from Humber-St. George's said so well a moment ago, to give the government an annual reprieve from its promises. That is a phrase which I wish I might have coined myself, and on which I compliment the hon. member. It expresses very neatly what we are being asked to do, and what we will be asked to do again, I predict, as long as the government has—and here I quote the hon. member for Eglinton when he was on this side of the house—"a servile majority". As long as that obtains we will have to do this in 1960 and again in 1961, and then possibly, but only possibly, they may call a conference before the election of 1962 or the expiry of this set of agreements in order to give some more election promises. But more likely the Minister of Finance, whoever he may be, will send out another lot of telegrams telling the provinces that things will be the same as before; or if things go on the way they have been going financially since this government came into office conditions will probably be a good deal worse.

Now I want to examine, as I indicated in my opening remarks, this table which the minister put on record in *Hansard* on April 9 at page 2410 and which he was pleased to describe as the federal contributions to the provinces in millions of dollars. Let us see what this government, which pretended to be a champion of provincial rights, calls a federal contribution to the provinces. It calls the statutory subsidies a federal contribution to the provinces. But they are nothing of the kind. This is a solemn obligation which was placed upon the treasury of this country as one of the terms of confederation. It is not a contribution at all. A contribution is something which we, in this parliament, have the freedom to give or not to give; it is not something which is a constitutional obligation, though I am not sure that the present government understands the difference, judging by some recent announcements about which I intend to say no more at this time.

Next, we have tax rental and abatement, and I hope the hon. member for Quebec South is listening to this. What are tax abatements? A tax abatement is an amount by which the federal tax is reduced in order to allow a provincial government to collect its own taxes. In other words, what the minister is claiming in this table is that the taxes which the legislature of Quebec imposes and collects are federal contributions. I do not think Mr. Duplessis ever made so extravagant a claim as that. The idea that money which is collected by a province on its own responsibility and put into its own treasury could ever be called a federal contribution is almost too far-fetched to be credible.

Let us turn, now, to tax rental. What is a tax rental? It is a certain sum paid to a province for relinquishing temporarily its right to impose a similar tax. It belongs to the province, and when we were in power we always said that it belonged to the province; it was in no sense the property of this parliament or of the federal government. All that happened was that as a matter of convenience to the taxpayers in the provinces which desired it—and only in the provinces which desired it—taxes could be imposed by this parliament, collected by the minister of national revenue and then paid over to the provinces. But it was always the property of the province, and we never said anything different. And now we have this government, which claims to be the champion of the

provinces, calling that a contribution to the provinces. Of course, it is nothing of the kind.

Next, we have this 50 per cent share of income tax on power utilities. Here again we have a tax which, it is true, is collected by the federal government. It is collected only on those utilities which are privately owned, because the publicly owned utilities are not taxed, and it was felt that it was unfair that the federal authority should receive the full tax on the privately owned ones when it did not tax the publicly owned ones. For this reason it was agreed to split this revenue between the two governments. This money had never belonged to us and we, while in office, never said it did, for the reason that the provinces, had they so wished, could have collected it directly themselves. Here is another example of what might be called the Diefenbaker largesse, and again this largesse is just as phoney as most of the other promises made by hon. gentlemen opposite.

And then we have the term 29 award to Newfoundland which the minister said had been paid, although later he had to admit he was only going to pay when parliament so decided and I hope that it will not be long before this has been done.

If we look again at this list we find two more items, equalization and stabilization, to which I will refer in more detail later, but first I wish first to deal briefly with these so-called conditional payments. I do not intend to go into detail with regard to them because I do not wish to take too long. What are these conditional payments? They represent sums appropriated by this parliament, mostly under Liberal initiatives, for very good causes such as agriculture, health, hospital insurance, welfare, vocational training, highways, resources development and slum clearance, and when we appropriated money for slum clearance we did not use it as an excuse to interfere in provincial administration.

These are fields in which, in our wisdom, we in this parliament, or in previous parliaments, decided it would be advantageous to spend money collected from the taxpayers of Canada. And we said we would spend it if the provinces would match the money. This is not a contribution made by the government to the provincial treasuries at all. It does not help the provinces with their normal financing in any way whatever. Indeed, as the late Angus Macdonald and as Mr. Douglas Campbell, the former premier of Manitoba, frequently pointed out, they often forced a province to go ahead with things at a time when there might be some doubt about their ability to pay for them at the time.

The main point is that this is not a contribution to the provinces. These payments are a very good thing, of course, in every one of the cases I have mentioned, and I say so because they were all brought in by Liberal governments. But they were things done for the benefit of the Canadian people; they were not done for the provinces, and to call these payments contributions to the provinces is just another indication of this centralizing mentality, this attitude that the government is the source of everything, and that it gives everything, whereas, of course, there is no giving involved at all.

Then we have this third category—the most absurd of all—the university grants. Mr. Chairman, university grants do not go to the provinces; they do not go to the provincial treasuries. Indeed, the provincial governments have nothing to do with them, except to the extent that they say which institutions are universities. In no way whatever are university grants related to the provinces. These payments are contributions made for very good and sufficient reasons, and I have no doubt this government also believes that to be the case, because it has increased them by 50 per cent. I am glad the government has done that, although I doubt whether the hon. member for Quebec South would say so, or some of his colleagues who, having got elected on the pledge that they would abolish university grants, came here and voted to increase them by 50 per cent. However, I think they are a good thing, and this is an increase in expenditure which was a great deal more justified than most of the other increases which have brought our expenditures to unprecedented heights—

An hon. Member: What about old age pensions?

Mr. Pickersgill: —such as all the money paid to McKim's and all the additions to travelling expenses. But I do not intend to be diverted from my speech into making the speech of the hon. member for York-Scarborough. Next on this list, in paragraph C, we have "grants to municipalities in lieu of taxes on federal government property". This is described as a contribution to the provinces, and it is so ridiculous that it is not even worth wasting words upon. We have left, in the whole of this table, just three items: equalization payments, stabilization payments and the Atlantic provinces adjustment grants.

Dominion-Provincial Relations

Everywhere I have been I have given the government full credit for the Atlantic provinces grants. I think they are a good thing. I wish we had felt that we had been able to make them when we were in office. But I would remind hon. members that between 1956 and 1957 the increases, not in grants or contributions but in the share of the taxation that went to the provinces of this country as a result of Mr. Harris' new deal, were very much higher than the Atlantic provinces grants. In fact, they were three or four times as great, though the Atlantic provinces grants were a good and needful thing and I give the government full credit for them.

The equalization payments and the stabilization payments are, of course, grants to the provinces. That, I admit, and I admit it with the more enthusiasm because this was a Liberal achievement, one of the greatest Liberal achievements of our domestic policy, and, I may say, one which was opposed bitterly by the Tory party from start to finish. Mr. Drew did his utmost when he was premier of Ontario to prevent it. He attacked it unsuccessfully all the time he was Leader of the Opposition. My friend the hon. member for Lapointe this afternoon recalled the attitude that the hon. member for Eglinton expressed in this house as recently as 1956. Indeed, this whole equalization policy was a policy which the Tory party was pledged to end. The Solicitor General said that this basis of grants was a wicked thing and as soon as his government got into office they would change the whole basis but we have not heard much on that subject from the Solicitor General since he became a minister of the crown. Of course, we understand the rules of cabinet solidarity; at least some ministers observe it.

In the year 1957-58 the amount of the equalization payment was $136 million and the amount of the stabilization payment was $3,400,000; that is to say, a total of approximately $140 million. That represented some small increase over the previous year in the equalization feature—a very small increase indeed—but the bulk of that $140 million was the direct result of the formula in the tax-sharing law as it was enacted by this parliament in 1956 when the Liberals were in office. There has been only a small increase in these payments to the provinces apart from the Atlantic provinces grants since this government came into office. In fact, the word "contributions" is used rather than "payments" and indeed if they were payments it might have been another matter, but the only contributions since this government came into power apart from the Atlantic provinces grants were the equalization features of the 3 per cent we are talking about today and the equalization aspect of this is, of course, a relatively small proportion of the total amount which I have not taken the time to work out but which no doubt the minister could give to the committee.

In order to indicate how very different that is from what the minister said the members of his party were going to do, let me remind the committee of one or two things he said as recently as last year. I have here extracts from several speeches and broadcasts he made. Perhaps I should read this to the hon. member for Quebec South. This is an extract from a speech made by the Minister of Finance on the French television network program, "Les Affaires de l'État", on November 24, 1958. This was after the election. It was even after the Montmagny by-election. As closely as I can make out it is an exact repetition and an accurate translation of what was said in the Montmagny by-election and that is perhaps why it was repeated. It reads as follows:

(Translation):

In the same way, we have respected provincial rights. We have injected into federal-provincial relations a new spirit of co-operation and respect. And so it is estimated that under the new tax-sharing formula with the provinces—

The new formula is exactly the same Liberal formula.

—the new tax-sharing formula with the provinces, Quebec will receive $19 million more than under the Liberal government.

(Text):

Again claiming that the taxes that Quebec collects itself are a contribution from this generous government. I continue:

(Translation):

We have increased the provincial share of each tax dollar paid by the Canadians, thus reducing proportionately the federal share.

(Text):

That was before the budget; it is all changed now and in fact it is just the reverse. I continue:

(Translation):

Unlike the Liberals, we are not—

(Text):

That is a real joke. I continue:

(Translation):

—we are not centralizers, but constitutionals.

(Text):

That was also before the Prime Minister's statement of March 25, this claim that the Conservatives were constitutional. I do not want to sit down without saying a word or two about what was said a while ago by the hon. member for Quebec South. He said that the Liberal scheme was impossible and un-

satisfactory. Why? Why was this Liberal scheme unsatisfactory? What was the great reason? He said:

(Translation):

None of the provinces are satisfied.

(Text):

I think that is evident. It is still true and in 1962 it will still be true and when the hon. member and I are both dead it will still be true. There would be something dead about any federal state in which both national and provincial authorities were fully satisfied with the fiscal relations, because the people who are elected to look after provincial affairs have a responsibility to do the best they can for the people of their province and they are never really going to admit they have enough money to do it, especially when they think they can get the money from the generous Minister of Finance. The hon. gentleman need not think that a new formula is going to change that very much.

What will be disturbing to many people and I am sure it was extremely disturbing to the friends of the hon. member for Quebec South and those of the Minister of Finance in the province of Manitoba was something else he said. He trotted out the old Tory idea which I thought the Prime Minister buried during the 1957 election when he spoke in Manitoba. He did not talk about it in Ontario but when he was in Manitoba he apparently got in a funk and declared, "We believe in equalization, too. We are just as much in favour of equalization as the Liberals are." Here we have the hon. member for Quebec South coming back with the old doctrine under which they would divide up the tax fields and let the provinces collect their own taxes and the federal government collect its own taxes and everybody would be happy. I will tell the hon. member that if the people in Quebec did the arithmetic they would not be very happy about this doctrine but I am not now talking about Quebec, I am talking about Manitoba where more than any place this doctrine of equalization was devised by Mr. Bracken and Mr. Garson many years ago when we had the problems that we had in the thirties in the western provinces.

I can tell the hon. member that any politician, no matter what party he belongs to, who goes out and tells the people in Manitoba, New Brunswick, Nova Scotia, Saskatchewan, Prince Edward Island, Newfoundland or even Alberta, I suspect, that equalization is going to be done away with and the provinces can raise their own revenues—

Mr. Flynn: I did not say that.

[Mr. Pickersgill.]

Mr. Pickersgill: If the hon. gentleman wants to tell us what he did say, he can correct me as soon as I am finished. What I understood him to say was that temporary aid would be given to the poorer provinces when they needed it but that it should be temporary. The plain fact is that at least six of the provinces in this country all the time, if they have to depend upon the taxes that they can collect within their own borders, will not be able to give decent Canadian services to their people. That is the whole reason for equalization. That is why we did it and that is why we Liberals are proud of it. We believe that if Canadians are going to have an equal citizenship they must have at least a rough approach to equality of services and opportunities.

This notion that in Saskatchewan, Manitoba, Newfoundland or even in Quebec you can impose a level of taxation and raise enough money there to provide provincial services without imposing punitive taxation upon the people is just not a fact. Of course, it can be done in Ontario. Why? It can be done in Ontario because of the protective tariffs and many other economic advantages that Ontario now has, not all of which are natural advantages, though many of them are.

What was the system we had at the beginning of confederation? Why do we have those statutory subsidies mentioned in that table? We have them because in 1867 Quebec would not have entered into confederation without statutory subsidies. Nova Scotia got them raised within three years of confederation. New Brunswick would not have come in without the statutory subsidies. The only people who would have been satisfied with this system of having provincial revenue raised exclusively through taxation were the people of Ontario. For a long time they will continue to be the only province where that would work. Unless we want to have disunity, division and inequities in this country, that would not be tolerable at all.

Although I do not think it is expedient to be asking us here in this parliament every year to pass this same resolution and do this same thing, I do say that the fundamental policy, of which this resolution is a small amelioration, a very small amelioration, as I think I have shown in what I have said, is fundamentally and basically a good policy; and the best reason for contending that it is, is the fact that after two years in office the ingenious and hard-working Minister of Finance, with all those commitments behind him and all those promises behind him, has not been able to devise anything better.

This government will not meet the provincial governments in conference. Why? Because they have nothing new to suggest, and they have now called—and I refer to the speech from the throne, and there was no motion about this subject, sir, since you are beginning to get restive—they are going to ask civil servants of the federal government and the provincial governments to try to get together and work out some ideas for them.

Where are those wonderful ideas that the Solicitor General had before the election that were going to sweep this rotten Liberal system out of existence and put something better in its place? Where is this better thing? It is just another vision, sir, and it is worth about as much as the rest of the vision.

Mr. Flynn: Mr. Chairman, if I am permitted to answer the hon. member for Bonavista-Twillingate I will say that what I proposed was a formula based on two principles: the first one, maximum fiscal responsibility; and, the second, federal aid to the poorer provinces in the form of a subsidiary measure on a temporary basis; but "temporary" may be as long as needed.

Mr. Pickersgill: I do not think I did the hon. member much injustice.

Mr. Flynn: I am more optimistic on the future of Newfoundland than the hon. member for Bonavista-Twillingate seems to be.

Mr. Fisher: May I ask the hon. member a question? Is the point of his speech this: the policy of this government is identical with that of the Liberal party so far this particular question is concerned?

Mr. Pickersgill: No, I did not say the policy was identical. I do not think they have any policy. They are simply continuing to use our formula because it is a good one and because they have not been able to think of anything better.

Mr. Argue: Mr. Chairman, I feel that at this time dominion-provincial relations are at a very low ebb. I think the government is getting a decided bad reaction from the provinces, not only because of what the government is doing but the manner in which it is being done.

The resolution which is before us at this time will carry into effect for another year the motion and the provisions which are being followed at the present time. We had expected that, as a result of many promises made in the recent election campaign, there would have been a new arrangement worked out on a satisfactory basis with the provinces by mutual agreement in a way which would improve provincial financing. Before the election the government seemed to keep in mind the long complaints that the provinces have had as to the need of additional revenue, and seemed to take the feelings of the provinces into account; but immediately the election was over the government's consideration for the welfare of provincial governments seemed to come to an end.

On January 25, 1958, as reported at page 3795 of *Hansard*, the Minister of Finance, in announcing the formula that is today being discussed, had this to say:

> The estimated cost to federal treasury is over $62 million. This is an interim measure pending reconvening of dominion-provincial conference to seek fiscal settlements.

This was the message that was sent out to the provinces. We are waiting, Canada is waiting, for this solemn commitment to be fulfilled. Instead of the government having brought about an agreement, if possible by mutual discussion, by mutual arrangement, the government at this time has sent an ambassador, a civil servant, out to interview officials of provincial governments. This is a unique way, to say the least, to carry on federal-provincial relations. I am certain that no provincial government has asked that this method be followed. I am certain that this type of action by the government is not one that will inspire confidence from the provinces.

We have asked in this house on previous occasions what progress has been made as a result of this one-man ambassador's travels across the country. At this time when we are discussing very large sums of money the minister owes it to the house to give us a progress report, to tell us when, if ever, we are going to be able to get away from this ad hoc method of handling federal-provincial relations.

The present formula that is being proposed by this resolution and that will be continued has a number of faults, one of which from the standpoint of have not provinces and those whose revenues are most inadequate to meet their needs is that the amounts are too low. The second very strong criticism is that although the percentage is fixed there has been no raising of the floor under these grants, so that although the Minister of Finance outlined in the house last year the amount of money that he forecast the provinces would receive because of the increased percentage that was being provided, these increases have not materialized.

One of the main considerations in federal-provincial relations and federal-provincial conferences in the past has been to place under provincial revenues floors that would be maintained in times of falling revenues. That has not been done in this case. There-

fore, the budgets of provincial governments become subject to the failure of the federal government to maintain a buoyant income, and when the federal government fails to provide full employment, full production and an increasing gross national product, provincial revenues suffer. If the government would place a 95 per cent floor under this additional amount as compared with the former amount it would provide a greater measure of stability for the finances of provincial governments.

The crying need in Canada today is to provide stability of provincial revenues and to provide the provinces with the kind of revenues they need to maintain the services that are their responsibility. Having regard to the way our federal constitution is drafted, responsibility for most of the main services rests with the provinces. They have the responsibility but the federal government has the ability to raise revenues out of all proportion to the responsibilities of the federal government. Having regard to the services that the provinces must provide, the federal government should act in order to give Canadians in every province the opportunity to enjoy the same level of services that is enjoyed in some provinces.

The action of the government in failing to consult the provinces on a high level basis, its failure to consult the premiers of the provinces, has not been well received. The minister has had certain correspondence with various provincial premiers, and as far as federal-provincial relations are concerned the government's attitude seems to be the same kind of attitude that is prevailing in other quarters. Instead of consultation, instead of mutual arrangements, the federal government says: "You can take it or leave it."

With regard to discussions with the provinces I suggest that the minister himself is guilty of using the kind of language that does not improve federal-provincial relations. Correspondence took place with regard to this particular formula with the premier of Saskatchewan, and the Minister of Finance, replying to a letter written to him by the Hon. T. C. Douglas, premier of Saskatchewan, said in part in a letter dated July 7, 1958:

> My dear premier:
>
> I acknowledge receipt of your letter of June 23. Notwithstanding your mistaken comments, my letter of June 17 is entirely clear and in accord with the facts. While I doubt if I can usefully add anything to what I previously said, perhaps in view of your apparent misunderstanding of the question some further clarification might have value.
>
> The 1958 amendment to the Federal-Provincial Tax-Sharing Arrangements Act is likewise perfectly clear. I therefore find it extremely difficult to believe that one of your knowledge and experience would find it capable of misinterpretation,

particularly in view of the explanation given not only in parliament but through subsequent correspondence.

I suggest, Mr. Chairman, that the language contained in this letter was intemperate, uncalled for and that if it were designed to interfere with normal federal-provincial relations it could not have been drafted in a manner better calculated to achieve that regrettable result. There is much talk of the minister being transferred to another portfolio, that of the Department of External Affairs. I would hope that the new training he is being subjected to would result in an improvement in his attitude so that this kind of language is not used. I do not think that abusive language to a premier of a province is something that should be condoned by parliament or by any member of the House of Commons. It is time that the federal government learned from statements made in the past. Although the statement I am about to refer to was made by the Prime Minister in 1956, it could well have been a comment on federal-provincial relations at this time. This is what he said on July 24, 1956:

> I believe this. I think it is fair to say that the attitude taken by the government at the last conference was an arbitrary one. The government simply said, "These are the terms." No opportunity was given for amendment or for amelioration of any terms. The recipe for a division of taxation was as final as the laws of the Medes and the Persians, and how similar that attitude was to the attitude of the government in this house, which is that power makes perfect anything they do.

Instead of taking action on the resolution at this time, the government should be placing before parliament new proposals agreed to by the provinces after full consultation, proposals designed to relieve some of the very heavy burdens now being borne by the provinces, designed to bring about an economy with full employment and full production, designed to strengthen the economic and democratic fabric of the nation.

Federal-provincial relations are at a low ebb. They have been damaged. I hope that the government will reconvene a federal-provincial conference and that it will cease to to delegate to a departmental official a role that in fact should be borne by the Minister of Finance.

Mr. Pickersgill: Before the resolution carries, may I point out that the hon. member for Burin-Burgeo asked the minister some questions earlier this afternoon based on certain figures that were given by the Prime Minister in a television broadcast the other day. These figures purported to show how much in contributions, if I may use a word used by the minister, the government of Newfoundland and the people of Newfoundland had received from the federal treasury

since confederation, that is, since April 1, 1949. I know that the minister cannot provide these figures right now but it does seem to me that this information should be provided. I believe there was an order for return passed yesterday asking for somewhat similar information but the information should be provided now so that we will have it when the bill comes before the house. It should not be any more difficult to prepare it for the other provinces than it was for Newfoundland and I suggest that to prepare it for one province and not for the other provinces and not to make it available to all members equally is not a very satisfactory position in which to leave the matter. I wonder whether the minister can assure us that the material will be ready.

Mr. Fleming (Eglinton): No, Mr. Speaker, I am sorry but I cannot give any such assurance. The material has not been prepared with respect to the other provinces. It would be quite a formidable task to prepare it. It is hoped that the bill to be founded on the resolution will be passed soon because until it is passed we are not in a position to make any payments to the provinces in respect of the additional 3 per cent of the yield from the personal income tax which the bill would authorize.

I may point out, Mr. Chairman, that the statement the hon. gentleman refers to is a statement made outside the house. It is something that is not in the context of this legislation. It relates to a great many other things as well and it is not relevant. The kind of statement he wants goes far beyond the context of the present measure.

Mr. Pickersgill: I am quite astonished to hear this reply coming from the hon. member for Eglinton, and I call him that for obvious reasons because, in language that I do not intend to attempt to emulate, we heard charge after charge ring through this house from the day the hon. gentleman was first elected about the denial to parliament of information.

Here is basic information about federal-provincial fiscal relations which the minister must have prepared, or which his department must have prepared, for the Prime Minister. This information was used by the Prime Minister outside the house in a television broadcast, and was designed to influence public opinion. However, when we, as members of the house, ask for similar information about the other provinces, the minister says he is too busy and it takes too long to prepare; that it is very important to get this legislation through in a hurry. He says we are not entitled to have that relevant information, and it is relevant information. Surely, if we are asked to form an opinion as to whether or not additional moneys should be paid to the provinces, the basic information about what they are getting now should be in the possession of the committee.

In a matter of finance, above everything else, where the control of the house over expenditure is the very stuff of which the history of our institutions is made, it is an absolutely incredible position for the Minister of Finance to take. I hope he will reconsider it. I am quite sure that the difficulties of preparing this information would be no greater than the difficulty of assembling the information in that table that was put before us, which I examined this afternoon. It seems to me that the minister should reconsider, and remember those eloquent words he used to use about the rights of parliament.

Mr. Regier: I wonder, now that a considerable length of time has elapsed since this resolution was introduced, and since the minister has now had an ambassador interview the ministers of finance in the provinces, whether the minister would be able to supply the committee with a report on the ambassador's visit?

Mr. Fleming (Eglinton): I would be able to do that at the proper time, but that leads us into the question of a conference, which has been ruled out of order in the present debate. At the proper time I will be happy

Mr. Regier: Looking over the wording of the resolution, it starts: "Resolved, that it is expedient—". I was wondering whether or not the minister would be able to report that as a result of the visit to the provincial ministers of finance most of our provincial governments would agree that it is expedient at this time to have this resolution dealt with?

Mr. Fleming (Eglinton): The purpose of this consultation was not directly related to the present measure. It was related to the proposal for the holding of a conference between provincial treasurers on the one hand and the Minister of Finance on the other, to be followed by the studies that have been discussed earlier at the official level. This does not hinge on the present measure.

Mr. Regier: I have another matter about which I should like to question the minister. Is it reasonable to expect that if we endorse this resolution there may be an announcement within a matter of a week or so that, over and beyond the provisions of this resolution, there will be a new cost-sharing arrangement announced by the federal government in relation to Manitoba?

Mr. Fleming (Eglinton): What does the hon. gentleman mean by "cost-sharing arrangement"? We are here dealing with a pro-

posal that the federal-provincial tax-sharing arrangements be enlarged so the provincial must have prepared, or which his department share of the yield from the personal income tax would be increased from 10 per cent to 13 per cent. As the house is well aware, this is the change that is proposed by the federal government for this fiscal year, and this is the only one that affects the unconditional grants payable under the Federal-Provincial Tax-sharing Arrangements Act.

Mr. Regier: I think I am within my rights in asking the minister at this time, when he asks for the endorsation of this resolution, whether it is within his knowledge that the government of Canada is intending, within a limited number of days, to make an announcement in regard to assistance to a province over and above what is contained in this resolution.

Mr. Pearson: The minister has quite rightly said that this resolution precedes a bill which will be introduced to enlarge the provincial share of the income tax from 10 per cent to 13 per cent. In that sense it affects the grants to the provinces. Now, any consideration which this committee gives to the proposed bill would be affected by a very pertinent factor, namely the grants that are being received now by the provinces from the federal government. As my hon. friend, the hon. member for Bonavista-Twillingate, has pointed out, a statement has been made by the Prime Minister outside of this house in which he said the total amount of $300 million had been received by one province since confederation, including the amount for the current year. This has a bearing on this resolution, as it will have a bearing on our consideration of the bill.

A request has been made, and surely it is a proper request, that we should have that information for the other provinces before we consider the bill. An impression has been created by this statement outside the house that one province is being treated fairly and equitably in regard to the amount of money it has received. We would like to have that information confirmed by the minister. We would like to have the same information in respect of the other provinces. I cannot really believe that this kind of information, which apparently has been secured for one province, could not be secured for the other provinces. I do not want to hold up the resolution at this time, but I do want to let the minister know that we will expect this information when we come to consider the bill. We hope to have it before us at that time.

Resolution reported, and concurred in.

Mr. Fleming (Eglinton) thereupon moved for leave to introduce Bill No. C-41, to amend the Federal-Provincial Tax-Sharing Arrangements Act.

[Mr. Fleming (Eglinton).]

Motion agreed to and bill read the first time.

WAYS AND MEANS

The house in committee of ways and means, Mr. Rea in the chair.

INCOME TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Income Tax Act and to provide among other things:

1. That for the 1960 and subsequent taxation years each of the graduated rates of tax at present applicable to individuals on taxable income in excess of $3000 be increased by two percentage points and that for the 1959 taxation year each of the graduated rates of tax applicable to individuals on taxable income in excess of $3000 be increased by one percentage point.

2. That with respect to income of corporations earned on and after January 1, 1959 the 45 per cent rate of tax on taxable income in excess of $25,000 be increased to 47 per cent and the 43 per cent rate of tax on taxable income in excess of $25,000 applicable to corporations deriving more than half their gross revenue from the sale for delivery in Canada of electrical energy, gas or steam be increased to 45 per cent.

3. That commencing January 1, 1959 the definition of medical expenses exclude those amounts which the taxpayer is not required to pay because they are paid with the assistance of the government of Canada under the Hospital Insurance and Diagnostic Services Act.

4. That amounts paid on or after January 1, 1959 for iliostomy and colostomy pads, crutches, trusses for hernia and rocking beds for poliomyelitis patients be included in the medical expenses that are deductible in computing taxable income.

5. That for the 1959 and subsequent taxation years an individual be allowed to deduct in computing income, in addition to the amounts now permitted by the act, any amount received by him out of a pension fund or plan upon withdrawal or retirement from employment or upon the winding up of the fund, not exceeding the portion thereof that is paid in the year, or within 60 days after the end of the year, as a contribution to a registered pension fund or plan or as a premium under a registered retirement savings plan.

6. That with respect to deaths occurring after April 9, 1959 the exemption for a portion of a death benefit paid by an employer upon or after the death of an officer or employee in recognition of his service be changed from an amount equal to the employee's remuneration for the last 90 days in the office or employment to an exemption for an amount equal to the remuneration of the employee for the last 12 months in the office or employment or the amount of $10,000 whichever is the lesser.

7. That for 1960 and subsequent taxation years there shall be included as income from an office or employment the amount of the benefit which an employee derives by virtue of the payment by his employer of a premium under a group life insurance plan to provide the employee with life insurance coverage to the extent that it is in excess of $25,000.

8. That the time within which a notice of objection to an assessment issued after February 8, 1959 must be served be increased from 60 to 90 days from the day of mailing of the notice of assessment.

9. That the privilege of qualifying as a foreign business corporation be withdrawn except for those corporations that were so qualified for the 1958 taxation year.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Benidickson: Mr. Chairman, is the minister to make any comment beyond his budget address?

Mr. Fleming (Eglinton): Mr. Chairman, I think there is nothing new to be mentioned in connection with this opening paragraph. When we come down to paragraph 9, Mr. Chairman, I will have an amendment to propose to it. If I may make a suggestion in the interest of orderly procedure, while there is just one resolution to amend the Income Tax Act it might contribute to orderly discussion in the committee if you were to call the paragraphs seriatim.

The Deputy Chairman: Is the committee agreeable that the paragraph be discussed seriatim?

Mr. Benidickson: Mr. Chairman, I do recall the discussion of last year with respect to relevancy and order, and I think I would agree with the minister that providing there is at all times adherence to relevancy it is desirable that an attempt be made for speakers to keep to the individual paragraphs in the resolution in seriatim. My understanding is that in recent years we consider that we have in nine parts a resolution as a whole. The only difficulty I can think of is that some member might come in a bit late and feel that his rights had not been properly respected. I personally would address myself to the resolution in its separate nine parts.

Mr. Chairman, we have, of course, very recently completed a formal debate on the budget. I think that in particular the first two paragraphs of this resolution, Nos. 1 and 2, highlight and pinpoint the general criticism which was advanced to the budget speech of the minister, which I think can be most appropriately advanced to these particular paragraphs. The general phrases, if one were to summarize, which seem most effectively to indicate the feeling of the opposition, and indeed the public as a whole, are that these paragraphs pinpoint the nature of betrayal and the nature of bad faith when one relates the proposals we are now asked to deal with in detail to the promises spree which we heard in two recent elections. In other words, we are today at the point where the promises of yesterday are the deficits and taxes of today.

If there were any key promises of this government that I think most members of the public have in mind and which helped bring the government to power, surely they were the seemingly clear pledges that the government would not be increasing taxes but on the contrary would be reducing taxes. In other words, we are asked here in the first two paragraphs to raise the tax rates on individual incomes and on corporation incomes, and I suggest that this is a complete reversal of everything that was advanced to the public by this government. We have a very keen recollection of how my hon. friend the Minister of Finance and those associated with him, not only in the house but on the election platforms, blasted their opponents over and over again claiming that their predecessors were spending too much and taxing too much. We have in this resolution to amend the Income Tax Act an application of new taxes which involves an increased take from the public by way of income tax of 12½ per cent.

I have raised the question before and I raise it again now in the hope that the minister will comment upon it. I would like his comments as to whether or not these proposals may not do the very opposite of what is desired with respect to our economy. I am thinking that these increases in taxes to the extent that they are advocated may actually brake the re-employment that is the desire of everybody, and indeed could very much backfire on the economy of the country at this present stage. I think the minister shares my respect for a certain non-partisan organization that considers tax matters. I refer to the Canadian tax foundation, the director of which is a former very highly respected member of the Department of Finance, Mr. Harvey Perry, even prior to the minister's budget proposals, said and I quote "already taxes are at such a level that they influence, and usually in a detrimental way, almost every aspect of our economy."

The conspicuous thing about the financial proposals which have come from the minister and his government at this present time is that they do not seem to have the recipe which we heard so much about in the election campaigns of 1957 and 1958. The Prime Minister has confessed to the trades and labour council and to the municipalities and other delegations since he has assumed office that there was no such recipe which, on the other hand, he indicated he had, namely that you could have a great amount of candy in connection with government administration and not pay for it. I ask the Minister of Finance in his subsequent remarks tonight to indicate his views upon these tax increases in relation to higher prices, more inflation, and the threat to exports; and in particular one thing which is concerning us

all at the present time, and that is whether we are, as a result of a built-in tax expense, being taxed out of sales.

I indicated to the minister on budget night that it was a very startling thing to find him budgeting seemingly with mirrors, in that within a very short space of time he had ceased boasting about tax reductions of $178 million in 1957 and was, in this 1959 budget, proposing tax increases of double that amount—$2 increase for every $1 decrease. Increases in taxes in a full year, he says will be $352 million. The most startling thing about it all is that none of these proposals seem to jibe in any way with the long held views which the minister has so long and often expressed in this house. We recall that in the past few weeks we have heard some surprising and cynical remarks from occupants of the treasury benches about the subject of promises, and there seemed to be some priority in connection with their promises, depending on whether they were made inside or outside the House of Commons. But both inside and outside the house the Minister of Finance and the Prime Minister have gone on record with respect to disapproving tax increases. Their fiscal policies are on record, and have been on record for a great number of years.

I raise this question of money left over for capital expenditure because it seems to me that the fillip that we might expect at the present time, and which would give us the greatest opportunity for the re-employment of those who are now unemployed, could very properly come from the private segment of our economy. This seems to be a view which the minister himself shared in recent times. I would remind the hon. gentleman that on March 27, 1956, as reported at page 2648 of *Hansard*, he said this:

> Canada needs capital. We need capital created out of the savings of the people. That is one reason why the government ought to be making resolute efforts to reduce the burden of taxation on the Canadian people.

I think the finance minister should tell this house why his views seemed to have changed in such a short period of time.

During the budget debate we heard spokesmen of the ministry indicate that a certain amount of economic surgery and unpleasantness was necessary in present circumstances. The Minister of National Revenue suggested that men and women did not always expect from their government policies which involve flavoursome potions and painless surgery. But that is not what this administration said to the Canadian people in the two recent election campaigns. The most charitable thing I can say to the finance minister and to his associates is that perhaps they were so naive and so disrespectful of economic laws that they actually believed that the advantages which they promised could be achieved without increases in taxation. Either the government must admit that they possessed this naivety—a naivety amounting almost to stupidity—or, on the other hand, they did believe that through high pressure selling they could take the Canadian people as, shall we say, saps, and persuade them to accept the kind of economics they presented to them. But events are catching up with this government and we now see very clearly the cost of the so-called vision.

In the budget debate I did make reference to the new taxes whose imposition the minister was prepared to advocate at the sales tax or consumers' tax level. I find that with respect to the sales tax for old age pensioners, the minister's proposal means that another $93 million would accrue to the treasury from the 1 per cent increase. He expects another $46 million from new imposts on the excise taxes. In other words, a total of $139 million out of $352 million comes from tax on spending. We have already seen how quickly proposals of this kind can be triggered into eventual cost burdens on the consumers in this country, burdens which are far greater than the actual dollar value of the taxes themselves. The Prime Minister exploded over this matter in the House of Commons when replying to a question addressed to him by the hon. member for Vancouver East. Well, these increases might be inexcusable, but the Prime Minister offered no remedy with respect to them. The pages of *Hansard* over the past ten years are full of statements by the Prime Minister and the Minister of Finance indicating that this would be the inevitable result of an increase in this particular type of taxation on consumers spending.

I hope that before we conclude our discussion of items one and two, the minister will very carefully explain to this committee why he feels that measures to increase this type of taxation can be advanced by him without the consequences which he himself in the past said were so unfortunate from the point of view of inflation and spiralling costs.

Mr. Herridge: I may say at the outset that the members of this group intend to discuss the items themselves, and not to enter into a general debate on the income tax provisions and similar subjects. I rise on item one to bring to the attention of the minister two or three matters which I have raised in this committee in previous years and which have come to my notice as a result of considerable correspondence from a large number of people who are concerned about the questions I intend to raise.

The first matter I wish to bring to the minister's attention is that while we note

that no general increases in exemptions for income tax purposes have been provided, we in the C.C.F. party do feel that there was an opportunity to assist certain groups of people who are obliged to bear extra expense because of their situation or the conditions under which they live. The first are those working people who live some distance away from their places of employment. This problem becomes ever more acute with the growth of our cities and the necessity which so many people find of moving into suburban areas in order to obtain suitable housing and so on. We feel that some provision should be made for the exemption of at least a portion of the extra expense occasioned by travel in such circumstances.

In the constituency which I have the honour to represent, there are a number of working people who are obliged to travel as far as 30 miles to work each day. This is necessary because they have to live at some distance from their places of employment in order to find satisfactory living conditions for their families. I do urge the minister to give some consideration to allowing at least a portion of this travel expenditure to be exempted for income tax purposes.

The second group from whom I have heard is a group of disability pensioners, and I suggest it would be possible for the minister to assist these pensioners and war veterans without great expense to the treasury while performing a service of particular value to these handicapped persons. I have particular reference to amputees.

I know of several cases where these people are required to hire a taxi to go to their employment because they cannot drive a car or where they are required to use a motor vehicle because they are unable to walk and things of that sort. These men who suffer these disabilities should receive some consideration because of the extra expenses they have to incur in travelling. I bring that to the attention of the minister and would like to have his comments later on in the evening. I have received a number of letters about this matter. The suggestion appealed to me because it seemed to me that the minister could do something for these unfortunate persons who have difficulty meeting the increased cost of living because of disability incurred in the service of their country.

I have also had representations from people with respect to the allowance costs incurred for non-licensed ambulances or methods of transportation used by persons who have to be taken to hospital where it is impossible to employ a licensed ambulance. I know that in a constituency such as I represent, and there must be many others in the same position, if a man is injured in the woods it is sometimes necessary to hire a launch to take him a distance of 20 or 30 miles and then hire a car to take him a distance which in some cases is up to 100 miles, or hire some other form of conveyance. I mentioned last year a case where we had to put an injured man on horseback and take him over the hills for some considerable distance. These are expensive forms of travel. Of course, no one considers expense when taking an injured person to hospital when he is stricken in the woods, the hills or the mines. I have met many people who believe that some consideration should be given by the minister to those much higher costs incurred for performing what is in effect an ambulance service compared with those that have to be paid by persons who can obtain licensed ambulances because they are close to cities where distances are shorter and so on. I urge the minister to give further consideration to this and I should like to hear his comments about those suggestions.

I have received many letters criticizing the limitation of $100 for charitable donations. The argument used in those cases is that it does not properly recognize persons with charitable instincts whether they are donating to churches, hospitals or other charitable causes. There should be provision for a larger exemption in this respect or provision for the amount a person donates to these good causes. That is all I have to say at this point and I shall look forward to hearing the minister's comments later.

Mr. Pearson: Mr. Chairman, the first of these resolutions we have before us tonight is the first concrete indication we have had that the bills are coming in. They are to be met in part through income tax increases and other taxes. These will serve to meet them only in part because some of them will be merely absorbed in the deficit for next year which is still something over $400 million.

When the Prime Minister was speaking on "The Nation's Business" over television on April 20 last, he had something to say about these increases in income and other taxes. I shall quote what the Prime Minister said from the circulated text of his broadcast:

> We have put into effect many of the human betterment measures which people have asked for. These have already cost large sums of money and will continue at a high level in the current year.

I agree that they have cost large sums of money and that they certainly will continue at a high level, but some of us remember how these costs were to be met out of the waste and extravagance of previous government expenditures amounting to something approaching $500 million in the

estimation of various Conservatives. They said then that these costs for what the Prime Minister calls human betterment measures would be met out of the waste and extravagance of the Liberal administration. In his broadcast the Prime Minister went on to say:

> The tax increases in this year's budget—

The increase in the first resolution is an important part of them. I continue:

> The tax increases in this year's budget are directly related to the human betterment expenditures. In total, however, the tax increases are much less than the additional payments to alleviate the effects of the recession. The budget is up by $245 million in taxes in the current fiscal year.

I think the minister will support this statement. The increase in taxation for a full year will come to well over $245 million; according to our calculations it will perhaps be $340 million or $350 million. However, leaving that difference aside for the moment, the Prime Minister went on to say:

> Even so, the income rates will be lower than when our government assumed office.

Perhaps the minister will confirm that in his remarks. The Prime Minister continued:

> On the other hand we will be paying out this year $550 million more to Canadians in national health insurance, welfare and social security payments than in 1956-57, the last year before we came into office. That is to say, twice as much as the tax increases.

"Twice as much as the tax increases," says the Prime Minister using a figure of $550 million and including in that sum payments for national health insurance which employees and employers contribute to and only part of which comes from the government. It is therefore quite a misleading calculation to say the least. Then the Prime Minister went on to say:

> The $550 million does not include additional expenditures which will be made for unemployment insurance as a result of the extension of these benefits to more people and for longer periods. Here alone, the additional costs will be $200 million more than in 1956-57. This will bring the total of human betterment measure payments to more than three times the amount of the tax increases.

I would like to see if the minister confirms that the increase in human betterment payments this year will be over $1 billion because the increase in taxes for a full year will be $350 million.

This was the statement made a few weeks ago to the public. The Prime Minister concluded this part of his statement with the following words:

> These heavy demands for social and individual security measures to meet the recession effects have resulted in a projected deficit for the current year.

Mr. Chairman, I call your attention to the reason given by the Prime Minister for these heavy demands for social and individual security measures. He said, as he said previously, they are to meet the recession. That is the purpose, according to the Prime Minister, of these additional social security demands, to meet the recession effects. Are we to draw from that that when these recession effects are over—and the minister says we are on the way out of the recession—these heavy demands for social and individual security measures which have been made to meet the recession are to be withdrawn and this social security program about which the Prime Minister boasted in the early part of his statement is to be reconsidered again?

Perhaps when the time comes the minister will deal with these two matters; the statement made over the air that there have been additional payments for human betterment this year of over $1 billion and the statement made that these heavy demands for social security and other increased payments in this form were made to meet recession effects. Perhaps he will tell us what is to be done about them when the recession disappears as we all hope it will?

Mr. Henderson: Mr. Chairman, I should like to draw the attention of the minister to the fact that in my part of the country the land is of no use until the brush is removed but there is no provision under which the costs of the removal of brush from the land are deductible from income tax. I would urge the minister to give this matter serious consideration and shall look forward to hearing his comments on this subject.

The Chairman: Is there any further discussion on paragraph one?

Mr. Howard: I gather that the minister will possibly make comment on some of the things that have been mentioned; therefore I would like to leave this thought with him. I hope he may be able to reply to it, since he is thoroughly familiar with the question that I am about to mention, it having been brought to his attention in a formal way on other occasions. I make reference to the question which my friend from Kootenay West raised, notably travelling expenses of industrial workers. The expenses incurred by such people may vary from one part of the country to another and certainly may vary according to the work that a person does; but I should like to relate the problems that the workers on the west coast of British Columbia are confronted with, because of the extraordinarily high travelling expenses they have to meet.

The logging industry on the coast of British Columbia is classified or considered as being a seasonal one. There is during the winter months of December, January

and February, depending on the severity of the winter, a shut-down of the logging industry. Then, in the summer months, depending again on the weather, how dry it is and how low the humidity is, there is a possibility of a shut-down. The summer closures or shut-downs take place at the insistence of the provincial government. Where there is excessively low humidity they may institute forest closure which means that all of the logging camps in the area affected must close down. A logger finding himself confronted with these two problems has in effect at the start of the winter to pay his fare from Vancouver, where most of the hiring is done and then out to the logging camp initially to get started in the spring. If the forest closure comes along, which happened in 1951 in particular and again last year, sometime probably in June, the logger finds that he has to pay his fare back again to Vancouver and then from Vancouver out to the camp again when the forest closure is lifted, and back to Vancouver again when the winter season sets in, say, in the month of January. Therefore, he finds he has to make four single trips or two round trips from the camp at which he is to Vancouver where, as I said, most of the hiring is done. This is an excessively high penalty that he has to pay to become employed and keep employed.

Certainly, I think some consideration should be given in so far as being able to deduct the travelling expenses that a logger, and other industrial workers like him have to incur in order to get out to the job where they are working and back to town again, especially when their travelling is no fault of their own, when it is occasioned by weather, by governmental action in closing the forests or by curtailment of production, as happens from time to time and the camp closes down. Especially in these cases he should have the right to make certain deductions on his income tax return for the money that he spends in getting out to work and providing income for himself and his family.

Also the loggers—again I mention them only because I am personally familiar with their difficulties but this applies to construction workers as well; it applies to miners and it applies to other types of industrial workers—find themselves in this position. Most of the logging camps—I would say 90 per cent of them—have no accommodation for families, or very little. Those that do have accommodation for families are concentrated in the lower portion of Vancouver island where there are quite a number of roads and access transportation is more readily available than it is in the upcoast camps. Practically all of the upper coast camps do not have accommodation for a man and his family. Consequently, practically all of the loggers have to maintain their wives and children, say, in Vancouver or in the Fraser valley, in Westminster. I know many in Burnaby.

Loggers who live there who have to go up to the upcoast camps in order to work find also that they have to pay board and lodging charges to the company for whom they work. They are in effect maintaining two homes, again through no fault of their own. Many of them that I know personally would like to move their families with them where they are working but the policy of the company, the places where the camp is located, the lack of transportation facilities, road, rail or ship, and so on, make it impossible for the person to locate himself and his family at the particular logging camp. Some provision should be made whereby in these circumstances he is able to make a deduction for income tax purposes of the extra money he has to pay out, first to provide board and lodging for himself in the logging camp and second to maintain a home where his wife and family live, which is some place else.

Third, and probably I would consider this the least important of the three, the necessary deductions which I think should be allowed relate to clothing for industrial workers. The argument, of course, which says that this is probably not so important as the other two is that we all have to buy special clothing of some kind. For instance, probably the Minister of Finance has a larger number of blue ties than do loggers in the logging camps or the miners under ground. I imagine we can assume that part of the outlay of the Minister of Finance for clothing should be a deductible expense, depending on the number of blue suits and ties he has. But there are some types of workers who, because of the type of work they are in, have to expend money for particular types of protective clothing which are not required elsewhere. For instances, miners underground need hard hats. They need rubber clothing or sweater clothing to keep dry and they are required also by law to have safety-toed or steel-toed boots.

The loggers out in the bush are in the same position. The compensation regulations require them to wear a certain type of boot to log with on the coast. The logger has to have a cork boot. They have to wear hard hats. They also need other extra types of clothing, depending on the weather. Other types of workmen need special types of gloves, depending on the industry in which they are working. Consideration should be given to these factors also, especially when we look at the cost of some of these protective

pieces of clothing which are required by law. A pair of logger's cork boots, for instance, which might last, if he is lucky and does not have to wear them in country that has too much rock in it or is too rough, a logging season, costs somewhere in the neighbourhood of $33 to $35 a pair. If, as we gather from newspaper articles, there is a trend by boot manufacturers to increase their prices, the price of cork boots will be somewhere in the neighbourhood of $40 a pair. Many people have to get specially made cork shoes because of the impairment they may have in their feet, and so on. The cost of a pair of such shoes may range as high as $50 or $60 and they last probably only for one season.

I think special consideration should be given to those three items. While I have mentioned loggers particularly, I only do so because of familiarity with them and I am not in any way intending to leave the impression that other industrial workers are in a less favourable position. Certainly they have somewhat the same costs for somewhat the same reasons.

This matter has been brought to the attention of the present minister and to the attention of his predecessor. I know that other hon. members are familiar with the problem and have discussed it with other people. It is obvious that no provision is to be made in these amendments but I would certainly appreciate an indication from the minister as to what action he contemplates in this regard and I hope that the action will be more than the usual statement that the matter is under consideration.

Mr. Southam: Mr. Chairman, while we are discussing this resolution I should like to point out that great emphasis has been placed in the last number of years on the field of higher education. In that regard I should like to suggest that because the summer work period for students is short some consideration should be given to exempting them from income tax on their earnings in order to encourage them to work. In other words, we should eliminate any retarding factor with regard to their going to work during the summer holidays. I have discussed this problem with quite a number of hon. members and people attending universities and they feel that some consideration should be given to this particular factor as far as income tax is concerned.

Mr. Hellyer: Mr. Chairman, I should like to support the idea just put forward by the hon. member for Moose Mountain. I know that all hon. members are interested in the subject of higher education. It is not too long ago, in fact earlier this year, that a brief was presented to the government by the Canadian association of medical students and internes in association with the national federation of Canadian university students. As a preamble to the brief the following statement by Dr. J. Cyril James, principal and vice-chancellor of McGill University, is quoted:

> A young Canadian from a family of modest circumstances has less chance of getting a university education today than a youth in any other country with which I am familiar. It underlines the fact that Canadians have fewer opportunities to obtain a university education.

That is a very serious observation, one which I think we have a responsibility to do something about. The brief goes on to give some statistics. It points out that only 7.2 per cent of students of university age in Canada go on to attend university despite the fact that more than 30 per cent of any given age group being deemed suitable university material. The brief sets out that of those who leave school before completing their education fully 50 per cent do so for financial reasons. The brief elaborates on the difficulties students have in earning sufficient money during the summer to pay their expenses and says that about 80 per cent have to have support from their parents or their spouse. They go on to suggest that without any contravention of the British North America Act the Minister of Finance could assist students in obtaining a university education by making certain amendments to the Income Tax Act and providing for certain deductions from taxable income. The five suggestions they make in their brief are:

> 1. The cost of tuition for the student in full time attendance at a Canadian college or university should be deductible from the taxable income of the student or from the taxable income of the person paying this expense, whether that person be parent, guardian or spouse.
>
> 2. The cost of books and instruments for the student in full time attendance at a Canadian college or university should be deductible from the taxable income of the student or from the taxable income of the person paying this expense, whether that person be parent, guardian or spouse.
>
> 3. The present amount which a student in full time attendance at a Canadian college or university may earn and still be claimed as an exemption on the income tax return of parent or guardian should be increased from $950 to $1,100.
>
> 4. The exemption which the parent or guardian of a student in full time attendance at a Canadian college or university may claim, as exemption for the student, should be increased, when this exemption is applicable, to $1,000 from the present $500.
>
> 5. The spouse of a student in full time attendance at a Canadian college or university should be allowed an exemption of $1000 for the student provided that the student not earn more than $1,100 in which case the exemption would be reduced by the amount earned over $1,100 subtracted from $1,000.

The brief and its recommendations were very carefully thought out by a group of interested students who will themselves reap

no benefit but who have at heart the interests of those who will succeed them in academic life. I urge the Minister of Finance to consider these recommendations and to see if he cannot at least accept them partially. I also urge the support of all members of the house, particularly all Progressive Conservative members, for the suggestions put forward in this brief.

On the subject of the changes in taxation, Mr. Chairman, we know that the Progressive Conservative party has always claimed to be consistent in its viewpoint. Therefore I think we might examine the record for a moment to see the nature of their consistency. I have here a document entitled, "What the Progressive Conservative party Stands For." It is a resume of the resolutions adopted by that party at their national convention in December, 1956. Under the heading "Taxation and Trade" the first resolution passed reads as follows:

> The Progressive Conservative party will reduce taxation to a level that will result in a balanced budget and eliminate huge surpluses—

They have certainly eliminated the huge surplus already.

> —of revenue over expenditure to the end that the individual taxpayer will be given relief from the crushing burden he has been carrying and our producers will be enabled to meet competition better in foreign markets through lower prices for their products.

I think the resolution was excellent, and I am sure the Minister of Finance would be well advised to try to live up to it more closely than he has been able to.

Mr. Pickersgill: Would the hon. gentleman permit a question?

Mr. Hellyer: Certainly.

Mr. Pickersgill: Can the hon. gentleman tell me whether the document he is reading from is not a secret document?

Mr. Hellyer: I think it has been withdrawn from publication under orders from the present leader of the Progressive Conservative party.

An hon. Member: Let's have a duet.

Mr. Hodgson: Why don't you sing us a song?

Mr. Hellyer: Thank you for the applause. During the election campaign of 1957 the Prime Minister had some other things to say about taxation. The following is part of a report of an address he made in Toronto:

> "It is time", he said, "to take the unrepentant taxmasters off the backs of the Canadian people. . . . The government seems to think it is good for the souls of the Canadian people to overtax them and to have honest Canadians pushed around and pilloried by income tax snoopers. The views of the ivory tower boys seem to be that if you spend your money it makes inflation but if the government takes it from you and spends it, no harm is done."

He went on to say:

> When the Conservative party forms the government of this country a session of parliament will be called to reduce taxation.

An hon. Member: They were.

Mr. Hellyer: Someone said that there was. What is necessary is a postcript to the effect that another session of parliament would be called to put them back up again.

Then, at Quebec on April 27, 1957, the Prime Minister made a statement. The newspaper article reads:

> The Liberal government was concentrating taxing power in Ottawa and if that trend continued it would dilute provincial rights as effectively as if the constitution were amended.
>
> Mr. Diefenbaker called the Liberal party "the high tax party" and reiterated his promise that a Conservative government, if elected June 10, will call an immediate session of parliament "to reduce such taxation as can be reduced".
>
> "Don't you think you have been overtaxed long enough by this government?" he asked.

An hon. Member: They must have.

Mr. Hellyer: I take it, Mr. Chairman, that the Canadian people may feel that they have been overtaxed by the present government, and if the Minister of Finance does not show greater consistency between those views put forth by himself and his leader in the days when they were on this side of the house and those which they are putting forward at the present time on the other side of the house, he can expect the Canadian people to pass the same verdict on his administration that he requested them to pass when we were over there.

Mr. Martin (Essex East): I think there are a few further observations that ought to be made in connection with the increases in taxes which are now proposed by the Minister of Finance. These increases ought to be related to the situation, as the hon. member for Trinity has just pointed out, described by the Minister of Finance, the Prime Minister and others concerning the kind of rectification that they would provide if they were given an opportunity of sitting on the ministerial benches.

As the hon. member for Trinity has reminded us, the Conservatives made their appeal to the people in the two last federal elections on the ground that they would provide a reduction in taxation. Undoubtedly that had an important effect on the judgment of the Canadian people. Long before the elections, in session after session, hon. gentlemen opposite complained about the levels of taxation in Canada. The hon. member for Kenora-Rainy River has pointed out

that, confronted with the present situation, we should examine the consequences of the administrative policy of the government. The Leader of the Opposition has reminded us of the statement made by the Prime Minister in a recent speech which he made over the Canadian Broadcasting Corporation television network on Monday, April 20. I remind the Minister of Finance of certain words in that speech which are to be found on page 3 of the text. The Prime Minister said:

> We have put into effect many of the human betterment measures which people have asked for.

Now that, of course, is not an accurate statement. The government did amend certain social welfare legislation, and that is a matter of record. But the fact is that over 90 per cent of the benefits of existing social welfare measures were established by the previous administration under Liberal auspices. It is inaccurate for hon. gentlemen opposite to say that they have put into effect many of the human betterment measures which people have asked for.

Then, the second sentence—

Mr. Nesbitt: We raised the old age pension.

Mr. Martin (Essex East): My hon. friend says that they did raise the old age pension. Yes, the present old age pension is $55 and hon. gentlemen opposite are responsible for $9 of that, while Liberal administrations are responsible for $46. It is true that my hon. friends have raised old age pensions, but it must not be forgotten that if the budgetary recommendations that will shortly be considered by this committee are put into effect, then what this government did when it raised old age pensions is now being taken away by additional taxation which they said was not necessary in order to provide the increases in social benefits.

Then, the Prime Minister goes on to say:

> In total, however, the tax increases are much less than the additional payments to alleviate the effects of the recession.

Then, he says:

> The tax increases in this year's budget are directly related to these human betterment expenditures.

That is not the fact; undoubtedly, some of the tax increases are due to some of the matters relating to programs for human betterment.

Mr. Broome: Such as hospital insurance.

Mr. Martin (Essex East): Introduced by a Liberal administration, and placed on the statute books of this country by a Liberal administration. Hon. gentlemen opposite are now going about the country, not having provided one single social measure, taking credit for something that was put on the statute books by a Liberal government, and which hon. gentlemen opposed.

Now, the fact is that we are called upon to deal with a proposal for increased expenditures and increased taxes in consequence, expenditures which, session after session, hon. members opposite criticized and said were unnecessary. I regret to say it, but perhaps there was no greater critic of many of these expenditures than the Minister of Finance, who dealt with item after item in the various departmental estimates and complained about the cost of this or that particular item. Yet, what do we find on an analysis of the expenditures proposed in the estimates for 1958-59 as compared with those of 1959-60? I propose to examine a few of these items on a comparative basis to ascertain the extent to which this government, dedicated to the principle of reduction of expenditures and at the same time enthusiastically dedicated to the principle of tax reductions, was able to achieve its stated objective.

The increase in taxes is, first of all, the dominant fact of the moment. In the face of this it will be interesting to examine, as I now propose to do, the extent to which hon. gentlemen opposite, by their administrative policies, have been able to carry out their election promises in regard to these items, as well as the demands which they repeatedly made during the sessions of this parliament over the course of the last decade.

Hon. gentlemen opposite used to complain about the level of professional and special services. The government of Canada was spending too much of the money that parliament was voting on professional services. In the estimates for 1958-59, professional services are 92.9 as compared with the increase in the estimates for 1959-60 to 96.7. In other words, there is an increase in professional services of 3.8 per cent.

Then, when we come to travelling and removal expenses, we find the same thing. Oh, the criticisms that were levelled against every minister who presented his estimates before the period when hon. gentlemen opposite came into office; too much money was being spent on travel by officials, by ministers and by others. Let us examine the situation now. In the 1958-59 estimates the percentage for travel and removal expenditures was 57.7, and in the estimates for 1959-60, they totalled 66.8 an increase of 9.1. This government was going to cut down on travel expenses of all kinds, but the first full year of office the Minister of Finance is estimating for an increase in this particular expenditure of 9.1. Hon. gentlemen are now confronted with a demand for an increase in taxes, and this is one reason, among others,

that there is some necessity for the government to impose additional taxation to meet these additional expenditures which hon. gentlemen opposite said they would reduce.

Then we come to postage. We were told that the government would save all kinds of money if it would encourage a policy of thrift in the amount that was spent on postage in all government departments. In 1958-59, 5.9 was spent on postage, and in the estimates for 1959-60, 6.0, an increase is proposed of close to 1 per cent.

Mr. Macdonnell: Point one per cent.

Mr. Martin (Essex East): That is what I said.

Mr. Macdonnell: No, you did not.

Mr. Martin (Essex East): What did I say?

Mr. Macdonnell: One per cent.

Mr. Martin (Essex East): Then I thank the hon. Minister without Portfolio for discharging his without portfolio ministerial duties.

Then we come to exhibits, advertising, films. We all recall how the Minister of Finance used to fulminate on this subject. Too much money was being spent by all government departments on pamphlets and films. A great saving could be effected and consequently taxes would be reduced if only the government did not spend so much on all kinds of pamphlets, films and so on. Well, in the estimates for 1958-59, the figure is 11.8, and the same figure represents the expenditures in the estimates for 1959-60, but there is no reduction, although the Minister of Finance when a private member of this house said that this was one area where much reduction could be effected.

Well do I remember how on one particular night the then Minister of Finance was joined by his colleague and seat mate, the Minister without Portfolio, the hon. member for Greenwood, when he took up pamphlet after pamphlet of the Department of National Health and Welfare. One which I remember was entitled "Recreation Pays Dividends". That caused much mirth at the time. I do not know whether there has been any reduction in the pamphlets of the Department of National Health and Welfare. I am not suggesting that there should be. I believe they were all very useful, but what hon. gentlemen forget is that they said that was one very important place where reductions in expenditure could take place.

Then materials and supplies. Too much was being spent by government departments on materials and supplies of all kinds. The situation in 1958-59 was that the expenditure was 179.5, and in the estimates for 1959-60 it was 181.5, an increase of 2 per cent. No reduction there. Too much money was being spent by the government, we were told by the Minister of Finance, in all kinds of unnecessary maintenance work, repairs and upkeep. In the main estimates for 1958-59 the expenditures represent 165.0, and in 1959-60 these repairs and maintenance charges have gone up to 183.5, an increase of 18.5.

One could go on into various other comparisons to indicate the extent to which pledges made by hon. gentlemen, and demands made by hon. gentlemen when in opposition, are not being implemented by them when they now have the opportunity of so doing. Then of course hon. gentlemen complained about the large numbers of people employed in the public service. Too many people were employed to serve the government of Canada; that was the charge of hon. gentlemen opposite. Well, the number of additional men and women serving in the public service is close to 5,000.

Mr. Benidickson: It is nearer 9,000.

Mr. Fleming (Eglinton): No.

Mr. Martin (Essex East): Close to 5,000 was the last figure I saw, but my hon. friend the Minister of Finance says no. It may be higher than that; perhaps I am underestimating.

Mr. Fleming (Eglinton): My hon. friend never underestimates.

Mr. Martin (Essex East): The minister will find one of his colleagues, in outlining during the course of his speech the efficiency of the public service, referred to an increase of something around 5,000. My hon. friend keeps shaking his head; no doubt he will produce the figures. If he cannot produce the figures contradicting this statement, I can only say to him that if there is an increase in taxes it is because this government has not reduced expenditure as it said it would, and on that account, instead of being able to present the people with a promise fulfilled to reduce expenditures, it is called upon to increase taxation as the result of its failure to observe the principles of thrift and economy which it espoused for so many years when it sat on this side of the house.

Mr. Fisher: Mr. Chairman, after the organ in full symphony I hope you will not mind a toot or two on a whistle! I would like to support very strongly the remarks made by the hon. member for Trinity in relation to some alleviation of or consideration for the problems of people who are going to university, and especially the recognition by the Income Tax Act of the special burdens they

have. As I have heard recently about the Conservative party being positive, I thought I would introduce a little of that positive approach into this debate. The only coherent statement I have encountered of the Conservative position today is in the pamphlet "Conservative Concepts", which was published this year and which I hope most of my Conservative friends have read. There appears in this pamphlet a very good article written by an academician, W. L. Morton, called "Canadian Conservatism Now". He stresses a sound philosophy for Conservatism and asks can such a program applicable to present circumstances in Canada be deduced from such an attempt to sketch a Conservative philosophy for our time? He says he believes so, and then lists nine points, and point No. 6 is the one to which I want to draw the particular attention of the Minister of Finance. It is:

> The massive support of the able in education and of research in all fields of knowledge.

At the conclusion of his nine points he says:

> You will note that I do not ask that anyone pass a law, except to reform the Senate. I do ask that Conservatives should have a definite concept of government, that they should endeavour to substitute enlightened administration for hasty law-making, an stop the diarrhoea of legislation which now drains parliament of its vitality.

All we are asking for here is for enlightened administration in so far as income tax allowances for university students are concerned. I hope all hon. members read this pamphlet. It contains, as I say, the only coherent statement of Canadian Conservatism I have ever encountered. The case has already been made to the Minister of Finance in connection with medical students, and I think the national federation of Canadian university students has met the medical students' case in this particular regard. I hope that some time in the next year this what is in effect very small concession in terms of revenue for the crown will be granted. I would hope that some of the younger members on the government side who have spoken up rather boldly for increased aid to education would press this point. I know that most hon. members are probably speaking on this matter in caucus, and if they come out into the open and speak on it here it might have some influence on the minister. I do hope these students will get some assistance in this particular field.

Mr. Winch: I should like to draw the attention of the minister to an item which is small in the over-all budget picture but one which is, nevertheless, important to individuals. It has been brought to my notice by two trade union groups. As the minister knows, if the Minister of National Revenue hopes to collect any income tax from workers. the workers have to receive pay cheques, and there are many workers who must have tools in order to earn pay cheques. Take the situation of a journeyman auto mechanic. He has to have tools worth in the neighbourhood of $500-700. A journeyman electrician must possess equipment worth between $300 and $500 and that is a very large outlay for a working man. These people believe, and I also believe, that consideration should be given to allowing the deduction for income tax purposes of the heavy expenditure necessary on tools, and I hope the minister will see if this can be brought about.

Mr. Pearson: The hon. member for Essex East has put on record some reasons which indicate why we are being asked to increase taxation in the manner shown in the resolutions, and to indicate that this increase is not necessitated entirely by considerations of human betterment as the Prime Minister suggested in his broadcast. There is one other reason why an increase in the income tax is required, and that will be apparent on a comparison of the main estimates of 1956-57, the last full year of Liberal administration, with the main estimates of 1959-60. If hon. members are in a position to look at the sheet entitled "Summary of Standard Objects of Expenditures and Special Categories" which was attached to the estimates and then compare it with the similar sheet attached to the estimates for 1959-60, they will find that the item "Interest on Public Debt etc." has increased by $155,500 million, and that is another explanation of why we are being asked to increase the income tax at this time.

Mr. Fleming (Eglinton): If it meets the wishes of the committee I propose to deal now with those points which have been raised before we proceed with the other paragraphs of the resolution under discussion. I think it will meet with the convenience of the house if I deal with the individual points which have been the subjects of questions.

The first point was raised by the hon. member for Kootenay West with regard to the transportation of persons to and from their places of employment. That point was further developed by other hon. members, and the hon. member for Skeena raised the question in particular as applied to loggers.

I think I may say that all the subjects of these individual questions are matters which have been submitted to the department from time to time and which have been carefully

studied by the department. Once in a while, in these debates, some point will arise which is novel, but in the vast majority of cases the points which are, quite properly, raised are matters which have already been submitted to the department for consideration either by hon. members or by interested persons or organizations. I may say in regard to all these matters which have been the subject of questions tonight that they have been studied by the department.

As to requests for further exemptions in particular cases, I simply remind hon. members that in a year when it is found necessary to raise taxes the conditions are hardly appropriate for extending exemptions in individual cases unless those cases are very clear, and I think hon. members will agree that the cases which have been submitted tonight are difficult rather than clear cases. I would say at once that the search for elimination of any discriminatory features in our tax legislature must continue in all circumstances, but while views may differ in regard to some of these individual circumstances, I must say that the type of year we are now facing is certainly not conducive to seeing a clear issue with regard to some of the individual cases which were raised.

As to transportation, in the first place it is very difficult to draw a line. That is a persistent difficulty. One can say in general, or in theory, that if a man lives at a distance from his work the cost of transportation incurred moving to work and back to his home is an expenditure laid out for the purpose of earning his income. But if one examines that situation a little more closely, one finds that this situation applies in a varying degree to practically everyone, and where are we to draw the line? It must be borne in mind, too, that the place of residence is, in the case of most income earners, a matter of choice. One man may choose to live at a distance from his work and he may thereby succeed in lowering his housing costs, but when it is necessary, as it is in tax legislation, to legislate for the generality of cases, the difficulties of trying to introduce exemptions or permit reductions for the purpose of transportation will, I think, be apparent to hon. members, and it will be realized that they present some very thorny problems.

As to the loggers, the hon. member for Skeena acknowledged in his opening remarks that conditions varied in different parts of the country and here again we must legislate for the generality of interest. This is one of the difficulties of any tax legislation; we must always seek to enact rules which are capable of an equitable general application.

As to the loggers, the question was raised, first of all, in reference to transportation. I think I cannot usefully add anything to what I have said already on that matter of transportation. The next point in reference to loggers which was raised by the hon. member for Skeena concerned protective clothing. This has some relationship also to the question of tools which was raised by the hon. member for Vancouver East. Here again, one can theorize and come up with a striking superficial case for an exemption on the ground that a person must have certain types of clothing, or must be equipped with certain tools in order to practise his trade and earn income from so doing. But again I think hon. members will realize on analysis that a thorny difficulty arises over the problem of drawing a line. Everybody owns tools of some kind or another. The people who own tools make use of them. This use may be directly related to earning an income or may be directly related to the saving of expenditure. These tools may be put to a variety of uses. Similarly, in reference to clothing, while it may be possible to theorize about some types of clothing being of a protective nature and not for general use, here again the problem arises as to where to draw the line, because many kinds of what are called protective clothing, whether clothing, shoes or facilities of other kinds, are capable of other uses, either initially or at some stage of their lives. These are just a few of the difficulties one experiences in trying to apply the general rules of taxation to individual cases.

I believe I may lead on from that point to the question that was raised about university students. I may tell the committee that we have received a number of briefs from different groups of university students that do not all ask for the same thing. The hon. member for Trinity read from one brief. We have had other briefs that have submitted requests rather different in scope from the one from which he read.

Let us look in detail at some of these proposals. One was in regard to earnings. We have a problem here, Mr. Chairman. Everybody wishes to see those who are capable of absorbing university education and appreciate it and are prepared to exert themselves for it have the opportunities to obtain that education. In this respect I am simply saying what my predecessors have said on this very subject when it was raised in previous sessions before the change of government. Here I may remind the hon. member for Trinity that he sat on this side of the house supporting a government in which the minister of finance had to face something not unlike what we have had to face in this respect and there were no complaints raised at that time by the hon. member and others of his party when

my predecessors in this office were giving reasons why they felt they could not go farther in assisting university students.

Mr. Hellyer: Mr. Chairman, the minister would not want to convey the impression that there were no changes made during that period. There were some concessions made by the former minister in his last budget.

Mr. Fleming (Eglinton): Yes, Mr. Chairman, I shall touch on those. When the hon. member asks for further changes let me remind him that further changes were rejected by my predecessors. What is the situation in regard to the earnings of university students? In respect of their earnings they are treated like other persons in this country. A single person may have an exemption of $1,100 if he takes the standard exemption for charitable donations and dues within the scope of the $100 exemption. We have been asked to extend that. I might point out that an extension would mean creating a special class of taxpayer. Under our tax legislation it would mean giving to university students a preferred tax position not enjoyed by anybody else in this country so far as income is concerned. This is a matter that is not to be undertaken lightly.

One must face up to this situation. In the case of young persons leaving high school one may go on to university and another may be obliged to go and work for two or three years to earn enough money to assist him through university. Are we then to say that the person who is not in a financial position that would permit him to proceed immediately to a university education should be taxed as much as anybody else but the person who is in a position of being able to go directly to university should as far as his summer earnings are concerned be in a better position than the man who has to go out and earn a living? Those are weighty and serious considerations.

I have received communications proposing that the parents of university students should have some further exemption not extended to any other class of dependents. Here again hon. members are aware that under the Income Tax Act the parent of a university student is permitted to claim the $500 exemption in respect of that dependent university child while attending university regardless of age.

Here again one must look at the class features of a situation of this kind. One does not wish to create discriminations. Here is a parent of a dependent child who is not able to go to university and yet the law says that in that case that parent shall be entitled to a $500 exemption and no more. Is it to be regarded as fair and equitable that the child of a father who is in a position to send him to university should thereby enjoy some higher amount of exemption? It has been proposed that this sum should be increased substantially. I think that hon. members on reflection will realize that much as we wish to see every opportunity extended to university students to obtain their education we must be careful as to the methods we choose to assist them lest we thereby create discriminations and advantages that are of a discriminatory nature. That is something against which we must be on our guard.

As to books, one may say again a university student has to have books but then there are lots of other people in the country who have to have books and they are not entitled to income tax exemption for them.

These are some of the difficulties with which we have been confronted especially in a year when we have been obliged to propose increases in the general rates of taxation. I may say that this is not a new problem nor is it one, I am sure, divorced from the personal experience of a good many hon. members in this committee. A large number have had the experience of being university students themselves and know what this problem is and some have also had the experience of being the parents of university students and know what the problems are in that respect.

The tax position in this respect has been advanced. It is now permitted to any dependent to earn $950 in any year before the parent loses the $500 exemption in respect of that dependent. It is true that there are some university students who under present conditions are able to earn more than $950 in a summer and if they do the parent loses the $500 exemption. If they go further and earn $1,100 or more then they become taxable in respect to the excess over the $1,100. I will say with some assurance, however, looking at my friend and classmate of university days, the hon. member for Essex East, that if we had been able in our summers to earn the sums university students are able to earn today we would have considered ourselves very well off. In those days we did not earn more than a fraction of the sums we are discussing today.

Mr. Pearson: But how high were university fees in those days?

Mr. Fleming (Eglinton): It is true that university fees have risen. The cost of education and the cost of maintaining a student at university have risen.

Mr. Hellyer: You are comparing apples and oranges.

Mr. Fleming (Eglinton): With respect to some of the deputations I have received from university student groups I may say that I have been told that they regard it as their right to have such tax advantages extended to them as to enable them to complete their university education out of their earnings and not have any indebtedness in respect of their education at the end of it. I find that a little difficult to follow because I believe the experience of those of us here who were university students, certainly in the days when the Leader of the Opposition was our distinguished lecturer, was that there were not many students then who finished their university course without having incurred some debt which they had to work off in the early days of their earning careers.

I am not making any final statement on this subject but I am pointing out the difficulties which are bound to arise when any proposals are made for extending assistance of a special nature to any particular group, and in this case to the university students, however worthy they may be.

One other matter was raised by the hon. member for Cariboo. It was the subject of clearing brush off the land. This, of course, is an aspect of farm improvement. I may say, Mr. Chairman, that in regard to clearing and brushing farm lands the rule is that the clearing of the land of brush, stones, trees and the like is capital expenditure. These are regarded as permanent improvements to the land and it is for that reason that they are not deducted from income as they would be if they were current operating expenses. This is the situation as it applies to the owner of the land.

The situation is somewhat different with respect to the tenant of land who is clearing it. The tenant who makes such expenditures is in a different position because his expenditure is not of a permanent nature, depending upon the particular circumstances of his tenancy and notably the duration of it. These may be expenses deductible in the year made, or they may be amortized over the term of his lease.

I pass now, Mr. Chairman, to some of the remarks of a more general nature. Here we have for I think the third time a resumption of the budget debate in its main aspects. I would not wish to impose upon the committee a repetition of the remarks I made on Tuesday, April 21, in replying to the main opposition amendment to the budget. These matters were all reviewed there. In the speeches made tonight by the hon. member for Essex East and by the Leader of the Opposition we heard and saw the same old straw being threshed. Nothing new was raised by these members tonight. We went over that in the budget debate in the eight days of speeches, half of which came from the opposition, and again this week we have had a resumption of it in a debate on a supply motion; but hon. members opposite seem to think they establish a point by repeating erroneous statements or incomplete statements, and we have heard a good deal of that tonight.

May I first deal with a question that was seriously asked tonight by the hon. member for Kenora-Rainy River, which was his opening subject. It is the question as to whether the tax increases may not result in some increases in the cost of production. Mr. Chairman, here I draw attention again to the places where these increases, these necessary increases, have been imposed. Hon. members opposite talk about a comparison of the reductions which were made in 1957 and again in 1958 with the increases which are proposed in the present budget. In my remarks on April 21 I drew attention to the fact that the reductions which were proposed and brought about in 1957 and 1958 in terms of today's economy, in terms of today's incomes, in terms of today's numbers of taxpayers, are worth to the taxpayers, not the figure that they amounted to when we introduced them but a larger figure. They are worth today an estimated $230 million. The increase in taxes for the present fiscal year amounts to $245 million, but I draw attention to the places where the reductions were made on the one hand, and the places where the increases were made on the other.

The reductions were made for the purpose of benefiting principally the persons in low income brackets. In December, 1957 the proposed increases in the exemptions for dependent children of family allowance age, were from $150 to $250 per annum. For those over family allowance age the increase in exemption was from $400 to $500 per annum. We reduced the rate of tax on the first $1,000 of taxable income by 2 percentage points: we reduced the rate of tax on the second $1,000 of taxable income by one point. That is where the benefit of the reductions was concentrated. In our reductions of tax on business we concentrated on the small corporations. Then, the other reductions we brought about were brought about on smaller estates, on municipalities, on many other persons or enterprises that hon. members will recall from the reductions of 1957 and 1958.

Now, when in the face of the budgetary situation with which we were confronted, we found it necessary to propose taxes we were careful to propose that those taxes be applied where they would hurt least. That is the reason why in the case of the increases in

the income tax we have been careful to propose these only with respect to taxable income in excess of $3,000 per annum; that is to say, in the case of the married taxpayer with dependent children, it means that there will not be a cent of additional income tax unless his income is above, in an average case, $6,500.

Now, Mr. Chairman, you will recall that in the budget speech I drew attention to the fact, in a series of illustrations there, that taking the average married person with two dependents, with the decrease in taxes in 1957 and 1958 and the limited increase in 1959, he is better off unless his income is over $7,500 per annum.

In connection with the first paragraph of the resolution for amendment of the Income Tax Act now under discussion, Mr. Chairman, I remind you that the change proposed in this paragraph will have no effect whatever on 3,800,000 of Canada's 4,600,000 income taxpayers. That, I think is, the principal answer to the question of the hon. member for Kenora-Rainy River.

It is true that in relation to the proposals we made for augmenting the sources of revenue, the contributions to the old age security fund, the three increases that were proposed of one point on each of the three taxes, personal income tax, corporation tax and sales tax, this does involve an increase of 1 per cent in the tax on the commodities that are subject to the sales tax. But I remind hon. members that this tax was defended by my predecessor, Mr. Abbott, as an eminently fair tax for this purpose.

Mr. Pickersgill: In these comparisons the minister was making between the reductions in 1957 and the increases now did he include the new 1 per cent levy on incomes for the social security tax?

Mr. Fleming (Eglinton): Yes, Mr. Chairman, they were included, $2.50 per month.

Mr. Pickersgill: Does the hon. gentleman say then that for three-quarters of the taxpayers and including the social security levy there is no change this year?

Mr. Fleming (Eglinton): I said they were better off than they were before we came into office back in the dark days when the former government was in office. The hon. member for Kenora-Rainy River raised a question also about what we see in the press these days concerning certain increases in prices. It may well be that there are increases in prices being announced now on different commodities that are being associated with—

Mr. Benidickson: Triggered off.

Mr. Fleming (Eglinton): —the increase in the sales tax, but I think that in this regard the hon. member will be fair enough to recognize that the increase in the sales tax warrants an increase of 1 per cent—this is what we are dealing with—as applied to the generality of commodities that are subject to the sales tax, and where increases are being announced these days in excess of that sum, or approximately that proportion, the excess increase is not attributable to the increase in tax.

Mr. Hellyer: Will the minister permit a question? Does he realize that in what he is saying he is not being consistent because when he was on this side of the house he pointed out time and again that when there is an increase at the manufacturer's level the retailer applies a percentage mark-up so that the net result to the purchaser is a greater increase than the amount of the increase in the sales tax?

Mr. Fleming (Eglinton): It is because of that fact that I was careful to add the words I did at the end of my last sentence when I referred to the amount of the tax or that approximate amount. There are mark-ups and that is why I have made allowance for that fact in my answer to the hon. member for Kenora-Rainy River. But some of the increases I have heard of that have gone beyond this figure obviously are not attributable to the increase in the tax at all.

Mr. Benidickson: But you started them going.

Mr. Fleming (Eglinton): As to the other commodity taxes, I think the hon. gentleman will agree that here it is a matter of personal choice whether—

The Deputy Chairman: Order. I am very sorry but I have to advise the minister that his time has expired.

Mr. Pickersgill: I would be glad to ask the minister a question so that he can go on. The question I would ask is this. Does the minister consider—

The Deputy Chairman: Order. I would assume that the committee is agreeable to the minister continuing.

Some hon. Members: Agreed.

Mr. Fleming (Eglinton): I would much rather hear the question of the hon. member.

Mr. Pickersgill: Mr. Chairman, I think I have a right to ask my question because the minister has exhausted his time and I am a member of the house. I am quite willing to give the minister a chance to speak again by asking a question. My question is this. Does the minister consider that these price

increases that were not, as he said, attributable to the tax increase were, in the words of his leader, inexcusable?

Mr. Fleming (Eglinton): I would consider as inexcusable any attempt to raise a price and attribute the price increase to the increase in tax where it is not in fact attributable to the increase in tax.

Mr. Benidickson: You predicted this would happen.

Mr. Fleming (Eglinton): I shall endeavour to be brief with regard to some of the other general assertions made here tonight although I do not think the committee expects me to thresh straw again and again that has already been threshed in the course of the last two and a half weeks of debate in this house.

Mr. Hellyer: Brevity is not one of your many fine qualities.

Mr. Fleming (Eglinton): Well, I could be briefer if hon. members opposite would not go on repeating the same speeches containing the same old errors all the time. I first of all take up the remark of the Leader of the Opposition that the debt this year is going to be in excess of $400 million. He knows the figure is $393 million.

Mr. Pearson: Leaving out social security.

Mr. Benidickson: Plus $42 million.

Mr. Fleming (Eglinton): Yes, and the Leader of the Opposition knows very well how that is being handled and that it is completely in keeping with the way my predecessors have done it in certain years when he was a member of a government that did the very same thing.

Mr. Pearson: How many years?

Mr. Fleming (Eglinton): The hon. gentleman unhappily has forgotten—

Mr. Pearson: No such thing.

Mr. Fleming (Eglinton): —some of these things when conditions were comparable, and now that we are moving to put the fund in balance I think he will say, if he will be frank, that this is the proper way to do it and, as I indicated in the budget speech, we will bring the fund into balance within probably the next two and a half years.

Then he talks about the $500 million by way of reductions in expenditures. He had better get his dates straightened out, Mr. Chairman, and be quite frank and forthright with the house with regard to this matter because he has used this figure on several occasions. This goes back to the year 1953 and the general election of that year.

Mr. Pearson: And 1957.

Mr. Fleming (Eglinton): No. The leader of the opposition of those days, in going into the election campaign, said that if the people would give him a mandate he would bring about a reduction of $500 million in government taxation, and he showed how it could be done. He said it would be done by a reduction of $200 million in the expenditures of the Department of National Defence and $300 million by eliminating these unplanned surpluses. We were told then by the former government that it could not be done and yet within a matter of a year and a half the reduction in the expenditures of the Department of National Defence had been brought about. The very thing that hon. members opposite said could not be done was done and the fact that they were driven to do it proved that we were right in saying what we did. We were asked about additional payments this year. I dealt with that in detail when I replied in the house on April 21 to the opposition amendment on this subject.

The Leader of the Opposition referred to words of the Prime Minister in a television broadcast recently having to do with expenditures made to meet the recession and asked if some meaning should be read into the words "to meet the recession." Everybody here knows that the increases that have been brought about on the initiative of this government with the support of the house in the various rates of social security payments, old age pensions, old age assistance, pensions for the blind, pensions for the disabled, veterans benefits of numerous kinds, have been written into the statutes of the country, and no one is going to take seriously the suggestion thrown out by the Leader of the Opposition—

Mr. Pearson: It was not a suggestion; it was a quotation.

Mr. Fleming (Eglinton): —that there is something sinister about such a reference. These increases have been made part of the statute law of this country and I think the Leader of the Opposition will be fair enough to recognize that. As I pointed out in the budget speech of April 9 these payments, which are of a transfer nature, have contributed very greatly to meeting the recession by stimulating consumer purchasing. Even through the recession consumer purchasing was rising and that has been one of the leading elements among the forces that have brought us through the recession and now have planted Canada's feet firmly on the path of recovery.

Mr. Benidickson: Could I ask the minister a question? On December 6, 1957, when he introduced these increases, did he use the words "possible recession"?

Mr. Fleming (Eglinton): Possible recession?

Mr. Benidickson: Yes, in December, 1957.

Mr. Fleming (Eglinton): Is my friend asking about the word "possible"?

Mr. Benidickson: Or "recession".

Mr. Pickersgill: There was no recession at that time, according to the government.

Mr. Fleming (Eglinton): There were expenditures introduced directly for the purpose of meeting the recession by providing employment. There were increases in these transfer payments, the rates of social security payments, which are designed to assist in meeting problems of persons, principally of very low income, who were the recipients of these pensions. These have greatly assisted in meeting the problem of the recession.

If hon. members opposite are looking for figures, Mr. Chairman, why do they gloss over the figure of $750 million in relation to the housing program? This was a tremendous undertaking through which the government provided funds to assist in the construction of housing in Canada which resulted in the rate of house construction in Canada in 1958 reaching an all-time record.

Mr. Pearson: On a point of order, Mr. Chairman; the minister has brought into the discussion what I am supposed to have quoted from the Prime Minister's broadcast. He has paraphrased it. I think the exact words should be put on the record so I could not be accused of misrepresenting what the Prime Minister said.

This is the second reference in his broadcast to the purpose of these social security increases, that is to help cure the recession. He said, and I am quoting from the text of the broadcast which the Prime Minister gave. This is the actual text of what the Prime Minister said, and this will appear in the text which I gave to my hon. friend:

> These heavy demands for social and individual security measures to meet the recession effects have resulted in a projected deficit for the current year.

This is an accurate quotation on my part, and the deduction I drew from it I think was quite fair.

Mr. Fleming (Eglinton): Let there be no doubt in the mind of anyone about the expression used. My quarrel is with the inference or meaning that the Leader of the Opposition is purporting to read into this statement, which I think is quite unjustified. He was good enough to send me his copy of the text. The Prime Minister, on this page which has been referred to by the Leader of the Opposition and the hon. member for Essex East, has been talking about a great many things. He talks about the big housing program, the $750 million spent on that; he talks about the winter works program; unemployment insurance benefits; human betterment measures; and then he goes on to national health expenditures, welfare and social security payments. He refers to these payments of various kinds about which he has been talking and then he says:

> This will bring the total of human betterment payments this year to more than three times the amount of the tax increases. These heavy demands for social and individual security measures to meet the recession effects have resulted in a projected deficit for the current year.

Mr. Martin (Essex East): Will my hon. friend permit—

Mr. Fleming (Eglinton): When I was speaking on this subject I drew attention to the fact that we had, even as compared with last year—one does not have to go back to 1956-57, the last full year of the former government—increased very substantially our expenditures on this social security program and human betterment program.

Mr. Martin (Essex East): Will the hon. member permit me to ask him to read that sentence in which the Prime Minister attributes the rise in taxes to the government's program of human betterment; that is the sentence about which we are complaining.

Mr. Fleming (Eglinton): I think my hon. friend has forgotten the sentence in question. Is it the last one, about the deficit? The Prime Minister said:

> These heavy demands for social and individual security measures to meet the recession effects have resulted in a projected deficit for the current year.

Is that the sentence?

Mr. Martin (Essex East): No.

Mr. Fleming (Eglinton): The other sentence is:

> The tax increases in this year's budget are directly related to these human betterment expenditures. In total however, the tax increases are much less than the additional payments to alleviate the effects of the recession.

My hon. friend indicates he would like me to read again the sentence that I just read. It reads:

> The tax increases in this year's budget are directly related to these human betterment expenditures.

Of course, they are related to them. We would not have been confronted with this deficit this year if we had not been making these substantially increased expenditures on human betterment, and because our deficit would have been so large this year we felt, in regard to the general inflationary dangers,

it was necessary to budget for a reduction in that deficit. Therefore, we proposed an increase in taxes. The matter is perfectly plain and open for all to see. I am surprised that an acute hon. member like the hon. member for Essex East has somehow or other failed to grasp this. There was a time when the hon. member for Essex East would have grasped the point. He could have done it. I can remember the time when he was not nearly so slow about picking up points as he has sought to impress the house tonight that he is. There were days when he was regarded as a person of somewhat acute intelligence. While I realize that perhaps my hon. friend has not applied that acute intelligence of his perhaps as directly to the problem as he should have, and has not devoted as much time and thought to the problem as he might have—

Mr. Martin (Essex East): Let us stick to the budget.

Mr. Fleming (Eglinton): —nevertheless, I think we will all have to be a little dubious about the show he put on here of not being able to see through this simple equation.

Mr. Pickersgill: Would the minister permit a question?

Mr. Fleming (Eglinton): Certainly.

Mr. Pickersgill: Has the minister forgotten that these social security increases were made in the autumn of 1957, and the Prime Minister did not discover the recession until he read the hidden report in the house on January 20, 1958?

Mr. Fleming (Eglinton): Mr. Chairman, these increased benefits for the people of Canada were brought into effect on November 15, 1957, and I think the government can claim some credit for moving swiftly to meet the deficiencies left to us by our predecessors in the matter of the social security program. We have no apology to make for having moved swiftly to remedy these deficiencies.

Mr. Benidickson: Have you any apology for hiding the eventual bill?

Mr. Fleming (Eglinton): No, we have not hidden the bill and therefore we have no apology to make. I leave that to those who hid reports and other interesting things the people of Canada should have had.

Therefore, Mr. Chairman, I simply remind hon. members of the vast collection of human betterment measures that the government has sponsored. They are referred to in part II of the white paper. The various payments are mentioned, the health grants, hospital construction, health insurance program and many others. I am sure that these meet with the approval of the majority of the members of this house.

Mr. Pearson: Before the committee rises may I, on behalf of the official opposition, express our appreciation to the minister for his patience this afternoon under difficult circumstances of personal bereavement. I should like to assure him of our sympathy. Perhaps I might repeat that we would have been quite willing to agree to a change in the order of business which would have permitted him to be out of the house today. We greatly appreciate his carrying on in the way he did.

Mr. Argue: I should like to add to the words used by the Leader of the Opposition the sincere sympathy of the C.C.F. group on learning of the passing of the minister's brother. As the Leader of the Opposition has said, we were quite prepared to go on with some other order of business. I should like to tell the minister, most sincerely, that our thoughts are with him at this time.

Mr. Fleming (Eglinton): Mr. Chairman, I do thank the Leader of the Opposition and the hon. member for Assiniboia for their very kind words which, I assure them, I deeply appreciate. I should not have risen at this time to say anything, except that I should like to make a matter of record the kindness that was extended to me this afternoon by both hon. gentlemen in expressing their willingness to have the order of business for the day changed to accommodate the circumstances in which I found myself today. This was a willing and voluntary offer on their part and I am very grateful to them for it. In receiving it I did say to them that I felt the business of the house announced last night should not be disturbed, as I had no wish to impose upon the house.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, I wonder if I could ask the leader of the house if he could indicate the business for tomorrow; and if he could indicate any of the business for next week it would be appreciated.

Mr. Green: Tomorrow we shall commence with the agricultural estimates and then take those of the Department of Labour. I cannot give the house the business for Monday yet. I will try to let hon. members know tomorrow morning.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

C.B.C.—EMPLOYMENT OF MEMBERS OF PRESS GALLERY

Question No. 326—**Mr. Badanai:**

Which members of the Ottawa press gallery were employed by the Canadian Broadcasting Corporation on the following programs: (1) Capital Report; (2) Press Conference; (3) Preview Commentary; (4) Weekend Review; (5) Post News Talks; (6) Midweek Review; (7) Viewpoint; (8) Byline, during each of the following months (a) January, 1959; (b) February, 1959; (c) March, 1959?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

The Canadian Broadcasting Corporation advises as follows:

(1) Capital Report: (a) January, 1959, Tom Gould, Clark Davey, Michael Barkway, Charles Lynch.

(b) February, 1959, Robert Needham, Clark Davey, Tim Creery.

(c) March, 1959, Robert Duffy, Peter Stursberg, Michael Barkway, Arthur Blakely.

(2) Press Conference: (a) January, 1959, Robert McKeown, Arthur Blakely, Blair Fraser, Frank Swanson, Charles Lynch.

(b) February, 1959, Robert McKeown, Charles Lynch, Frank Swanson, Arthur McKenna, Blair Fraser, Mark Harrison, Peter McLintock, Clark Davey.

(c) March, 1959, Robert McKeown, Tim Creery, Clark Davey, Charles Lynch, Harry Halliwell, Bruce Phillips, Peter Dempson, Harold Morrison.

(3) Preview Commentary: (a) January, 1959, Charles King, Tim Creery, Charles Lynch, Tom Gould, Robert Duffy, Norman Campbell.

(b) February, 1959, Peter Dempson, Leslie Wilson, Irwin Shulman, Tom Gould, Mark Harrison, Ed Mahoney, Bruce Phillips, Peter Stursberg, Maurice Jeffries, Dave McIntosh.

(c) March, 1959, Harold Morrison, Gerald Waring, Bruce Phillips, Norman Campbell, Peter Dempson, Ed Mahoney, Tim Creery, Tom Gould.

(4) Weekend Review: (a) January, 1959, none.

(b) February, 1959, none.

(c) March, 1959, none.

(5) Post News Talks: (a) January, 1959, none.

(b) February, 1959, John Bird.

(c) March, 1959, none.

(6) Midweek Review: (a) January, 1959, none.

(b) February, 1959, Charles Lynch.

(c) March, 1959, none.

(7) Viewpoint: (a) January, 1959, Peter Dempson, Charles Lynch, Norman Campbell, Peter Stursberg, Tim Creery, Clark Davey.

(b) February, 1959, Michael Mackenzie, Robert Duffy, Richard Jackson, Norman Campbell, Charles Lynch, Harold Morrison, Mark Harrison.

(c) March, 1959, Peter Stursberg, Gordon Donaldson, Harold Morrison, Charles King.

(8) Byline: (a) January, 1959, none.

(b) February, 1959, Frank Flaherty.

(c) March, 1959, none.

INDUSTRIAL DEVELOPMENT BANK—SAINT JOHN, N.B., OFFICE

Question No. 330—**Mr. Robichaud:**

1. Has an office of the industrial development bank been opened in Saint John, New Brunswick? If so, on what date?
2. What area is it supposed to serve?
3. Will it cover Madawaska county in New Brunswick? If not, for what reasons?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

1. Yes. April 1, 1959.

2. The provinces of Prince Edward Island and New Brunswick with the exception of Madawaska county.

3. No. It is believed that the convenience of borrowers in Madawaska county can be served best by the Quebec city branch of the bank which will open on June 1.

HOUSE OF COMMONS

Friday, May 1, 1959

The house met at 11 a.m.

EXTERNAL AFFAIRS

REPORT OF FIRST JOINT MEETING OF CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

Mr. Speaker: May I have leave of the house to table in English and in French the report of the first joint meeting of the group of congressmen, senators and members of the House of Representatives of the United States and of Canadian parliamentarians which was held in Washington on January 9 and 10 last, which group adopted the name "Canada-United States interparliamentary group". Hon. members are familiar in general with what took place, but this report is submitted on behalf of the Canadian group.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, with the leave of the house I suggest that this report be printed as an appendix to *Hansard*. I feel it is not out of the way for me to say that you and the Speaker of the Senate and the other hon. members of this committee in co-operation with the representatives of the United States government laid the foundations for a most effective organization for the extension of mutual knowledge and understanding between our countries. Because of the importance of this report I trust that the house will agree with the suggestions I make.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I think it is a very appropriate suggestion that this report be printed as an appendix to *Hansard*, dealing as it does with the first meeting of a committee which we hope through its work will make an effective contribution to better relations between our two countries.

Mr. Speaker: Is it the wish of the house that this report be printed as an appendix to today's *Hansard*?

Some hon. Members: Agreed.

[*For text of document above referred to, see appendix, pages 3272-4.*]

DEFENCE PRODUCTION

STATEMENT ON CHANGES IN U.S. ARMED FORCES PROCUREMENT REGULATIONS

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, I wish to make a statement on "buy American" regulations. As a result of our discussions with United States authorities regarding production sharing, the United States government has now made important changes in its armed services procurement regulations. These changes relate to the application of the buy American act to United States defence purchases in Canada. Their effect will be to give Canadian defence industry a much greater opportunity to share in the production of military equipment for the United States armed forces.

Under the new regulations the three United States services have adopted a common approach, and Canadian businessmen will no longer need to keep themselves informed on three different interpretations of the buy American act.

The key provision of this new approach is that Canadian supplies which relate to specific programs of mutual interest to the two governments will be exempt from all the limitations which are normally imposed under the buy American act. Canadian proposals to supply these goods to the United States services will be accepted on the same basis as American bids, giving Canadian sources an equal opportunity with American sources to compete for these orders.

The programs and equipment to which this total exemption will apply are being identified by the United States services in close consultation with my own officials. They will be designated in lists which will be issued by each of the services individually. It is our expectation that these lists will encompass such a wide range of items that Canadian defence industry will find ample scope to participate. These lists will be kept open, and it is the intention that they should be modified from time to time on the basis of continuing consultation.

Canadian manufacturers who are interested in supplying products which are not on the exempt lists will also find their opportunities improved under the new regulations. Canadian tenders or proposals to supply such goods have usually, in the past, been subject to the addition of several percentage differentials in the comparison of bids. Henceforth only the United States tariff will be added to a Canadian bid where non-exempt items are involved.

A third feature of the new regulations is that the total exemption from the buy American restrictions will also apply to any component parts of the equipment included in

the exempt lists. This means that Canadian manufactures of such components, including a large number of our smaller industries, may find opportunities for taking part in these programs regardless of whether the prime contracts are awarded to Canadian or American firms. Canadian manufacturers of components may in fact find opportunities for sales to United States contractors even outside the range of exempt equipment. Under the regulations any United States defence contractor supplying non-exempt goods may buy up to 50 per cent of the material content of those goods from Canada and still enjoy the status of a domestic source.

I regard these new regulations as further evidence of the growing co-operation between Canada and the United States in defence production sharing, and welcome the promise they give of a greater share for Canadian defence industry in programs designed for our common defence.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am sure members of the house will have listened with great interest to the statement made by the minister, and will hope that the changes which have been made in the regulations will work out in practice so that Canadian industry will be able to share in the production of military equipment for the United States armed forces, as I understand from the minister is intended. Perhaps this statement may serve to remove some of the anxiety created by certain statements from Washington by members of the administration there, that this sharing was to take place only in respect of the production of military equipment for use by United States armed forces in Canada.

Perhaps I might also add, Mr. Speaker, that this change underlines the desirability of following up these matters in Washington through appropriate agencies of the Canadian government there. The minister will no doubt recall that in former years there was a special office for the purpose attached to the Canadian embassy, I think, in Washington, and this change underlines the importance of facilities of that kind in Washington which can be of great assistance to Canadian industry.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, any move that will bring about an increased proportion of defence production orders for Canadian firms is, of course, welcome. The value of the changes that have been made will be known only in the course of time. Whether or not Canadian firms, being much smaller than United States firms, will in fact be able to compete on an equal basis is something that we shall have to determine in the light of events in the future. We would prefer some general arrangement whereby Canadian industries would be assured a proportionate share of production orders, and we hope that the relaxation of these restrictions will lead to that end.

[*Later:*]

On the orders of the day:

Hon. Paul Hellyer (Trinity): I wish to direct a question to the Minister of Defence Production. The minister told us this morning that the exemptions from the buy American act would apply to specific requirements of mutual interest to the two governments. My question is this. Who will determine which projects are of mutual interest to the two governments?

Hon. Raymond O'Hurley (Minister of Defence Production): As I said in the statement, Mr. Speaker, members of the defence department in the United States with officials of my department.

PENITENTIARY ACT

AMENDMENT PROVIDING FOR USE OF DORMITORIES BY INMATES

Mr. Frank Howard (Skeena) moved for leave to introduce Bill No. C-42, to amend the Penitentiary Act.

Some hon. Members: Explain.

Mr. Howard: Mr. Speaker, the relevant section of the Penitentiary Act that the bill seeks to amend is subsection 4 of section 66, which says that every inmate "shall, except in case of sickness, be kept in a cell by himself at night." There is no provision in the act to vary this arrangement, but for quite a number of years now the arrangement has been varied and dormitories have been in use in our penitentiaries. The amendment merely seeks to give the minister and the commissioner of penitentiaries statutory authority to do what they have been doing for the past number of years.

Motion agreed to and bill read the first time.

TRADE

OIL—INQUIRY AS TO LIMITATIONS ON FREEDOM OF MOVEMENT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to repeat a question which I asked the Prime Minister yesterday and which no doubt he then took as notice. In the discussions leading up to the removal of restrictions on imports of Canadian oil into the United States have any undertakings, formal or informal, been

given by the Canadian government that would in any way limit Canada's freedom of action in regard to the importation of oil from Venezuela and the movement of oil from western Canada to eastern markets in the future?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the answer is a simple negative; no.

HUMAN RIGHTS

INQUIRY AS TO DISCUSSION OF UNITED NATIONS DECLARATION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Prime Minister and I certainly apologize for sending him notice late. That was occasioned by my attending two steering committees and the inspiration coming somewhat late in the morning. In view of the reported remarks of the Prime Minister in the *Gazette* of April 30 when replying to the brief on human rights presented by the association for civil liberties and 33 national and regional organizations, which report reads as follows:

He said those who are "loud in their protestations" for a constitutional amendment belong to "the group" who never brought before parliament the United Nations declaration of human rights between 1948, when it was adopted, and 1957.

Mr. Speaker: Order. I raise this point of order hoping for some assistance as to whether it is regular to ask a question of this kind on a matter which is on the order paper for debate in the near future.

Mr. Herridge: Mr. Speaker, you misunderstood my question. That is not it at all. In view of the Prime Minister's 1948 criticism of the former Liberal government and its failure to bring the United Nations declaration of human rights before parliament—

Some hon. Members: Question.

Mr. Herridge: —would the Prime Minister inform the house when he intends to remedy his long-standing grievance in this respect?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, when the bill of rights legislation is before the house the whole question can be discussed, and I think the answer will then be apparent.

AGRICULTURE

INQUIRY AS TO FURTHER MEETINGS WITH WESTERN DELEGATION

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): Mr. Speaker, I should like to address a question to the Prime Minister, notice of which was sent to him earlier. Will the Prime Minister tell the house if any further meetings have been arranged between the government and representatives of the western farm delegation that came to Ottawa on March 10 last? If not, can the Prime Minister say why not and, if so, can the Prime Minister indicate when such a meeting will be held and what is the intended purpose of the meeting?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the liaison committee of the various organizations which were joined together in the representations made here some time ago has been in touch with the government in order to have another meeting with representatives of that committee to consider further the views then expressed, and to discuss certain other matters of interest to western agriculture. It has now been agreed that the government will meet with these representatives on Tuesday, May 26.

Mr. Hazen Argue (Assiniboia): I should like to ask a supplementary question. Can the Prime Minister say whether the proposals made in the original brief presented on March 11 are still under consideration?

Mr. Diefenbaker: Mr. Speaker, the liaison committee intends to discuss certain questions that were raised at that time when it meets with the government.

BUSINESS OF THE HOUSE

NATIONAL DEFENCE—INQUIRY AS TO CALLING OF ESTIMATES

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I wish to direct a question to the Minister of National Defence. In view of the fact that, after a long time, the innocuous white paper has now been filed, can he inform us when his estimates are coming before this house?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, my estimates will be brought before the house at a time which is convenient to the leader of the house.

Mr. Winch: May I ask the leader of the house—

Mr. Speaker: Order. I think the hon. member's question should originally have been addressed to the leader of the house. If he wants to repeat it I daresay he will get the same answer.

Mr. Winch: Mr. Speaker, that shows the ineptitude of the government. May I now address my question to the leader of the house. In view of the fact that the white

paper on defence has now been filed, is the house leader in a position to inform us as to when he anticipates calling the estimates of that department?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, a good deal depends on how many speeches the hon. member makes in the next few days.

NATIONAL REVENUE

BOUNDARY BAY, B.C.—REQUEST FOR ADDITIONAL CUSTOMS SERVICE

On the orders of the day:

Mr. J. R. Taylor (Vancouver-Burrard): With increased travel from Vancouver to United States points, can the Minister of National Revenue say whether arrangements have been made to provide additional customs service at Boundary Bay during the summer months? I understand that the office at this point is closed late in the evening at the present time.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the hon. member and others have spoken to me about this matter. We discussed it last week, and I can tell him that as a result of these discussions and discussions with officials of the department, arrangements have been made to have the office open on the highway at Boundary Bay from May 15 to September 15 on a 24-hour basis. The office at the Bay itself will be operated during the usual hours and will close at eleven o'clock.

INDUSTRY

AUTOMOBILES—INQUIRY AS TO CONFERENCE ON MANUFACTURE OF SMALL CARS

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Minister of Labour if he can now tell the house what decision the government has reached with regard to the proposals made by the united automobile workers urging the government to enter into discussions with the Canadian automobile industry for the purpose of seeing whether or not it is disposed to manufacture small cars in Canada rather than in another country, thereby giving additional work to Canadian workmen?

Hon. Michael Starr (Minister of Labour): No decision on this matter has as yet been reached.

Mr. Martin (Essex East): I hope it will soon be reached.

[Mr. Winch.]

INQUIRIES FOR RETURNS

R.C.M.P. REINFORCEMENTS, NFLD.—PROTESTS OVER FEDERAL ACTION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): On April 23, over a week ago, I asked the Prime Minister how soon he hoped to be in a position to comply with an order of the house asking for certain communications which have been addressed to him with respect to the mounted police in Newfoundland. At that time the Prime Minister said:

> I shall certainly have that looked into, Mr. Speaker.

I wonder if the Prime Minister can now indicate when the return can be expected.

Right Hon. J. G. Diefenbaker (Prime Minister): I am sorry I cannot answer definitely. Just as soon as the hon. member brought this to my attention I asked for immediate action. I must say I expected that by this time these communications would have been available. I will make another try.

Mr. Pickersgill: I wonder if I could ask the Minister of Justice about a similar order to which he was asked to make a return?

Hon. E. D. Fulton (Minister of Justice): Yes, Mr. Speaker. The hon. gentleman will appreciate that there was a great deal of correspondence about this matter, both unfavourable and favourable, and the reproduction of the correspondence with the limited staff available in the minister's office will take an appreciable time. We are doing our best to comply with the order of the house at the earliest possible moment.

Mr. Pickersgill: On a point of order, sir, the motion asks only for the protests—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —and while no doubt the hon. gentleman would like to produce other correspondence, I suggest he comply with the order of the house.

Mr. Speaker: I think the point of order has not arisen as yet.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

10. Agricultural Stabilization Act administration, $103,710.

Mr. Argue: Vote No. 10 is for the Agricultural Stabilization Act. I have had produced for me some statistics as to the quantity of agricultural products being held by the

board under this act. I am wondering if the minister could produce for the committee the quantities of various products that are presently being held by the board. There are some very substantial quantities, representing some $70 million or thereabouts as at the end of December. I wonder if the minister has some up to date figures, and whether he could tell the committee just what position the board is taking so far as the disposal of these various products is concerned.

Mr. Harkness: The latest figures I have in my folder are those I had for the information of the committee some three weeks ago. This particular return was dated April 6, and as of that time the amounts of commodities held by the board were as follows: butter, 50,400,000 pounds; dry skim milk, 64,010,000; eggs, in shell, 154,000 cases; B.C. tomatoes, 86,000 cases; raspberries, B.C., frozen, 2,900,000 pounds; raspberries, B.C., in SO_2, 291,000 pounds; hogs, pork cuts, 48,100,000 pounds.

Mr. Argue: There seems to have been a huge increase in the quantity of shell eggs on hand as compared with December 31. The record I have for December 31, 1958, shows the board held 3,108 cases of shell eggs at that date. The minister now says the quantity has risen to 154,000 cases. I wonder if he could give us the quantity of shell eggs held by the board a year ago? In other words, could he give us some idea whether or not this is an abnormal quantity which is being held at this time?

The quantity of pork products on hand on December 31, 1958, was 8,405,251 pounds. If I understand the minister correctly the quantity on hand today is in excess of 48 million pounds, an increase of six times in a period of a very few months. I wonder if the minister would care to comment on the reason for this tremendous accumulation of pork products, and say whether this is the reason the government is changing its buying supports. Does the government feel that the board has now on hand an unumanageable quantitiy of pork products; can he explain whether this quantity of 48 million pounds may be increased in the near future, and can he also tell the committee what method the government intends to adopt in order to dispose of it?

Mr. Harkness: As far as eggs are concerned, we have just in the last month or a little longer come into the heavy production season. This is the period of the year during which we are taking the surplus off the market and when we are required to buy eggs. During the fall and winter months production is, of course, down, and we are not required to buy, in normal circumstances at least. As far as a comparison with last year is concerned, egg production has increased quite materially. We have not the figures showing by what percentage production has increased this year over last year, but it is up by a considerable amount. Thus we have been buying more eggs this year than we were buying last year.

As far as pork cuts are concerned, the hon. member is aware, of course, that during recent months we have had the heaviest run of hogs on the Canadian market that we have ever had in peacetime, almost as high as we had during the war, in 1944, when the raising of hogs was being encouraged by every means possible in order to produce food for Britain and help the war effort. The result of this extremely heavy run of hogs has been a great deal more pork coming on the market than the market could absorb, and thus we have been obliged during recent weeks to buy heavily in order to maintain the support price of $25 a hundred. The run will now, of course, begin to slow down, and during July and August we should be able to dispose of some of the pork we now hold.

Mr. Argue: I wonder if the minister could comment on the quantity of eggs which the board now holds and say whether it poses great difficulties for the board. The floor prices on eggs, in my opinion are very low, particularly when the producer is a long distance from the central markets, and when farmers are unable to take their eggs directly to a candling station the prices paid to producers are very low. As a consumer, during the session in Ottawa I find that grade A large are usually between 55 cents and 60 cents a dozen. However, the farmers in my constituency are selling fresh ungraded eggs at between 18 cents and 20 cents a dozen. There certainly seems to be something wrong with our whole pricing and transportation policy when the producers in one area are getting only 18 cents a dozen and the consumers in another are paying three times that sum.

I hope that at the very least the government will maintain the floor price on eggs. We are seeing a very substantial erosion of the floor prices under this act as is clear from recent announcements. The trend now seems to be toward lower support prices, and I should appreciate any assurance the minister can give me that the surplus of eggs on hand is not unmanageable and that at least for the next 12 months, or for a given period, the present floor price will be the minimum.

Mr. Harkness: As the hon. member is well aware, I am not in a position to give any assurance of the kind he has just mentioned. When the support price on eggs is decided it will be announced in the house, and that

will be in a week or so. As I say, I am not in a position to announce it now. I may say that the advisory committee to the stabilization board met yesterday and is meeting again today, and eggs happen to be one of the things they are considering and with regard to which we will be getting their advice. That will be today, I imagine.

The price for the coming year will be announced in the house some time next week, I expect, or at least in the week following.

In the course of his remarks the hon. member for Assiniboia made a statement which I think can only mislead the poultry industry. I am not saying he intended to do that, but that could be the only possible result. I am referring to his statement that there must be something wrong with the system when producers are getting 18 cents a dozen and consumers are paying 50 cents a dozen.

The main thing to remember is that these are not the same eggs, not the same graded eggs. The producer in Saskatchewan is getting 30 cents a dozen for his grade A large eggs, and we are buying those eggs in Montreal and Toronto, packed in wooden cases and so forth at 44 cents a dozen, with appropriate differentials on account of freight to other points. In any event, the producer of these large eggs is getting 30 cents a dozen, and these eggs are selling, as the hon. member mentioned with regard to his experience in Ottawa, at prices from 50 cents to 55 cents a dozen.

Those are grade A large eggs. The eggs which are sold in Saskatchewan at 18 cents a dozen are ungraded, as the hon. member said, and in a very large number of cases they contain a considerable proportion of grade B eggs, cracked eggs and so on I might add that for grade B eggs there is, in effect, no real market in Canada; the producers have to take more or less what anybody will give them. Bakers buy them for use in bakery products, but there is really no market which will give any return for them.

In Saskatchewan, unfortunately, the proportion of eggs which meet grade A standards is very small in comparison with other provinces. I do not have the exact figures here but I know, speaking from memory, that in the eastern provinces grade A eggs constitute 90 per cent and upwards of the total production whereas in Saskatchewan they run at 50 per cent and in some cases at only 25 per cent. Therefore the people who deliver eggs of poor quality really have no right to complain when they do not receive grade A large prices, because they are producing a different grade of egg altogether.

Mr. Argue: Mr. Chairman, I wonder if the minister could say what regulations are in effect to assure the producer that he is being paid a price based on an accurate grade. I have seen in the newspapers instances where people in western Canada have purchased eggs out of the packing company warehouse, and for example cases of grade A eggs have been resold to the very same company and the majority of eggs have been graded as B, C or rots.

I have often said this and I repeat it now; that no matter what criticism one makes from time to time of our method of handling grain there is at least a good grading system and the producer has some protection. What protection is there for the egg producer when he ships a case of eggs? Where is the assurance that he is not being deprived of a price for his eggs based on the minister's floor price because his eggs have been undergraded? Is there any policing arrangement? Are there inspectors to make certain not just that the board buys eggs of the proper grade but that the producer is given an accurate grade and is paid whatever price there may be, low as it is?

Mr. Harkness: Mr. Chairman, we have inspectors who inspect regularly all of the egg grading stations in Canada. Very seldom do they find that eggs are being improperly graded. Of course there are bound to be some cases where eggs have been improperly graded just as there are cases where people complain that their wheat has been improperly graded, and so on. The number of cases that our inspectors find in which eggs are being improperly graded is very small.

We have had complaints along the line the hon. member mentioned. I have had several people write and tell me that this is what happened. However, I have yet to receive what you might call conclusive proof adduced in connection with this matter though, as I said, there is no question but that mistakes are bound to be made sometimes. At a particular egg grading station eggs might be consistently undergraded for a time, but our inspectors inspect regularly and find very few cases of this type.

Mr. Argue: Mr. Chairman, when an egg buying firm undergrades eggs, does it break any Canadian law? Could the minister reply to my question?

Mr. Harkness: Yes, Mr. Chairman.

Mr. Argue: What law?

Mr. Harkness: The provincial grading legislation and our federal Agricultural Products Standards Act.

Mr. Argue: Has there ever been a prosecution under the federal standards act for the improper grading of eggs and, if so, when?

Mr. Harkness: I am informed that action would be taken under the provincial statute.

Mr. Argue: There is the trouble, you see. The taxpayers of this country put up the money to keep a floor price under eggs and this government is doing what the former government did in this field and about which the Conservative members criticized them most strongly namely providing a floor price to the packers rather than to the producers of eggs. Under the policy of this government the packing companies in some instances, I would suggest on the face of the minister's statement, are undergrading eggs. These companies are underwritten by the taxpayers, and the producer has no recourse under any federal statute. He cannot claim against the packer who is beating and gypping him as far as egg grades are concerned.

Mr. Lambert: That is a serious accusation.

Mr. Argue: That is not a serious accusation but a statement of fact. I have had many businessmen in our communities bring to me local receipts which showed that a very insignificant percentage of eggs are being graded A, a ridiculously low percentage. While there may be producers of eggs who are not as careful as they should be and who do not produce anywhere near the 90 per cent of grade A eggs which the minister says are produced in the province of Ontario, nevertheless I do not believe that when a local dealer is handling hundreds upon hundreds of cases of eggs there could possibly be an almost absence of grade A eggs. As the minister has stated, there is no recourse under the law by which the producer can make a claim for proper egg grading and proper prices.

I brought to the minister's attention on a previous occasion the alleged combine by the western egg producers' association. I was pleased that steps were taken at least with respect to grade A extra large eggs to provide that the packers should pay on any eggs that are graded A extra large the support price that was intended. I hope the minister, instead of taking offence at what I have been saying, will look into the question and see whether or not penalties could be provided under the stabilization act or some other legislation that would assure that the floors that are paid from the national treasury result in fair prices being paid to the producers.

This kind of situation does not apply to grain. A farmer may believe that the grade he receives is wrong. He has the right to send a sample to the board of grain commissioners which will give him the correct grade, and it is the obligation of the elevator companies to buy the grain at the official grade set by the board. There should be some kind of tribunal or board to which farmers could send their eggs in cases of dispute for a proper and official grading. I am convinced that if this were available to the producer of eggs the companies that I suspect are undergrading eggs in many instances would give the producer an accurate grade.

Not only do we have an interest as members of parliament in seeing that people are paid on the basis of accurate grades, but we have a second interest in seeing that the floor price legislation under which certain federal moneys are paid results in the greatest possible benefit to the producer and not to any organization that is buying and selling eggs.

Mr. Harkness: I do not think there is any real difficulty as far as I have been able to determine with respect to the grading of eggs. What the hon. member has just been asking should be available and in effect is available. If a producer is not satisfied with the grade he is getting on his eggs he may call on our inspector. Our inspector will check those eggs and how they are graded on a regular basis at the request of the producer. While there may have been a few cases of this sort I believe they are few. Those who offend are prosecuted under the standards act and under the provincial legislation. Our inspectors also act as inspectors under the provincial legislation. If they find contraventions they report to the attorney general of the province concerned.

The things the hon. member has requested already exist in large part in effect. In addition the farmers of western Canada who make these complaints have it within their own hands to a very large extent to ensure that they get reasonable treatment by changing the management of their own farm co-operatives, because the great bulk of the eggs in western Canada are handled by the co-operatives, and if the farmers who deal with them and who belong to them are not satisfied with the way in which their eggs are being graded by these co-operatives what they should do is change the management.

Mr. Argue: Now that the minister has his officials in front of him I would like to get from him the percentage of eggs purchased from co-operatives in the prairie provinces as compared with the percentage of eggs purchased from non-co-operatives.

Mr. Harkness: We have not the exact figures here, but my officials tell me that it would be at least 60 per cent.

Mr. Martin (Essex East): About 60 per cent comes from commercial units; is that not the situation?

Mr. Harkness: Sixty per cent is handled by those co-operatives.

Mr. Martin (Essex East): No. I have here a statement by Mr. Pearsall in a speech which he delivered before the dairy council on September 30 in which he said, speaking of the difficulties of establishing floor prices, "admitting of course that the cost of production is an important factor in establishing such prices". Then he goes to say that this is not the only criteria and he observes at least 60 per cent of Canadian eggs come from commercial units.

Mr. Harkness: Yes, but that is for Canada as a whole. We are talking about the prairie provinces, where the bulk of the eggs is handled by farmers' co-operatives.

Mr. Argue: I hope the officials, either through the minister or privately, can give me the exact proportion of eggs which are handled by the various co-operatives.

Mr. Harkness: I shall be glad to have the officials assemble the information and send it to the hon. member.

Mr. Argue: I thank the minister. I do not think it is an answer, though, to say that the farmers have it in their own hands to support their co-operatives or to change their management if they are not satisfied with what is being done. Co-operatives serve a very useful purpose, but a co-operative organization is not a substitute for a general system of fair grades outlined in a federal statute and enforced by federal law. We would not be happy at all as producers on the prairies if we had to depend entirely for our grades on the fact that we have one of the best co-operative marketing organizations in the world. Because those organizations are composed of human beings, they have their difficulties, and there are many disputes between agents of co-operatives and the producers who own the co-operatives.

What we need is a system of grades that is properly enforced. The minister can give all the excuses he likes about there not being any system of grades and that these eggs are sold on an ungraded basis, and he can say that the producers on the prairies and the producers in Saskatchewan have not the facilities and the trained personnel and perhaps do not take the same care as producers of eggs in some other provinces do. But I think it is something of a disgrace to our system of handling eggs in this country that producers are in fact paid 18 cents a dozen for what are very good eggs and the consumer has to pay 55 cents or 60 cents a dozen in other parts of Canada. There are many people living in the cities on the prairies who will travel 50 or 100 miles to buy the ungraded eggs to which the minister and I have referred in order to make the great saving that exists between the price paid to the producer and the price paid by the consumer.

The minister has said that the quantity of hogs coming on the market in Canada is larger now than at any time during the war.

Mr. Harkness: No, I did not say that. I said it was larger than at any time in peace time, and was getting up toward being as high as in the very high delivery period in 1944, during the war.

Mr. Argue: I think that is what I said.

Mr. Harkness: No, you said that I said it was higher than during the war.

Mr. Argue: No. I withdraw that; it is not what I meant to say.

Mr. Harkness: That is what you did say.

Mr. Argue: I meant to say it was higher than at any time since the peak during the war. The minister now says it is the highest of any marketing during peacetime. The legislation under which hog prices are supported is an act to provide for the stabilization of the prices of agricultural commodities. Section 2, subparagraph (i) outlines the various commodities as follows:

> 2. (1) In this act,
> (a) "agricultural commodity" means
> (i) any of the following commodities produced in Canada, namely, cattle, hogs and sheep; butter, cheese and eggs; and wheat, oats and barley not produced in the designated area as defined in the Canadian Wheat Board Act; hereinafter called "named commodity";

Section 8 of the act outlines how the base price will be established. It reads as follows:

> (1) In each year the board shall establish the base price for each agricultural commodity, or the grade, quality, variety, class, type or form thereof, the price of which is to be stabilized under this act.
> (2) The base price of an agricultural commodity shall be the average price at representative markets as determined by the board for the 10 years immediately preceding the year in which the base price is established.

My point is this. The minister has decided that the guaranteed price for hogs shall come down to the minimum provided in this act beginning October 1. The government has further decided that this price shall be guaranteed to the producers by using the technique of deficiency payments. The matter I wish to draw to the minister's attention is that part of his statement wherein he said

that very large commercial producers of hogs would not be guaranteed this floor price under the act. The minister is going to define as very large corporations, I take it, something we ordinarily call vertical integration.

I am not disagreeing with the policy—I want to make that clear—as far as removing any guarantee to huge corporations that may be producing hogs is concerned; but from a reading of the act it would seem to me that this would require a change or an amendment to the act before it could be done. As I read the act—and I am asking the minister for his comments; I am not a legal expert and I may be in error in my reading of the act—it says that there are certain named commodities for which floor prices shall always be guaranteed. There are nine of them. One of the main commodities is hogs.

Further on the act sets out how these floor prices shall be established. They are established by a particular formula, and the minister has said that by applying that formula the guaranteed price will be $23.65 per hundredweight, basis Toronto and Montreal. My point is this. If under the act a particular commodity has to be guaranteed, and if under the act it is to be guaranteed at a certain price, is it not beyond the power of the minister and the government under the act as it now stands to withhold that guaranteed price from certain producers for certain reasons?

I would like some comment from the minister. I would think a better way to do it than by regulation, if that is a legal way, would be to have a proper amendment to the act. As I said, I do not object to the general principle the minister outlined in his statement on future policy, but I am wondering whether or not this act will require an amendment in order for it to be done legally under it.

Mr. Harkness: I had the same doubts in my mind as to whether or not this could be done under the act, so I referred the matter to the Department of Justice. I have received opinions that it is possible to do this under the act as it stands. However, I have referred the matter to justice again to make absolutely sure that this is the case. If there is any question from the legal point of view with regard to the power to do this under the act as it stands I will, of course, bring in an amendment to the act, but the advice I have had so far is that this can be done under the act as it stands.

Mr. Argue: What worries me about this particular point is that if it is considered to be legal by the Department of Justice then it will be left in the hands of the minister, the department and the board to decide on what quantities the guaranteed prices set forth in the act will be paid. There may not be any argument raised in the house when the minister decides the formula on which the floor prices will be paid and the people who are to be excluded, but if the principle is established that the department can remove any particular quantity of agricultural products from the mandatory provisions of the act does that not leave a gaping hole in the act, and may it not lead to the removal of the very guarantees that we expected the act to provide?

I do not know what the minister intends to do, and I am certain he will not do what I am about to suggest because I have more faith in him than to think he would. But let us suppose that at some time a minister of agriculture and the department should say, "We will not pay the floor price to any producer who sells more than 50 hogs." For all practical purposes, except to the extent of a tiny relief payment, the basic guarantees of the act would then have been removed. In my opinion the language of the act is clear that nine commodities shall be guaranteed, and that the floors under these commodities shall be guaranteed by means of a certain formula.

I do not know whether the provisions of the act allow the department to remove certain quantities of these products from the application of the act, but I would think the Department of Justice would be taking a cautious and correct view if it said that the named commodities in the act must stand, that the floor prices set forth in the act must stand, and that any changes for the purpose of restricting payments to certain organizations or people should be made by amendment of the act which would bring before the House of Commons the exact policy the government has in mind.

I will be the first to support any amendment which will remove from the provisions of the act the big packing companies that may be going into the production of hogs and the corporations that are going into farming, but I will oppose any amendment to the act that does not allow a bona fide farmer operating a family farm unit to engage exclusively in the production of hogs and have his full production as an individual producer guaranteed under the act. The vertical integration that is taking place in this country is bringing about a collectivization of Canadian agriculture that could be just as bad as the collective farms in the Soviet union as far as the restriction of the freedom of individual producers is concerned.

Mr. Bigg: We are glad to hear that.

Mr. Argue: My hon. friend says he is glad to hear that. I am not glad to have to say it because—

Mr. Bigg: What about your remarks about Soviet Russia?

Mr. Argue: Whenever my hon. friend agrees with me I appreciate his support, but I do not think that having our agricultural production in huge units and making hired employees out of people who would ordinarily be farmers will help the person who is a hired employee or help the consumers of this country. The people who complain about paying support prices to the agricultural producers, the people who say they are handouts, that they are give-aways and that we should stop subsidizing inefficient farms and producers, should bear in mind that under existing conditions consumers are getting food at relatively low prices so far as the return to the producer is concerned. The time when consumers will be forced to pay fantastic prices will be, if it is allowed, when vertical integration takes place and the great monopolies and big chain food stores have corralled the production facilities and extended their growing monopoly of the retail business to agricultural production. At that time the prices of food will go through the roof.

I have seen agricultural producers operating their businesses. I have seen big units trying to operate in the production of food. I have seen the huge retail chain stores with their tremendous parking lots and other facilities, and I am convinced that if the individual proprietor is efficient and is given a chance, if he is not elbowed out of existence, he will compete successfully with these giant corporations at every turn. I think the individual unit is the most efficient. I appreciate that the minister has referred this matter to the Department of Justice, and I hope the government and the Department of Justice will have a very careful look at the act and will not make any decision that will provide an escape hatch whereby the basic floor prices under the act can be taken away from those producers who, when the act was originally introduced, we were told deserved protection.

Mr. Horner (Acadia): Mr. Chairman, I do not intend to take much time on this item. We have just listened to a great blast on agriculture in general and the stabilization act in particular. I have listened with interest to the remarks of the hon. member for Assiniboia and have tried to follow his line of reasoning, but the only conclusion I can come to is that he was throwing a bunch of figures and facts in the air and trying to create the biggest muddle, the biggest jumble, he could for those who are trying to administer the act and provide some concrete benefits under it for the small farmers in particular.

On the one hand he stated that he does not want to see any support given to those producers who are taking any part in vertical integration. I gather that under no circumstances does he want to see them supported. Yet he has stated that he does not want to see any limit placed on the number of hogs.

Mr. Argue: From an individual producer.

Mr. Horner (Acadia): He has not suggested what the number of hogs should be or given the minister any advice as to what the limit should be on the number of hogs with respect to which the support price should be paid. He has not said that because he does not want to help anybody in bringing about beneficial legislation. He has stated, and this came as a surprise to me, that he has a deadly fear of the farms in western Canada turning into nothing more than collective farms. This has surprised me, coming from a C.C.F. member, because such a statement is a far cry from the Regina manifesto, as I understand it.

Mr. Argue: Oh, go soak your head.

Mr. Horner (Acadia): As I said, the hon. member has offered no solutions to the problem. He has just thrown out a bunch of figures and tried to muddle the issue. I sincerely hope that too much weight will not be given to his remarks because, as I have said, he reached no conclusions; he tried to benefit no one, and just left himself in a position from which he could attack anybody or anything.

(Translation):

Mr. Boulanger: Mr. Chairman, I shall try to be as brief as possible, but I do want to say a few words in connection with the statement made by the Minister of Agriculture (Mr. Harkness) at the close of last Friday's debate.

Speaking of agriculture in the province of Quebec in particular—since he was answering my questions—the Minister of Agriculture said:

> If I may say a word with regard to this question of putting price supports under poultry, particularly broiler chicks in which, I think, the hon. member is particularly interested, I would point out that this is just not a practical possibility. I do not look upon the production of these broilers as a real farm operation, because it is really a factory operation. It does not require a farm. It does not require even a rural atmosphere. It can be carried on in the middle of a city. A man puts up a building, buys several thousand chicks and then feeds them up to three and a half pounds or so. Along those lines he can turn out birds by the thousand every week. It is not a farm operation at all; it is a production line operation, and because practically no ground is required it is the type of operation which can lead to almost unlimited production.

This statement by the Minister of Agriculture about the Canadian poultry industry, especially in eastern Canada since the broiler industry is centered chiefly in Ontario and Quebec, which accounts for more than 50 per cent of the whole Canadian production, —is illogical.

It was a bit of a shock to me to hear the Minister of Agriculture make such a statement, in the wake of what has been said by economists and people interested in Quebec farming. I was shocked, and that is why, in stating the case for Quebec farmers, I want to say that the poultry industry of that province, as indeed in Ontario, is a sector of family farm activity. If the Quebec poultry industry is destroyed, part of the farmers engaged in that industry will be wiped out.

On family farms, there are various types of production and poultry raising is a very valuable branch of it, because it can be left in the care of the farm youngsters or even the farmer's wife. However, under present conditions, it can be said that poultry raising has practically disappeared from family farms, because the trend is to integration. Protection is being afforded not to the farmers, but to integrators, as I said last week, and as the member for Assiniboia (Mr. Argue) has just said again today. However, Quebec farmers do not take the same view of the problem as the Minister of Agriculture. So on September 11, 1958, a farm delegation called on the minister to tell him of the plight of the poultry industry, and in its brief, it was stated that Canada had imported three million pounds of poultry from the United States, with a consequent drop in the price of poultry.

The brief further stated that the price of poultry, which was 24 cents a pound in June 1958, was down to 20 cents a pound in early September, because of larger imports of U.S. poultry. That was why farmers submitted a brief to the department, asking for greater protection for Canadian poultry producers and for a review of the customs tariff. In any case, the delegation recognized that it was difficult to change our customs tariff without inviting reprisals on the part of the United States. In the same brief, the farmers made the following suggestions to the hon. minister:

> In the meantime, as an emergency measure, we would suggest that you place temporary restrictions on U.S. import of chicken, with a floor price of about 16 cents a pound (live weight). A price of 16 cents would not be such as to encourage production, nor would it force the Canadian government to buy considerable quantities of chickens to take care of the possible surplus production.
>
> On the other hand, we are convinced that control on imports of chicken, similar to that which exists at present with regard to turkey meat, would result in no scarcity of chicken which might be detrimental to consumers, since for the forthcoming months, at least, production will surely be sufficient to meet market requirements.

Mr. Chairman, I think this request by farmers was quite logical. They were asking for a control on chicken imports, similar to that on turkey imports.

Fairly recently, on February 11, 1959, the farmers of my constituency—and I know that the hon. Minister of Agriculture has received many requests from farmers making representations similar to those made by the delegation which came to Ottawa on September 11, 1958—have asked for a tariff revision, as well as for the establishment of a control on imports of poultry meat.

It seems to me that the latter request is quite justified because last year we imported 6.2 million pounds of chicken, large and small, compared to 1.4 million pounds in 1957, that is five times more than the previous year. Those massive imports have caused an alarming drop in prices of Canadian chicken. They contributed to a 100 per cent increase of stocks on January 1 as compared to the previous year. This, to my mind, is bound to ruin Canadian chicken farmers, and particularly broiler producers.

Mr. Chairman, I quite agree with the hon. member for Assiniboia (Mr. Argue) when he says that our regulations or statutes should contain a section preventing packers and the large feed manufacturers to engage in the production of either poultry, eggs or hogs. I am pleased, on this occasion, to commend the Minister of Agriculture for having amended his policy regarding the stabilization of pork prices by preventing integrators to benefit from its advantages in the future.

If we do not change our laws in respect of poultry price regulations I am convinced that a good many of our farmers, whose family life depends on that industry, will be obliged to leave their homes within a few years from now. On the other hand, if we pass legislation to protect that industry, I am certain that the hon. minister's efforts in this direction will be appreciated and we, on this side of the house, shall be happy to commend him.

(Text):

Mr. Harkness: Mr. Chairman, I think the hon. member is misinformed when he says that poultry raising is primarily a family farm business in Quebec. We had some survey made in connection with this business of raising poultry, particularly raising broilers, which is the big business as far as raising chickens is concerned at the present time. We discovered that something over 90 per cent of all these chickens produced are produced under controlled or integrated farming arrangements. That is the reason I have no intention whatever of putting a support under broiler chickens. Just about 90 per cent of the production is on a contract basis or a vertical integration basis. This is one industry in Canada in which vertical integration and contract farming combined have almost completely taken over the industry. There is therefore no justification, in my opinion, for a support price for these broiler chickens.

As far as the imports are concerned, they are so small in comparison to our total production that they could not possibly have any material effect on the price. The reason the price of broiler chickens, fowl and poultry generally is away down from what it was is that in spite of repeated warnings, the producers have produced far more than the market will absorb. The importation is down actually. The importation is not up on poultry of all kinds; it is down. In 1956 the importation of poultry from the United States amounted to 22 million pounds; in 1957 it was 12,270,000 pounds; in 1958 it was 12,045,000 pounds. It is true that the importation of broiler chickens last year was 6,102,000 pounds as compared with 1,313,000 pounds in 1957. However for other types of poultry the figures were down materially from those of the year before.

Therefore as to poultry imports on the whole—and you must take the whole picture; you just cannot take broiler chickens; you must take all the types of poultry which are dealt in or traded in—if you take them all together, as I say, imports from the United States are down in 1958 in comparison with those in 1957, and they are away down in comparison with those of 1956.

However, production in Canada has gone up terrifically, as I pointed out previously. The production of fowl of all kinds in 1957 was 279 million pounds. That was about twice as much as it had been about three years earlier. About three years earlier it was about half that figure. In 1958 it went up again from 279 million pounds to 346,861,000 pounds, an increase of 67 million pounds in the one year. The worst of it is that this situation is continuing in 1959. I have the figures here to March 7 for 1958 and for 1959. In 1958 to March 7 production was 39,585,000 pounds, but to March 7 in 1959 it is 50,171,000 pounds. In other words production is just shooting up and up. If there were such a thing as a support price we would not have one tenth of the cold storage capacity required to hold the chickens that would be produced.

As I said last Friday, these things can be produced almost without limit. We have a terrific quantity of feed in this country. There is no limit, except the amount of available feed, on the amount of chickens that can be produced. If there were a guaranteed price which made the raising of them profitable, as I say, we would not have anything like the necessary cold storage facilities in which to hold what would be produced. It is the type of thing for which it is absolutely impossible to put in a support price. It is the very last thing in the world for which you can even contemplate putting one in.

(Translation):

Mr. Boulanger: I know that in Quebec, and also, I think, in Ontario the production of broilers and other poultry is 90 per cent integrated. And that is just the point. If we keep integrating it, what will happen to our farmers? What will happen to our small farmers in Eastern Canada? That is why we are asking the Minister of Agriculture to draft the legislation so as to protect the small farmer rather than the integrator.

If we start integrating the poultry industry, then we shall integrate the pork industry, and later the same process will be applied to other branches of the industry. What, then, will happen to our agricultural parishes, from a social and economic point of view? It will be a disaster for Canada.

That is why I ask the minister to draft the act so as to give back poultry raising to the farmer. Farmers and poultry producers have considerably increased their production, I admit. And it is easy for any industrialist to do so. If the poultry industry was left in the hands of our farmers, there would not be such an increase in production as has been noted for the past year or two.

As for poultry imports, they have declined from 22 million pounds in 1956 to 12 million in 1958. I am all for this decrease, but we are still importing 12 million pounds too much from the United States. If that quantity of poultry had been sold by our people, the

price would not have come down as it did last September, and as it is still coming down now. In early March, broilers sold at 16 to 17 cents a pound, while it is recognized that the cost is about 21 cents, and even the Poultry Producers' Association maintains it to be 22.8 cents.

That is why I am strongly opposed to the policy of the Department of Agriculture with regard to the poultry industry.

(Text):

Mr. Bigg: Mr. Chairman, my constituency of Athabasca is largely composed of family farms. These family farmers are not unreasonable in the requests they make of the government. They would prefer that there be no government control whatsoever on agriculture. However, the government is in control of some of the aspects of agriculture.

I want to tell you, Mr. Chairman, what I think the family farmers in northern Alberta would like to see. A good many of them raise hogs and they know, as well as the hon. member for Assiniboia and everybody else in this house knows, that hogs reproduce very rapidly. If you put a high support price on hogs we shall have, and in fact we do have, overproduction. These family farmers know that if there is overproduction the price of hogs falls rapidly, and it has fallen. It has fallen to the support price and it is going below the support price, and if the present production of hogs continues it will go considerably lower. Everybody in this country knows that, particularly the small farmer.

They know also that one of the causes of overproduction is vertical integration. They are not only worried about it; they are alarmed about it, and if this situation continues the pig producers on the small family farms will be out of business. I am not here just to criticize the present policy; I am here to advance what I think is a constructive idea for the settling of this problem. If we intend to support the price of hogs we have to support it at a price at which a farmer can make a decent profit out of his operation, and he cannot make it in competition with big business.

It is wrong to say that the small farmer does not know how many pigs he should be producing on the family farm. He is a man of experience. It is to the farmers and to the farm unions that we should turn for advice. We know how many hogs we need, within reasonable limits. I am asking for a quota to be set and placed on family farms in the light of our foreseeable market. If we look at the United States where they have support prices regardless of markets, and follow that practice, we are in for trouble, deep and expensive trouble. These farmers have common sense and they know that if we are overproducing hogs they are going to suffer in the end. They may get 25 cents a pound this year, but next year they are going to get 14 cents.

We are trying to stabilize the price of hogs by means of our stabilization measure, and that measure has not produced the results we had hoped it would produce. Instead, it has resulted in overproduction and lower prices. We must reach the point where the farmers themselves are consulted about the number of pigs they are to produce. I suggest that if the farm unions of Canada got together they could set this quota and they could also suggest a price, and if this price were right it would make hog production a successful business arrangement on a small farm. We have got to do this sooner or later, so we might as well do it now.

I know this government intend to take some action with regard to this matter. They have already announced that they intend to lower the support price. This alarms me. I do not like it, and I think the answer is a reasonable quota and a reasonable price. I go on record as saying this, and I know I am backed by the farm unions of Alberta. I am backed also by dozens and dozens of small farmers who are willing to accept a quota providing it gives them a decent return for their labour.

As far as markets are concerned, we will regain some of the markets of the world when we produce more grade A hogs, and I suggest to the government that we should raise the bonus on grade A hogs. The small farmer can raise grade A hogs just as well as the large producer, and he will do so if the price is right.

Mr. Regier: I know it is the minister's intention to introduce a measure of discrimination within this act against producers who can be classed as carrying on a vertically integrated operation. As the member for Assiniboia has indicated, he endorses the proposed action of the minister. However, I should like, in adding my plea to that of the hon. member for Assiniboia, to suggest that any discrimination in the operation of this act should be brought before parliament, and that it be done with the consent of the House of Commons. I note that section 11 of the act reads in part:

> The governor in council may make regulations for carrying out the purpose and provisions of this act—

If we look at the purpose as outlined in the act itself we do not see any room for the practice of any discrimination whatsoever with regard to the nine commodities named, and if the minister is able to practise

the discrimination which he is proposing by means of regulation, I believe the hon. gentleman himself will agree that this could in the years ahead lead to misuse. For example, the day may come when a minister of agriculture might, by regulation, decide that the floor price shall not be paid in the northern half of Alberta. Or the minister might decide that the floor price shall not be paid to such producers as are of a certain racial extraction, and so on.

Mr. Horner (Acadia): You are stretching your imagination.

Mr. Regier: The preservation of the rights of Canadians is, to me, a very important matter, and while the hon. member for Acadia was interrupting I recalled that his own province of Alberta has legislation which discriminates against people of certain religious convictions. Let us not believe that it is beyond us to practise discrimination here in Canada, because it could happen here exactly as it has happened in other areas of the world. I do appeal to the minister that if he intends to practise any discrimination—and I agree that he ought to—against those who are engaged in vertical production, it should be done after full discussion and debate in parliament and should form part of the legislation, and should not be carried out by means of regulations made by the governor in council.

Mr. Argue: I wonder if the minister could tell us what use is made of the advisory committee set up under the agricultural prices stabilization act? A few days ago we were discussing in this house the government's new floor prices for certain dairy products. I have read into the record the public statement issued by Mr. Gordon Hill, president of the Ontario farm union, and I got the impression from the minister that this whole question had been discussed with the advisory committee even if the approval of the committee had not been obtained.

However, I have been informed that when the advisory committee last met its members expected to be reconvened in order to discuss the government's proposals as far as the dairy industry is concerned, but that this meeting did not in fact take place. The minister now says there is a meeting under way, but I do believe these meetings should take place before important changes in legislation are announced, and I think that in every possible case the minister should have the approval of the organizations which are represented by members of that advisory committee.

I do not think the comments of the hon. member for Acadia are really worth mentioning at this time. This young man seems inclined to go along with everything the government is doing. He seems to think that any proposal put forward by a member of the opposition is automatically suspect and wrong.

Mr. Horner (Acadia): There was no proposal forthcoming from you.

Mr. Argue: There was a definite proposal.

Mr. Horner (Acadia): I failed to hear it.

Mr. Argue: There was a definite proposal. I cannot help it if my hon. friend cannot hear or if when he hears he cannot understand and because he cannot understand he is unable to express himself. That is, of course, a very understandable and regrettable position my young friend happens to be in.

Mr. Horner (Acadia): Pass the hat to him.

Mr. Argue: As the minister puts on record the various statistics of agricultural production in this country and the huge quantities of agricultural products now held by the stabilization board, it becomes increasingly apparent that the agricultural industry is in great peril. Unless the government changes its policy, which has led to lower and lower floor prices, there will be a very serious crisis in the agricultural industry resulting in still lower prices in the near future.

The quantities of poultry products that have been produced are growing. The minister's statement indicated that we are producing more hogs now than at any time since the period during the war when great encouragement was given to the industry to produce hogs as part of a patriotic war effort. This demonstrates to me, though perhaps not to other hon. members of this committee, the absolute necessity of doing something to increase the price for grain to agricultural producers on the prairies. This lack of adequate prices for wheat oats and barley has given an impetus to the tremendous increase in meat production in our country. If no action is taken on the plea made by the delegation that came to Ottawa two months ago the worries, troubles and tribulations of the minister will be greatly multiplied.

Since we are all advising each other I would offer some advice to the minister. I advise him to take another look at the stand he has taken so adamantly in opposition to deficiency payments on western grain. If the western grain producer does not receive some degree of encouragement and assurance by way of a price increase then, being the person in possession of the cheapest grains of any agricultural producer in Canada, he will turn more and more to the production of beef, cattle, hogs and other agricultural commodities and turn a significant percentage of

the production of grain on the prairies into the production of increased quantities of livestock and livestock products. We will then have the agricultural producers outside of the prairies facing a crisis the like of which they have not seen at least since the early thirties.

It is not sufficient to have certain proposals and legislation to cover products other than grain outside the prairie provinces. It is essential now for the minister whose estimates we are considering and for other members of the cabinet to take a new and sympathetic look at the request of the farm delegation to improve prices for wheat, oats and barley on the prairies. The western grain producer, not because he wants to as a first choice but because he is being driven to it through low prices for grain, will turn to the production of meat and will place the agricultural industry in the rest of Canada in the direst peril.

If hon. members of this committee representing constituencies in Quebec and Ontario are prepared to see prairie producers go into the production of commodities other than grain at a much accelerated rate they are merely saying they are prepared to sacrifice the agricultural industry in their provinces. That is the great peril facing this nation, increasing agricultural production that is forcing down the prices of various farm commodities, with the grain producer going more and more into the production of livestock and livestock products, if no action is taken by the government at this time, thus putting the agricultural industry outside the prairies in even greater peril than it is in today.

I therefore make a plea to the Minister of Agriculture and the other members of the cabinet to reconsider their adamant position taken on previous occasions in respect of the request for deficiency payments on prairie wheat, oats and barley.

Mr. Harkness: Mr. Chairman, perhaps I should answer the question concerning the advisory committee. The advisory committee met yesterday and are meeting today. I do not know if they will complete their deliberations today, but they hope to do so. I may also say they met back in March and have been meeting on the average every two or three months since the present stabilization act came into operation. There is provision in the estimates for funds to cover at least four meetings a year of this committee.

With respect to the statement made by Mr. Hill, to which the hon. member referred, Mr. Hill was in error in that connection. If the hon. member happens to meet him today and speaks to him he will learn that Mr. Hill's impression was not shared by other members of the advisory committee with respect to having another meeting before the support prices for dairy products for the coming year were announced. A meeting was held for two or three days in March, and practically all that time was spent considering the level of supports for dairy products. The meeting was almost entirely given over to a discussion of that subject. There was no statement made that there would be another meeting before the announcement was made; in fact just the reverse was the case. Members of the advisory committee were told that this announcement would have to be made within a few weeks' time and that as soon as dairy groups of all kinds had been consulted in connection with the matter the announcement would be forthcoming.

The understanding of the hon. member for Assiniboia concerning the reason for a great increase in the production of certain agricultural products is at fault. The fact that there is a great deal of grain in western Canada is not the reason; the increase stems from improvements in technological processes of all kinds, improvements in genetics and breeding and so forth. Because of the great improvements that have been made in breeds of animals of all sorts and breeds of seeds—hybrid corn is a classic example—it has been possible to produce a great deal more than was the case 10, 15 or 25 years ago. This terrific increase in agricultural production is not characteristic only of Canada, but may be found in all highly developed countries of the world and is due essentially to improvement in methods, breeding and so on. As a result we are getting much bigger yields, as far as some products are concerned, than was the case before. We are getting fowl and livestock of all kinds which make more efficient use of their feed than was the case before; thus we can produce more cheaply as a result, and so on.

Mr. Argue: I do not want the statement just made by the minister to pass unchallenged. I agree immediately that there have been certain very definite improvements in techniques and that operators are able to handle larger units of production, all of which have resulted in increases in the rate of production.

I have not the statistics on my desk, but perhaps the minister's officials have, to show the very rapid increase in the production of cattle and hogs in the last couple of years. I do not think this is the result of any improvement in techniques at all. That has very little to do with it. The fact of the matter is that because of marketing conditions and because of prices, farmers said

that if they were going to stay in the business of farming at all they would have to produce cattle and hogs. There was no recent development in production techniques that encouraged this very rapid increase in the production of cattle and hogs. There have been improvements in the techniques of poultry production, but I do not think the minister himself would claim that the doubling and almost tripling, I think, in about four years in the production of poultry has to do, in the main, with any techniques that have developed within the last four years that were not available at any time immediately prior to four years ago.

I know improved techniques have resulted in increased production, but the basic reason our producers are producing more cattle and hogs today is the fact that there are people on the prairies who are not able to make an adequate living in the production and marketing of grain, notwithstanding the statistics the minister has placed on the record, and they are now going into the production of hogs and cattle in a very large way.

I am sure the minister can get from his officials the increase in the population of cattle and hogs in the last two years, but I do not think he will say this tremendous increase is the result of any great improvement in techniques. The cow still gives birth to one calf a year on the average. If the rancher is able to do it there may be a few supplements he can feed to his calves to put on a few extra pounds of beef but certainly, as far as numbers are concerned, there is no great improvement in techniques which would lead me to believe that this is the reason for such tremendous increases. It is an economic reason, it is a price reason, and it is because the government has failed to do anything in response to the very strong requests which have been made by western grain producers.

Mr. Boulanger: I should like to ask the minister a question regarding poultry. Owing to the increase in production in 1958, and owing to the removal of import restrictions last June 13, will the minister consider putting this import restriction in effect in 1959?

Mr. Harkness: No, Mr. Chairman.

Mr. Rapp: Can the minister inform the committee whether soybeans, cotton seed or corn come under the stabilization legislation? Are they covered under the stabilization act?

Mr. Harkness: There are 23 commodities which have been under the stabilization act during the past year. One of these was soybeans. Corn was not covered last year. I will just read the commodities which were covered: butter, cheese, dry skim milk, hogs, steers, lambs, wool, eggs, soybeans, sugar beets, tomatoes, asparagus, wheat, oats and barley outside of the wheat board area, raspberries, apricots, apples, honey, peaches, potatoes.

Item agreed to.

11. Subsidies for cold storage warehouses under the Cold Storage Act, in the amounts detailed in the estimates, $235,500.

Mr. Howard: I want to make a few remarks on this item. First I should like to bring a few statistics to the committee with respect to the dollar value of fish and fish products, to give some indication of the importance of fish and fisheries in our economy and also in our diet.

Mr. Harkness: On a point of order, Mr. Chairman; these are agricultural estimates. I do not think the hon. member should take the time under these estimates to go into the prices of fish, the quantities of fish produced and so forth. I think he should reserve that for the estimates of the Department of Fisheries.

Mr. Howard: If I may speak on the point of order, Mr. Chairman, I would just say that the objection the minister has raised probably is correct, but it really points up how ridiculous and foolish it is to have grants, subsidies and payments for cold storage plants to store fish and fish products contained in an estimate under the Department of Agriculture. I want to introduce my remarks in this way to get to the application of subsidies under the Department of Agriculture and under the minister's jurisdicton as they apply to cold storage facilities for fish and fish products. I hope the minister's objection is an indication that he wants to abandon this jurisdiction which he now has and transfer it to the Department of Fisheries, where it could be more properly and more adequately dealt with.

If I could preface my comments about the application of subsidies on fish cold storage plants I would like to point out that up until I believe some time near the middle of 1958—it may have been in the spring months of 1958—the amount of subsidy was limited to one-third of the capital cost of the total cold storage plant.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Howard: Mr. Chairman, at one o'clock the minister and I were discussing a fishing

problem. I am sure the minister will recall that during last session he and I entered into a discussion of this same subject matter. I hope our discussion today will not result in the same sort of anger and difference of opinion that occurred last time. Up to approximately the middle of 1958 the subsidy paid by the Department of Agriculture toward the capital cost of cold storage facilities was limited to one-third of such cost. Some time around the middle of 1958 a further limitation was placed on the subsidy making it either one-third of the capital cost or $50,000, whichever was the lesser.

As I understood the reasons given by the minister he said that there was an abundance of cold storage facilities in Canada and that all we would be doing by retaining the one-third principle would be putting public money into the building of cold storage facilities when there was already an abundance and the facilities already in existence were not being used to anywhere near capacity. I believe the minister gave some figures indicating that use ranged as low as 50 per cent in a number of cases.

The objection I take to the application of the subsidy and to the change made last year is this. First, I do not think that the granting of subsidies to cold storage warehouses used for the storage of fish or fisheries products should come under the jurisdiction of the Department of Agriculture. If I may interpret the minister's remarks on the point of order he raised earlier, or perhaps misinterpret them as he may say later, I think that subconsciously he may feel that I have a valid point in this regard.

I attempted to get some information about the percentage of occupancy of existing cold storage facilities to determine whether, as the minister said, the percentage of occupancy was low and whether the low percentage of occupancy applied equally in the case of cold storage facilities for fisheries products and agricultural products. To that end I entered into correspondence with the minister and subsequently placed a question on the order paper which was answered on January 27. The answer appears on page 422 of *Hansard* and I should like to refer to the information contained therein. I inquired as to the number of cold storage warehouses used for fish products, the number used for agricultural products and so on. The answer given was that of the total number there were 249 warehouses that stored in the main fish and fisheries products; 1,969 storing in the main agricultural products; and another 850 classified as general and used for storing a variety of products.

We see from these figures that the ratio of cold storage warehouses in existence in Canada is almost eight to one in favour of those storing agricultural products over those storing fisheries products, not taking into account the warehouses classified as general and storing a variety of products. I attempted to determine the percentage of occupancy of these various types of cold storage facilities and the answer I received, as found on page 422, was as follows:

> The dominion bureau of statistics do not require cold storage warehouses to report what percentage of the space is occupied. They do require, however, a statement of the quantities of certain goods in storage and this information is published in various forms, many of which are on a monthly basis. The Department of Agriculture receives voluntary confidential reports showing the percentage occupancy of warehouses which represent about one-third of the total available refrigerated space in Canada.

The answer then proceeds to deal with the percentages I submit there is no indication that a differentiation is made between cold storage facilities for agricultural products and cold storage facilities for fisheries products. I certainly hope it is not the case but I am almost sure that where the number of such plants used for fisheries products is relatively minor numerically compared with the number used for agricultural products—the ratio is one to eight—the consideration given to the minor phase of the problem is not the type of consideration that probably should be given to it. I do not say that is the case in this instance but I rather suspect that fisheries products cold storage facilities were lumped together in the whole consideration of cold storage facilities when the decision was made to reduce the amount of the subsidy. The reason given was that there was too much space and it was not being used to the degree that it should be, and I suspect that the decision was based primarily on the total picture of cold storage warehouses and not on a break-down of the percentage of use for fisheries products and the percentage of use for agricultural products.

I also raised this matter in the standing committee on marine and fisheries when the committee was considering the estimates of the Department of Fisheries. I took up this point with the Minister of Fisheries and while his answer may not be a definite commitment I think it indicates that the argument I am making has a great deal of justification and that there should be a transfer of jurisdiction from the Department of Agriculture to the Department of Fisheries with respect to cold storage facilities for fisheries products. I should like to read the answer of the Minister of Fisheries in its entirety so that I cannot be accused of extracting something from it

to support my particular point of view. As found on page 68 of the minutes of proceedings and evidence No. 4, of the standing committee on marine fisheries, Tuesday, April 14, following the same general remarks made by me then as I am making now, the Minister of Fisheries said:

> Mr. Chairman, I agree with Mr. Howard that when a relatively small item is bulked with a large one, the total picture may not reflect statistically the situation with regard to the smaller segment. Of course, I am not in a position to give an answer at the present time to the suggestion. However, I can say that it certainly will be considered. I appreciate the members of the committee raising this question because it appears to have merit which at least makes it worthy of consideration.

I wish to wind up with a question. Has the Minister of Agriculture been in consultation with his colleague, the Minister of Fisheries, in connection with this problem of transferring the jurisdiction on this matter of cold storage facilities for fisheries products to the Department of Fisheries? If he has not been in such consultation, will he undertake to confer with the hon. gentleman who sits just a few seats from him? In this way fisheries products may receive the degree of consideration in connection with cold storage facilities in the future to which I think they are entitled, that is that they be considered purely and simply in the light of the requirements of fisheries products and not be lumped into consideration of facilities for agricultural products and other things?

Mr. Harkness: I would just say that I have not discussed this matter with the Minister of Fisheries, but I will be glad to do so.

Mr. Howard: I may say that was substantially the answer I got at the last session when I raised the question of transfer. The Minister of Agriculture then indicated he would be quite glad to talk to the Minister of Fisheries. I know both of these gentlemen are busy, but surely it should not take almost a year to get around to talking about this matter.

(Translation):

Mr. Dupuis: Mr. Chairman, I do not want to prolong unduly the debate on this item, but as I represent a constituency where there are many poultry producers, I wish to associate myself with the hon. members for Assiniboia (Mr. Argue) and for Drummond-Arthabaska (Mr. Boulanger) who this morning called the minister's attention to the restrictions which the government should impose on the importation of chicken and poultry in general from the United States.

I myself received several complaints—

(Text):

Mr. Harkness: Mr. Chairman, I rise on a point of order. We have completed the discussion of that matter and we are now on subsidies for cold storage facilities. I do not believe we can revive the discussion on the Agricultural Stabilization Act on this item for cold storage facilities.

(Translation):

Mr. Dupuis: Mr. Chairman, I would like to point out that, this morning, I rose to speak on item 10. Therefore, I rise on a point of order.

Mr. Martin (Essex East): I think, Mr. Chairman, that we are not yet through discussing the item concerning farm products, and I believe there is some misunderstanding.

(Text):

The Deputy Chairman: I just have item No. 11 in front of me. I understood item No. 10 was passed, and the hon. member for Skeena discussed item No. 11 before lunch.

Mr. Martin (Essex East): Was there not an argument on that? Did not the hon. member for Skeena argue that he had a right to discuss this subject, even though it concerned cold storage, because he was dealing with one of the products that could be covered by the stabilization act?

Mr. Harkness: There is no question about it, item No. 10 was carried. Item No. 11 was called, and the hon. member for Skeena got up and spoke on item No. 11. I think there is no question about it.

Mr. Dupuis: This morning when we were on item 10 I was going to stand up. The hon. member for Skeena started to talk while we were still on item No. 10.

Mr. Harkness: Mr. Chairman, item No. 10 was called and carried by the Chair. Then, the Chair called item No. 11, whereupon the hon. member for Skeena stood up and began to speak on item No. 11.

Mr. Caron: The hon. member asked for permission to revert to item No. 10. Permission has been asked before and granted.

The Deputy Chairman: If the committee wishes to revert to item No. 10 it can do so, but it must be by unanimous consent.

Some hon. Members: Agreed.

Mr. Harkness: If we follow this procedure, Mr. Chairman, we will never have any orderly discussion of these items. As the hon. member for Essex East well knows, this practice has not been followed at any time in this committee. I would be quite willing, if there is time at the end of the estimates and unanimous consent is given, to allow the hon. member to make some remarks. However,

I feel we should carry through with the discussion of these estimates in an orderly way.

The Deputy Chairman: As the hon. gentleman did not get unanimous consent to revert to item 10, we are now on item No. 11.

Mr. Martin (Essex East): May I have the indulgence of this committee, in this generous mood, for one minute? There is an obvious misunderstanding. If Your Honour says the item has been carried, we accept Your Honour's direction, but the hon. member for Drummond-Arthabaska, who is the spokesman for this group on matters of agriculture—

Mr. Ricard: We thought you were.

Mr. Martin (Essex East): —and who is recognized throughout the house as a very fair-minded member, was under the impression that the item had not been carried. The hon. member for St. Jean-Iberville-Napierville was in the house, and he had the same understanding as the hon. member for Drummond-Arthabaska. The hon. member for St. Jean-Iberville-Napierville is one of the newer members of this house. He represents a constituency in which there are a lot of farmers, and he has a point which he thinks should be emphasized in one of his first pronouncements in this chamber on agriculture.

I think under the circumstances the committee, in this mood of generosity, would want to accede to the request made by the hon. member for York-Scarborough and others on the opposite side, to allow this rather important and initial speech to be made.

The Deputy Chairman: I am not sure the hon. member for Essex East knows that I do not make the rules. I asked the committee if they would give unanimous consent to revert to item No. 10, and unanimous consent was not given.

Mr. Martin (Essex East): I think they would this time.

The Deputy Chairman: I have no other recourse but to say we are now on item No. 11.

Mr. Martin (Essex East): Could you construe your earlier impression as being wrong and ask the committee if they would give unanimous consent? I think they would.

The Deputy Chairman: There is no indication to the Chair that the committee would change its mind.

Mr. Howard: I would have liked to have an opportunity to discuss the point of order which was raised earlier because my name was brought into it. I can quite understand the confusion which existed. Unfortunately, the Minister of Agriculture has indicated we cannot go back to that subject. I wonder if he could, on item No. 11, indicate when he might sit down with the Minister of Fisheries, and the Minister of Finance I imagine because money would be involved, to discuss the transfer of jurisdiction over these cold storage facilities to the Department of Fisheries? Would he indicate also what technical matters stand in the way, in so far as additional legislation being required or some other arrangement by which this objective could be attained? Could it be done by order in council, and so on?

Mr. Harkness: Mr. Chairman, the Cold Storage Act provides for subsidies for cold storage facilities for any purpose. It happens that the act is being administered at the moment by the Department of Agriculture because most of the products stored are agricultural products. Of course, any change in the present set-up would require a change in the act. I might say that at one time there was a subsidy system under the Department of Fisheries and one under the Department of Agriculture. In the interests of economy and more efficient administration they were merged into one act. This was done long before any period that I was in the house, but I understand that is what happened. They have been administered under the one act since that time; and it happens that at the moment the Department of Agriculture is responsible for administering this act.

Mr. Howard: Dealing with the last point first, Mr. Chairman, may I say this. In the light of developments now I think probably we should look upon that merging which took place of those two jurisdictions as being an erroneous one. The statistics show and the answers given by the minister indicate that he is not in a position to give the adequate consideration that should be given to fisheries products cold storage facilities. A year ago we discussed this question when the estimates of the Department of Agriculture were before the house last session. The minister then said, "It is a good idea; we will take it into consideration; I will chat with the Minister of Fisheries about it". Now, a year later, we find that he still says the same thing. Is this not an indication that he is just going to go on and on giving consideration to this matter and saying that he will chat with somebody else about it, and not getting around to doing it?

Legislation is required if such a transfer is desirable. It can only come about by cabinet decision. Initially there must be consultation between the Minister of Fisheries and the Minister of Agriculture. Surely

they are still on speaking terms and are able to discuss these questions. It might come about in that way. It requires legislation. But I suggest that this promise which was given to the house a year ago is one which the Minister of National Revenue would say should be kept. I suggest that the Minister of Agriculture should sit down with the Minister of Fisheries and discuss the question immediately and, if possible, introduce legislation at this session in order to cope with the problem instead of allowing us to wait another year and go around again on the old merry-go-round, when we will ask the Minister of Agriculture the same question and get the same sort of answer, "We will take it into consideration". As far as I am concerned, Mr. Chairman, that seems to be sloughing off a responsibility, when we get from the minister the same type of answer which in effect means that no action is going to be taken and also that the type of consideration that should be given to fisheries products cold storage facilities is not being given. Because the Minister of Agriculture has that small item relating to fish in the vast operations of his department it is quite easy for him to overlook it, and certainly he has overlooked it because he has not even the statistical information on which to base his decision.

Item agreed to.

Dairy products division—

12. Operation and maintenance, $901,306.

(Translation):

Mr. Boulanger: Mr. Chairman, I should like to make a few remarks about ROP tests in the province of Quebec, and put on the record a resolution addressed to the Minister of Agriculture (Mr. Harkness) on January 29, 1959. It is a very short one, and reads as follows:

Whereas breeders of registered livestock consider ROP tests a necessity and,

Considering the work done by animal husbandry specialists, agronomists, breeders associations and breeders themselves, and

Because of the results achieved through general co-operation to increase the yield of our dairy cattle as a result of proper selection based on official records of performance,

Be it resolved that the Quebec Ayrshire Breeders Association make strong representations to the Minister of Agriculture for Canada, following the decision not to increase the number of herds under ROP control.

Such a restriction has a paralysing effect first on the stock breeder who is a beginner and it curtails the results of the selective registry policy followed by our organization.

As a matter of fact, local farmers, more especially purebred livestock breeders, have been complaining over the past year that they cannot have control services for their dairy herds.

[Mr. Howard.]

Today in the Bois Franc area there are at least 875 farmers organized into three livestock breeders clubs and two Holstein, Ayrshire livestock breeders clubs, including many purebred livestock breeders the importance of which is well established. Under the regulation governing registry, no bull can be certified or recognized by the association if the dam has not the ROP qualifications and is not classified according to its breed type. Such measure regarding restrictions to the registration stops automatically the whole plan designed to promote the production of purebred cattle.

This will eventually hurt the breeding stock markets.

There are in the constituencies of Drummond-Arthabaska and Megantic, and in most of the constituency of Lotbiniere, breeders' associations which are recognized as the best breeders of registered livestock in the province of Quebec.

Each year our breeders sell more than $400,000,000 worth of cross-bred and purebred stock for production and breeding purposes, such as dairy cows, stock heifers and bulls.

Furthermore, I would draw the attention of the Minister of Agriculture to the fact that the department of agriculture of the province of Quebec makes grants available for the exclusive purchase of certified bulls and heifers, out of certified dams. It is therefore essential to let the breeders freely control their production without any restrictions. In fact, for a few years now, Quebec experimental farms and agronomists have been doing a good deal of educational work aimed at improving cattle raising in my area. And now an attempt is being made to hinder the work already done to improve the production.

Many farmers have asked that inspection services be extended to their dairy herds, but unfortunately they were turned down by the department.

I think there is no sense in restricting those services after all the educational work designed to promote our livestock industry.

It is for this reason that I wish to ask the Minister of Agriculture whether he intends to make inspectors available for those thriving farmers who want to improve their pure-bred stock.

(Text):

Mr. Harkness: This statement which the hon. member has just made that applications for record of performance inspection are being refused because the department does not wish to extend the work is completely incorrect.

The actual fact of the matter is that there has been, on the part of farmers, a constantly increasing awareness of the value of these record of performance inspections and of getting their herds on record of performance. As a result there has been quite a rapid increase in the number of applications on the part of farmers to have their herds included. We just have not had sufficient staff to meet all these demands. We have asked for 20 new positions in order that we shall be able to extend the work and to take in the people who have now applied for it. Those new positions will be provided for, we expect, in the supplementary estimates which will be brought down before the end of the session. The only reason why all these applications for service have not been accepted is that if we had done so we would not have been able to make a sufficient number of inspections and, probably, the whole of the work would have been disrupted. The only way in which we can keep up with these applications is by increasing the number of the staff, and this we are in the process of doing.

Mr. Boulanger: I do not see why it should take so long to give satisfaction to our farmers. One case was brought to my attention of a farmer making an application last November. This was refused. He wrote again in February and received a similar answer. We have many young people in Quebec who are anxious to improve their cattle, and if they cannot buy good heifers and bulls, they cannot improve their stock. I might point out, also, that our department of agriculture in Quebec offers a premium for high standards, and these delays prevent this premium being earned. I think the minister should work out some solution as quickly as possible.

Item agreed to.

13. Grants and other assistance in accordance with the Cheese and Cheese Factory Improvement Act, $985,676.

Mr. Roberge: I think this is a suitable place for me to make some remarks with regard to maple products.

Some hon. Members: Go on.

Mr. Roberge: I am waiting to see whether I am in order.

The Deputy Chairman: I think that is item 14, fruit and vegetable division including maple products and honey.

Mr. Caron: No, it is the second part of item 13.

Mr. Harkness: I think there has been a misprint in the book and the number "13" is higher than it should be. This reference to maple products and so forth is under item 13.

The Deputy Chairman: In the resolution here it comes under 14. I think the number "14" should be opposite the word "fruit".

Mr. Caron: Is this not the edition which has been given to all members of this committee? I do not think we can take a chance, because the minister might say the item had been passed.

Mr. Harkness: Go ahead and have the discussion.

The Deputy Chairman: If it is agreeable to the committee we can discuss this question of maple products and honey which I have here under item 14, under item 13.

Some hon. Members: Agreed.

Mr. Roberge: Last year in this house—it was probably in this committee—I urged the Minister of Agriculture to look into the possibility of devising, in co-operation with the provinces which are most affected, a campaign of publicity in favour of maple products.

Not very long ago—in the last two weeks, in fact—producers of maple products did organize a festival called the maple products festival, and this was the first time to my knowledge in the history of Quebec or, indeed, in the history of Canada, that a festival of maple products has been held in our province. I had the good fortune to be invited to attend that festival and although, as I say, this was the first time that such an occasion has been arranged in Canada it has been the practice for a long while in the United States. Festivals have been held in Vermont and in Ohio but never in Quebec. I attended last Sunday. Plessisville is only a very small town, but many people from surrounding areas took the opportunity to visit the festival.

(Translation):

Last Sunday, Mr. Chairman, the maple products festival was attended by nearly 10,000 persons.

I now want to come back to what I said earlier. Last year and again this year I advocated a publicity campaign to promote sales and exports of maple syrup and maple sugar. However the Plessisville maple industry producers had to organize their own festival. I therefore pay tribute to them for having succeeded in attracting to Plessisville, in my constituency, six to seven thousand people from outside of my riding, who did not know about maple products. It is the first time such a festival takes place in the province of Quebec and in Canada for that matter.

(Text):

The Deputy Chairman: Order!

(Translation):

Mr. Roberge: Mr. Chairman, I only wish to point out to the Minister of Agriculture (Mr. Harkness) that since maple products are an important part of our agriculture, it is essential to see that those products are sold, not only in Canada, but also in other countries, namely in the United States.

Therefore, in my riding, we have organized a festival to promote the sale of maple products.

I hope that the Minister of Agriculture, in co operation with the Quebec department of agriculture, particularly with the department responsible for the sale of maple products, will see that maple products are sold in other countries and in western Canada, thereby adding substantially each spring to the income of maple producers of the provinces of Quebec, Ontario, New Brunswick and Nova Scotia.

(Text):

Mr. Howard: Mr. Chairman, I should like to ask a few questions relating to grants to cheese factories the amounts of which are listed as a lump sum in the details. Would the minister give us a breakdown of this figure and an explanation of the method used in the payment of premiums on high quality cheese?

Mr. Harkness: Mr. Chairman, the subsidy under the Cheese and Cheese Factory Improvement Act is 50 per cent of the cost of amalgamating two or more cheese factories in order to make a more efficient factory or $60,000 as a maximum, whichever of those is the lesser. As far as premium payments on cheese are concerned there is a payment of two cents if it scores 94 or better, and a payment of one cent if it scores 93.

Mr. Howard: Mr. Chairman, I shall have to look back to an earlier vote this time merely for the purpose of illustrating what is shown here. On page 101 there is listed a number of cold storage warehouses and the names of companies to which subsidies are to be paid as well as the amount. On page 101 there appears a list of cold storage companies by provinces indicating the amount of subsidy that would be given under the Cold Storage Act. In the preparation of future estimates would it be possible to have the same sort of breakdown with respect to other subsidies and especially those for cheese factories? Is the appropriation for the subsidies listed here for cheese factories those that are already approved?

Mr. Harkness: That is right. Both cold storage warehouses and potato warehouses that are given subsidies are listed by name. I do not know why that is not done in relation to cheese factories. Apparently it is a practice that has been followed for some time. If the hon. member wants a list of the cheese factories I have it here and could give it to him.

Mr. Howard: I just wondered why the difference.

Mr. Harkness: I do not know nor do my officials.

Mr. Howard: As the minister indicated the subsidy to the cheese factories is 50 per cent of the cost or $60,000 whichever is the lesser. How long has that arrangement been in effect?

Mr. Harkness: The 50 per cent subsidy goes back to the beginning of the act. I do not know when it came into effect but I think it was back in the thirties. The limitation of $60,000 was put on shortly after the $50,000 limitation was put on cold storage warehouses.

Mr. Howard: Is there any possibility of a group wanting to build facilities for fisheries products getting any assistance under the Cheese and Cheese Factory Improvement Act?

Mr. Harkness: No.

Mr. Howard: They get more money that way.

Mr. Herridge: Mr. Chairman, with my usual economy of language I want to make a few remarks on this item. I do not wish to be repetitious because I have spoken on the first item and dealt with a number of things that concern my constituents. I wish to bring to the minister's attention the fact that the last convention of the British Columbia fruit growers' association resolved that two things were absolutely essential to the economic stability of the fruit industry of British Columbia; first, the establishment of a Canadian fruit board to handle the entire national and international selling of fruit—and I presume the minister will be discussing this question with the Canadian Horticultural Council in days to come—and, second, the need for a minimum price for fruit commensurate with the cost of production. In that connection the minister knows there has been some difference of opinion between the association and himself or officials of his department as to the true cost of the production of certain fruit for which assistance was being applied.

In my opinion and in the opinion of a number of growers to whom I have spoken there should be some system of obtaining costs that are arrived at by agreement between

the industry and the government. Although there were some cost studies made some years ago with respect to the cost of production of apples and other orchard products in British Columbia there are no exact figures with respect to fruit at this time. Could the minister inform the committee what is being done in the way of research to establish the cost of production of these fruits on a basis that would be acceptable to the producers and the government? That is something requiring a great deal of attention if the stabilization act is to be effective and satisfactory in days to come.

Mr. Harkness: Mr. Chairman, under the economics branch of the department we have been carrying on cost of production studies with respect to a number of commodities. Those on which we have been concentrating are commodities that are mandatory under the stabilization act and in respect of which, I think the hon. member will agree, it is most essential that something definite should be arrived at as soon as possible. Our cost of production studies have been pretty well confined so far to those mandatory commodities and as a result we have not been carrying on up to date cost of production studies in regard to fruit, as far as I am aware. That is something that will come later.

Mr. Herridge: Just a suggestion, Mr. Chairman. Does the minister not think it possible to have some of the staff at the Summerland experimental station do this work? They are in close touch with the circumstances, the conditions and the industry. In the opinion of the growers it is important that the cost of production be established on a basis satisfactory to all concerned and that a satisfactory formula be established.

Mr. Harkness: The Summerland experimental station is manned by scientists whose field is botany and so forth, not economics. Economic studies of this kind are carried on by the economics branch within their field, just the same as botanical studies are carried on by the botanists. You cannot expect a scientist who is a botanist to go into the economics branch, or vice versa. The cost of production studies in regard to things along this line would be carried on by the economics branch in British Columbia rather than by the botanists and so on that we have in Ottawa.

Item agreed to.

15. Assistance in construction of potato warehouses under terms and conditions approved by governor in council, $25,000.

Mr. Howard: I understood the minister to say a while ago that the appropriation toward the construction of potato warehouses was also listed by the name of the company or group receiving the subsidy.

Mr. Harkness: I am sorry, Mr. Chairman, but I can be charged with an error in regard to that. I thought they were listed as well as the cold storages. I have not checked for the moment. If the hon. member has checked and they are not there, apparently they are not listed. The number of those has been very small. As a matter of fact, in the 14 years that I believe the act has been in existence up to last year, there were, if my memory is not inaccurate, only something in the neighbourhood of 15 or 16 of these particular warehouses built. Last year there was quite an increase in interest in this and we got applications for quite a number, and that is why the amount provided is so much increased over the previous year. The previous year is not in there. The sum of $70,000 was spent last year. I have forgotten what it was the year before that but it was much less than that. I am informed that it was only $7,000 the year before, and $70,000 last year. The estimate was made up for $25,000 on the assumption that the interest would fall back again. Instead of that it has come on so that we shall have to have a supplementary estimate to cover the remainder of this item.

Mr. Brassard (Lapointe): I notice that this item reads:

Assistance in construction of potato warehouses under terms and conditions approved by the governor in council.

Does this mean that there are no written rules or regulations by which it can be determined who is qualified and who is not to apply for such a grant? Can application be made by individuals or do those grants apply only to public bodies or farm organizations?

Mr. Harkness: There are written regulations; there is a regular order in council. It is order in council P.C. 2017 of April 20, 1950, and it authorizes assistance to producer groups; in other words, groups of farmers who wish to construct the necessary facilities on the following basis: one, that producer groups pay at least 25 per cent of the cost; and, two, the federal government and provincial governments concerned share equally in the remainder of the cost.

Item agreed to.

Health of animals division—

16. Administration of Animal Contagious Diseases Act, and Meat and Canned Foods Act, $6,957,334.

Mr. Boulanger: How many counties in Quebec and in each of the provinces have been certified?

Mr. Harkness: The hon. member wants the number which have now been certified: Prince Edward Island, 3; Nova Scotia, 6; New Brunswick, 8; Quebec, 1; Ontario, 6; Saskatchewan, 2; British Columbia, 4. In addition to that there have been accepted for testing the following numbers. These are the ones that have been tested and are being tested: Prince Edward Island, 3; Nova Scotia, 8; New Brunswick, 15; Quebec, 8; Ontario, 35; Manitoba, 21; Saskatchewan, 173; Alberta, 4; British Columbia, 7. These latter figures, of course, include the first group of figures which I gave; in other words, that is the number of areas that have been accepted for testing. Work is being carried on and the last list includes the numbers which have been completed and which I gave first.

(Translation):

Mr. Boulanger: As I said a few moments ago, we are in a Quebec area of large scale breeding of certified livestock, and farmers are asking for supervision and control of this disease more particularly so in the riding of Arthabaska where there is a good export market for purebred stock and dairy cows.

Under present conditions producers are handicapped when they want to export cattle to the United States. I realize that the U.S. can accept animals from accredited herds; just the same farmers have to wait 90 days for results of the tests, which impedes the marketing of cattle, particularly that of dairy cows, in that district. Farmers are therefore anxious for the department to step up its campaign for the early control of that disease.

I see that in the province of Quebec, there is a riding where animals are certified, and that control work is being done in seven others. That would be eight in all. We are trailing the other provinces in the matter of inspection and control of that disease and I ask the minister to step up departmental activity aimed at controlling this disease.

(Text):

Mr. Harkness: Perhaps I should say that we go ahead in order to inspect the herds and thereupon to certify the county after the reactors have been destroyed and so forth, only upon the application of the minister of agriculture of the province concerned. We cannot move into the province and do this work except on the request of the province.

Mr. Boulanger: Has the minister had requests from the province of Quebec to increase the inspection?

[Mr. Boulanger.]

Mr. Harkness: I should like to assure the hon. member that we take on all of those as and when requested. As the requests come in we start on the inspection.

(Translation):

Mr. Boulanger: Then, if 35 ridings asked for inspection, the minister would be ready to accept and to ask his men to go ahead with the required tuberculin testing.

How many applications did he get since last year, during 1958? I see that 8 ridings in Quebec are mentioned, 35 in Ontario, 15 in New Brunswick, 8 in Nova Scotia and so on. There are quite a number of cattle out our way and applications have been made only for 7 ridings. Did the minister receive applications for more districts than those where inspection is now proceeding?

(Text):

Mr. Harkness: No, Mr. Chairman. If, as the hon. member says, we received requests from 30 or 35 counties we would start the inspection work and carry it on as rapidly as we could. We would, of course, be handicapped as we always are by the shortage of veterinarians, but what we do under those circumstances is employ local veterinarians on a fee basis to carry on this work for the department. As long as there are local veterinarians in any county we can get the work started and carry it on.

Mr. Brassard (Lapointe): I should like to ask a supplementary question. If a member of the House of Commons asked the Department of Agriculture to make an inspection in his own riding would the minister consider such a request even though the provincial department of agriculture had not made such a request to the minister or to the department?

Mr. Harkness: No, we could not consider such a request at all. Under the dominion-provincial agreement governing this matter the request has to come from the province.

Mr. Southam: The problem of brucellosis eradication has been quite pronounced in Saskatchewan for years and it is particularly important now with the increased economic value of cattle. Agricultural statistics for that province indicate that for the year 1956-57 the value of livestock lost through this disease was approximately $2½ million. Of course, the problem has been aggravated, as the Minister of Agriculture has just stated, due to the dearth of veterinarians. Because of the fact that quite a large number of our farm boys attend university in Saskatoon during the winter, I wonder whether some encouragement could be given to them to obtain instruction in order to assist the veterinarians by doing the lay

work in connection with the eradication program. I know of one particular area last year where the extent of brucellosis rose to 39 per cent, which is quite a discouraging factor. Could some encouragement be given to these men in order that they may assist the veterinarians?

Mr. Harkness: We permit veterinarians to hire helpers or assistants to draw the blood, thus enabling this work to be carried on much more rapidly than would otherwise be the case. However, this does not apply in the province of Quebec because the veterinary act there does not make such provision. In other words, the drawing of the blood has to be done by a veterinary under the Quebec provincial act but in the other provinces it can be done by a man who is really a technician. He is trained in drawing the blood and he sends it to the veterinarian who makes the test. That, of course, greatly increases the speed with which tests can be done.

Mr. Horner (Acadia): I have one question with regard to the Bang's disease vaccination program in Alberta. Does the federal government contribute anything to the program there?

Mr. Harkness: We supply the vaccine free to the province.

Mr. Caron: If there are only seven counties in the province of Quebec—

Mr. Harkness: Eight.

Mr. Brassard (Lapointe): You said seven including the first one.

Mr. Harkness: It is eight.

Mr. Caron: Well, we will say eight. It is the same thing for the purpose of my question. As the minister said, the request has to come from the department of agriculture in the province of Quebec or in any other province. Therefore, if there are only eight counties being covered in the province of Quebec the federal Department of Agriculture cannot be blamed because you are waiting for requests from the government of Quebec. That is the exact reason.

Mr. Harkness: Yes.

Item agreed to.

21. Supervision of race track betting, $591,315.

Mr. Howard: I see that under this item the Minister of Agriculture is involved in sin to a certain degree, if you classify horse racing or race track betting under that heading. Can the minister give us an indication as to what way officials of his department are involved in the supervising of race track betting? I imagine they do not deal with the corner cigar stores because they do not come under your jurisdiction, but what is the situation with respect to race track betting?

Mr. Harkness: In this connection the hon. member for Kootenay West will realize—

Mr. Herridge: Don't blame me.

Mr. Harkness: —that I am in exactly the same position as one of the old racing parsons in England. I do not consider that I am involved in sin at all, through the fact that the department supervises race track betting. In fact, I consider the position to be just the reverse. The situation is that under the Criminal Code the Department of Agriculture is responsible for supervising parimutuel betting at race tracks, which is permitted by the Criminal Code. For that purpose we use the R.C.M.P. to supervise each race track when it is in operation. In Ottawa we have a small staff of three men who have general charge and supervision of race track betting operations and who give directions to the R.C.M.P. who attend at each track to collect the records and make sure we get our percentage of the gate, which is used in turn to pay for the supervision. The purpose is to ensure that the customer at the parimutuel plant gets a fair return on his bet; in other words, that there is no hanky-panky in connection with the parimutuel operation.

In addition, we carry out urinary and salivary tests on the horses to ensure that they have not been doped, thus, of course, changing what would otherwise be the odds in any race and the probability of a particular horse winning. We also operate the photo-finish equipment and what is called the eye in the sky in order to have a photographic record so that there can be no question as to which horse won a particular race. The percentage of the gate that we get is one-half of one per cent and the money so collected is used for these supervisory activities.

Mr. Howard: The minister did not indicate whether he gets any hot tips in this process and if he follows them up, but I take it from his remarks that there is a certain amount of income received. In effect the federal government gets a rake-off, somewhat like the house in a poker game. I am using these terms which are totally unfamiliar to me although I have heard them used before. What is the percentage of the take, how is it computed and what happens to the money? Does it go to the Department of Finance or the Department of National Revenue and is it then credited against the expenditures made by the Department of Agriculture? What is the relationship?

Mr. Harkness: As I said a minute ago, we get one half of one per cent of the money

wagered. This money goes into the consolidated revenue fund and then the amount of money we expend has to be voted. That is the purpose of this vote. The amount we collect is approximately the same as the amount we expend. The point is that there is no reason why the taxpayers in general should pay the cost of this supervision at race tracks. That is why we take a half of one per cent, so that the operation itself will pay for the supervision rather than the general taxpayers having to pay for it.

Mr. Howard: I am sure that the same general principle could be applied to quite a number of activities in which various government agencies are involved and whose purpose is to protect the general public. We get involved in protecting the public from the unscrupulous acts of certain individuals or corporations with respect to their pricing policies and so on and I wonder why the same principle could not be applied.

Mr. Herridge: I want to say that I appreciate the position of the minister and I have heard a good many patrons of the sport of kings compliment the work done by the Department of Agriculture in preventing sin at the race tracks in this respect.

Mr. Brassard (Lapointe): I should like to ask just one brief question. The minister has told us that there is a staff of three Royal Canadian Mounted policemen in Ottawa supervising this work throughout the country. I wonder if these gentlemen, or any member of their staff, make an inspection from time to time of these places throughout the country in which the races take place?

Mr. Harkness: I think the hon. member has misunderstood. We have three people on the permanent staff here in Ottawa who have responsibility for the supervision of this race track betting. They keep the records and make sure that the general supervisory work is carried out. The actual work at each particular track is carried out by a mounted policeman. There are three people in the central office, and then they employ mounted policemen at each of the tracks during the time the race is being run. The mounted policeman who is doing this work in Calgary, for instance, is not the same one who does the work in Toronto.

Mr. Howard: I should like to pursue this a little further. Did I understand correctly that the income resulting to the crown from supervising this sort of activity is one-half of one per cent of the amount of money bet?

Mr. Harkness: Yes.

[Mr. Harkness.]

Mr. Howard: This would indicate that there is probably $100 million per year wagered at the race tracks.

Item agreed to.

22. Grants to agricultural fairs, exhibitions and museums in accordance with regulations of the governor in council; payments pursuant to agreements in force on March 31, 1959, with exhibitions covering the construction of buildings and other major undertakings; and a grant of $50,000 to the royal agricultural winter fair, Toronto, and freight assistance on livestock shipments for exhibition thereat, $923,600.

Mr. Roberge: This item has to do with agricultural fairs, exhibitions and museums. At page 111 in the details of the estimates we find that there are grants for class A and class B fairs, as well as grants to winter and spring fairs. I should like to ask the minister if he would consider a grant to the maple syrup spring fair?

Mr. Harkness: Mr. Chairman, these grants are made to fairs which have been in operation for at least three years and which have had a prize list which we can demonstrate has been paid for that period. In so far as the class A fair is concerned, it must have had a prize list of $5,000 which was paid for each of the last three years. In so far as a class B fair is concerned, the prize list must be $3,000. Any fairs which are smaller than that do not qualify for the grant.

Mr. Fisher: I just wanted to ask the minister one question which has a relationship to this item. As the minister is aware, the hon. member for Fort William and I come from a region which is isolated and, in a sense, has its own market. One of the things which we have been asked a number of times was whether or not we could get a picture of the total aid in various forms which comes to our particular region from the Department of Agriculture.

We have fairs at the lakehead, and I am not asking for information about the aid which comes to those fairs. I am asking a general question of the minister, would it be possible for him or his officials to give us a picture of all the funds that may be going annually in support of the various agricultural activities in our particular region?

Mr. Harkness: In so far as the fair is concerned, Fort William is a class B fair and so would get a capital grant of $10,000. They are eligible also for an annual grant of about $2,000 toward operations. In so far as being able to say what assistance we have given to Fort William and that immediate area, say under the stabilization act,

I think it is almost impossible to pinpoint that with any degree of accuracy. When it comes to any specific grants, such as those to fairs, we can easily give the figures. In so far as what you might call general benefits are concerned which come from the various acts which apply to agriculture all over the country, it is almost impossible to say how much of each of these grants goes to a particular area.

Mr. Fisher: Does the minister think we could get any kind of appraisal of specific things like the fair vote, and then a general amount for the various legislative items connected with agriculture which may apply, in order to give us some sort of idea of the assistance we are getting from the Department of Agriculture in our farm field?

Mr. Harkness: The officials before me say they will attempt to make an appraisal of that kind and send it to the hon. member. We do not guarantee that it is accurate; it would be a guess.

Item agreed to.

24. Grants to agricultural organizations as detailed in the estimates, $224,250.

Mr. Herridge: I do want to say a word or two on this item because I have noticed, for the first time, that there is an amount for the federated women's institutes of Canada of $10,000. I must say that I am delighted to see this grant included in the estimates this year. I think I must say such a grant is long overdue for such a worthy organization. These women's institutes were commenced, I understand, at Stoney Creek in 1897. Provision was made for an organization of rural women to work for the welfare of rural women and the communities in which they live. I understand it followed the example set by the farmers' institute. It is very nice to know that on this occasion the ladies followed the example of the men.

I know that so far as my own district is concerned the women's institutes were established in 1909. My own mother was a very active person in the women's institutes in the interior of British Columbia. Since that time I have always taken a great interest in the work they have done and have admired the organization for making a tremendous contribution to the communities in which their activities take place.

Then in 1919 the federated women's institutes of Canada was established, which showed the continuing growth of the organization. I understand that today there are approximately 3,000 branches of the institute in Canada with approximately 100,000 members. The germ of the idea came from British Columbia, and in 1937 the associated countrywomen of the world was organized, and of that international body the federated women's institutes of Canada are a constituent society. This great organization, which has not received too much publicity throughout the years in my opinion, has done more work with less money than any other organization in the country for the welfare of Canada as a whole. It has carried on, giving effect to its motto, "For Home and Country".

I know that in the early days this organization dealt with the questions of domestic science, home management and was active in local projects. In the communities in my area they look after cemeteries, local needs welfare of school children and things of that sort. They took the lead in working for equal rights for women. I am sure there are some members here from British Columbia who will remember the late Mrs. Ralph Smith who was very active in those days and who, with the support of the institute, obtained some improvement in the legislation in British Columbia which was of benefit to the women of that province. Since that time, their activities have widened. They are interested in national women's problems, problems that affect women in general.

Now they are greatly interested in international problems. I understand they are supporting the Food and Agricultural Organization, UNESCO and many other worthwhile organizations like that. I may tell you, Mr. Chairman, that I was never so pleased to support a vote as I am to support this one for $10,000 which is little enough for this magnificent organization of women in Canada.

I have witnessed how versatile they are. I remember very well what happened when one of the small communities in our district was threatened by forest fire and would possibly have been destroyed had it not been for the organization of women's institute in seeing that the tools were provided and taken to the fire guards and that refreshments were provided over a day or so that the men could continue to fight the fire. It was a very close squeak but finally this community in question was saved as a result of the organization and co-operation of the women's institute.

I can tell you something else, and I must not take long in doing so. However, this vote arouses my interest and my support. As you may know, the women's institute in my district was the first organization in Canada, as far as I know, to establish midwifery by telephone. I remember an isolated rancher whose wife was going to have a child miles away from anywhere. His wife told him to phone the women's institute. They got in touch with an elderly member of the

women's institute at the other end of the telephone miles away and she instructed the husband what to do. That new Canadian was born and is now a resident of my district and possibly he votes for me. In any event, I just give these as two illustrations of the value of the work of the women's institutes in the local field. I could go on at great length, with these early stories of the women's institutes but I do not wish to detain the committee. However, in conclusion I want to say that I am sure all members of this committee will give whole hearted support to this small grant of $10,000 to this organization which has done so much for Canada since 1897.

Mr. McMillan: Mr. Chairman, I wanted to rise on item 23 but you passed over it very quickly. I want to ask a question in connection with item No. 23. I should like to ask the reason for the reduction in the grant to the royal winter fair in Toronto. Was it for some special event last year? What is the usual grant to the royal winter fair?

Mr. Harkness: The only reason for the reduction is that the royal winter fair have not yet completed their plans. They informed us that they did not think they would be able to do more than spend upwards of $15,000 on the preparation of plans and so forth as far as this year was concerned. Therefore, in order to avoid having in the estimates an item of a quarter of a million dollars, which was in last year but was not used—and which was just unnecessarily padding the estimates and gave to the committee actually an improper picture—this amount was put in. I asked the royal winter fair people how much they were actually going to spend. They said this would probably be the amount, and that is the amount I put in rather than a quarter of a million dollars.

Mr. McMillan: Is there any other grant made to the royal winter fair?

Mr. Harkness: An annual grant of $50,000 is made but this is part of a special grant which was given to the royal winter fair some considerable time ago and which they have not yet taken up.

Mr. McMillan: Would it get more if it needed it later on?

Mr. Harkness: This grant is in order to improve their livestock facilities at Toronto. They were given a total grant of $1 million. They have not yet expended this money. They expected last year to spend about a quarter of a million dollars. That is why $250,000 was put into the estimates last year. But then they ran into difficulty, I think because of the new extension of the Queen Elizabeth way or the four-lane highway which is to go into Toronto in that area. This four-lane highway took up some of the land, as I understand it, on which they were going to construct these new buildings. Therefore they were obliged to cancel those plans and are in the process of making new ones now. That is the reason for the hold-up.

Mr. Martin (Essex East): The minister would perhaps wish to deal with the question put by the hon. member for Welland. The royal winter fair is one of the great institutions of its kind, not only in Ontario but, I suppose, in the world. If the directors of the royal winter fair felt that the moneys now appropriated were insufficient for their purposes I take it from the question—although I am not clear from the answer—that more moneys would be appropriated by way of a special supplementary estimate later on.

Mr. Harkness: As I say, the agreement was made to provide them with $1 million to extend their facilities. As the hon. member says, this is the big winter fair in Canada. It is the showplace of Canadian agriculture in Canada. On that account it was made this special grant. I do not think the directors of the royal winter fair are going to need more than the amount that is in the estimates this year. That is why this amount is in rather than the greater amount.

Mr. Charlton: I could not possibly let this opportunity pass without saying just a word agreeing in part at least with the hon. member for Kootenay West. It is not often that I can agree with what he says, but on this occasion I certainly can do so with regard to the federated women's institutes of Canada and this grant to them of $10,000. I am sure it is not the first time, however, that this grant has been given. On a previous occasion I am sure this same grant was made to the women's institutes of Canada. I believe that was on the occasion of the meeting here some few years ago of the federated women's institutes of the world. In addition, I want to point out that while the first women's institute was formed at Stoney Creek, I have the honour to have in my constituency the birthplace of the lady who started this institution, namely Adelaide Hunter Hoodless. It is situated within a mile and one-half of my own home at St. George, Ontario. I should like to add that the site of her birthplace is being marked this year by the archaeological and historical sites board of the province of Ontario. It will be quite an occasion. I think it is to be held on June 12.

Mr. Harkness: I think perhaps I had better just say that I was glad to put in this grant

for the women's institutes and get it accepted as a regular grant amongst these other grants in this department. This is the first time that this has been the case. The women's institutes received a special grant on the occasion mentioned by the hon. member some years ago. But this is the first time that they have ever been put in for a regular grant, although they have been asking for this grant for many years. I was extremely glad finally to succeed in getting this institution accepted as one which should have an annual grant.

Mr. Brassard (Lapointe): I should like to know whether there are in the country other organizations which have applied for grants and if so, whether their requests were refused? Are these grants which are listed on page 112 fixed annual grants or are they determined by the minister or by his officials or on the recommendation of the officials to the minister?

Mr. Harkness: They are not fixed. They can be changed annually. In most cases they have been arrived at as a result of discussions with the organization concerned and a determination made of what appeared to be a reasonable sort of grant for the dominion government to make to the particular institution concerned. As I said, the women's institutes have now been asking for many years for an annual grant and it was always refused. Eventually I managed to get the treasury board to agree that this was the type of institution which should have a grant under this particular item. That is why the $10,000 is in for that particular institution. As to what other institutions may have asked for grants and been refused, I do not know. I cannot recall any that have been refused since I have been Minister of Agriculture but I have no doubt that over the years there have been organizations which asked for grants and did not get them.

Mr. McMillan: I should like to ask the minister, in connection with this grant of $50,000 to the Canadian national livestock records, where these records are kept. Are they kept here in Ottawa?

Mr. Harkness: Yes, they are kept here in Ottawa in the Canadian national livestock record office. It is on Queen street.

Mr. McMillan: Is that for the whole of Canada?

Mr. Harkness: Yes, that is for all Canada, and we make a grant toward the carrying on of this work.

Item agreed to.

25. Quality premiums on high grade hog carcasses and administration costs, $6,500,000.

(Translation):

Mr. Boulanger: Mr. Chairman, I would like to draw the minister's attention to certain commercial practices encountered in some Quebec ridings, particularly in Bagot, Shefford and Richelieu counties where, for a couple of years, sharpers have been taking in local farmers. Those crooked businessmen come down to our parishes as alleged cattle buyers. At first they put on an act of big operators: they buy up poultry, butcher cattle and hogs. For their first order they make out a cheque which is generally honoured. However, on the second order the cheque bounces. The farmer then goes up to the operator and asks why the cheque came back. He is told some fancy yarn and given a second cheque with the promise that this one will be accepted by the bank. Unfortunately, the cheque is not accepted. Thus, we have seen farmers particularly in the district of Bagot lose $500, $1,500 and even $3,000.

An investigation by the Catholic Farmers' Union revealed that its members in the district of Bagot and neighbourhood had lost $50,000, while those from Drummond and Arthabaska lost nearly half a million dollars to those sharpers.

I therefore ask the minister to investigate, or have an investigation made, into those shameful practices.

May I make a suggestion? He might for instance require a cattle dealer to deposit a 15 day guarantee equal to the amount of the transaction, as is done in the case of butter factories. Nowadays a butter maker who wants to go into business has to supply a guarantee equal to the value of his merchandise for a period of two or three weeks or even a month. Therefore, I consider that for the protection of farmers, a guarantee bond should be required of those dealers.

I realize it might be difficult to require such guarantees from existing firms, especially the larger ones, but I am confident that departmental officials can develop a formula that would answer farmers' requirements, especially in areas where there are small industries in more or less solid financial position.

This is the plea I am making to the Minister of Agriculture. Could he set up an inquiry into those shameful practices and

would it be possible to demand a guarantee from those who want to engage in the slaughtering of hogs, the poultry or livestock trade in general?

(Text):

Mr. Harkness: I hope the hon. member realizes—and if not, the hon. member for Essex East, who is in the legal business, will enlighten him—that these are matters of provincial responsibility. The dominion government does not issue licences to people to deal in livestock, and it would be beyond our jurisdiction to do so. These matters of property and civil rights are, in general, in the hands of the provinces. Fraudulent practices and similar actions, when they exist, should be prosecuted by the provincial attorneys general concerned. They are not matters with which the dominion Department of Agriculture can deal.

(Translation):

Mr. Boulanger: I thank the minister for this information. However, I know he has influence with the Quebec department of agriculture, and I know too that he has many sympathizers here in this house. I therefore ask him to urge upon the provincial government to apply the policy I have just recommended to him.

I am a bit surprised to note that, during the consideration of the various items on agriculture, not one Quebec Conservative member stood up for Quebec farmers. We have to do it all ourselves. I am not complaining about it. I don't mind doing it at all, but just the same I would have liked to hear the version of Quebec Conservative members. In any case, I would ask them to get in touch with the premier, Mr. Duplessis or Mr. Barre, minister of agriculture for the province of Quebec, and suggest that some legislation may be introduced to protect Quebec farmers and especially the small farmers.

(Text):

The Deputy Chairman: I am sorry to interrupt the hon. member, but I must ask him to refrain from dealing with provincial matters when discussing this item.

Mr. Harkness: I think I might also point out that the hon. member is being very unfair, in the remarks he has just made, in connection with members on the government side of the house from the province of Quebec. A large number of members from that province on the government side have taken part in this debate or, I should say, in the examination of the estimates of the Department of Agriculture which is now going on for the seventh or the eighth day.

(Translation):

Mr. Ricard: Mr. Chairman, the hon. member for Drummond-Arthabaska (Mr. Boulanger) has just put on the record certain remarks that I certainly cannot let go unnoticed. Moreover, since he suggested that I take part in the discussion, I should like to inform the house that the unscrupulous dealers he referred to do not operate in my constituency. And, for the information of my hon. friend, I would say it would be preferable—

(Text):

The Deputy Chairman: Order. I asked the hon. member for Drummond-Arthabaska to refrain from discussing provincial matters, and I hope the hon. member who now has the floor will do the same thing.

Mr. Ricard: I should like you to give me the same chance as you gave the hon. member for Drummond-Arthabaska, because my riding is certainly affected by the words he used. We are harmless merchants, and the people to whom the hon. member was referring are now, as he ought to know, in jail. Moreover, they were not from my riding.

Mr. Speakman: Mr. Chairman, since it has been suggested to me throughout my constituency I should like to ask the minister whether any consideration is being given to cutting out the premium on grade B hogs and increasing the premium on grade A a like amount in an effort to raise the quality of the bacon which the hog areas are producing?

Mr. Harkness: That proposal has been made by various people and organizations along with other proposals and the department has all these proposals under consideration at this time.

Item agreed to.

27. Freight assistance on western feed grains, $20,000,000.

(Translation):

Mr. Boulanger: Mr. Chairman, I wish to make a few brief remarks on this item with regard to the distribution of animal feeds in the province of Quebec, and particularly in the Sorel district. In fact, farmers in this district are complaining that they can no longer purchase grain from elevators located in Sorel. I think the owners of these elevators

are more interested in handling grain for transshipment purposes than for delivery to farmers.

Some ten constituencies north and south of the St. Lawrence river are entirely dependent on grain elevators in Sorel for their supplies. Last year, farmers had a hard time getting even small quantities of grain from these elevators. This has caused hardship to livestock breeders in the district, because that is where the farmers can get the cheapest grain, taking transportation costs into account.

I therefore ask the Minister of Agriculture (Mr. Harkness) whether the North American Elevator Company Limited, which owns these elevators, is authorized to deliver grain to farmers in the Sorel area, and if not, I should like to know why.

(Text):

Mr. Harkness: Mr. Chairman, I am not clear as to what the situation is about which the hon. member complains. This item, however, covers the subsidy we pay on the movement of grain from the western provinces down east or to British Columbia. The question of whether a particular elevator will or will not deliver grain at a farmer's farm does not come under this item at all nor indeed is it a matter within the purview of the Department of Agriculture. We have nothing to do with whether a particular concern delivers grain to a farmer's farm. I should think that would be entirely governed by the law of the province or perhaps it would be a business decision of the company concerned.

Mr. McFarlane: Mr. Chairman, I have one or two questions in respect of this item under which we are asked to vote $20 million for freight assistance on feed grain. At this time I should like to bring to the attention of the minister a few matters of importance to my area. I have in my hand a fairly recent communication from the Department of Agriculture a portion of which I should like to place on the record:

> As you know, when we agreed to pay freight assistance on movement out of the British Columbia-Peace River block into other areas of British Columbia, this was the first time we had paid assistance on movement in a province. We did have some reservations about opening up this precedent, but felt that it was completely illogical to pay freight assistance on British Columbia-Peace River grain if it moved via Alberta but not if it moved directly. The British Columbia-Peace River block has always been a part of the western grain-producing area for the purpose of our freight assistance regulations, and therefore we undertook to pay on direct movement over the Pacific Great Eastern.
>
> The Creston-Wynndel area has never been a part of the western grain-producing area for the purpose of our freight assistance regulations, although I realize that it is a designated area under the wheat board.

At the present time the area in which I live is producing one-half a million bushels of wheat annually. In the over-all picture of Canadian wheat production that is not very large but it is considerable in relation to the output of this area. We are having considerable difficulty in getting our wheat to market due to our geographic location and because of various toll bridges and, incidentally, the fact that we do not have the trans-Canada highway. With your permission, Mr. Chairman, I should like to mention that had the trans-Canada highway been put through the southern section of the province I believe many of our problems would have been removed. Last autumn a news story appeared in local newspapers which caused considerable interest. The press release read:

> British Columbia grain growers will get a federal freight subsidy on feeds shipped to other British Columbia farmers from Peace River and Creston areas.
>
> At present freight rates, the assistance will be $7.90 a ton from Peace River points, $5.90 from Creston.
>
> This compares with $6.50 from Calgary and $7.90 from Edmonton, the maximum.

This news item was later refuted by the department. I would request that some consideration be given to the agricultural problems of our area. Not very long ago we had to have a permit before feed grains could be shipped out of our area to coastal markets which involved delay, but thanks to the minister and his department this problem has now been resolved satisfactorily and through their co-operation we are now able to get permits practically on a moment's notice.

A major cause of concern in the constituency of Kootenay East is that we experience difficulty in getting our wheat into the Vancouver market. At the present time a certain degree of discrimination exists against this area of British Columbia. If the assistance referred to in this estimate is to apply to feed grains anywhere in Canada then my area should receive some consideration.

Mr. Harkness: Mr. Chairman, this subsidy for the movement of feed grains is for interprovincial movements and not for movements within a province. That is the reason why the subsidy is not paid on the movement of grain from Creston or Wynndel to other points in British Columbia. Any grain moved from Creston to Ontario would be eligible for assistance. We do not, however, pay the subsidy on wheat moving between Creston and the Okanagan valley or from

Kootenay East to Kootenay West which is not very far away. If we did so, the entire subsidy system in respect to the movement of feed grains would have to be completely changed.

At the present time we have received complaints from the corn growers in Ontario over the fact that this subsidy is paid. Some people in Ontario want this subsidy abolished because it puts them at a disadvantage so far as the sale of their corn, wheat or other grains is concerned.

Mr. Martin (Essex East): Does the minister agree with the submission made by the corn growers?

Mr. Harkness: No, I do not. As a matter of fact, the Canadian Federation of Agriculture, the Ontario Federation of Agriculture and all agricultural organizations except those representing solely wheat and corn growers have pressed us to keep this subsidy in operation. If you started to pay a subsidy within a province it would mean you would be saying, in effect, "We will pay the charges on all movements of grain for feeding purposes."

Mr. Horner (Acadia): Mr. Chairman, would the minister be good enough to answer one question. Can an eastern farmer purchase grain direct from the wheat board or does he have to purchase from a wheat concern?

Mr. Harkness: As long as he takes a carload he can get it direct from the wheat board; but, of course, the wheat board does not sell except in carload lots.

Mr. Argue: Is that quite correct? The wheat board always has an agent through which they sell.

Mr. Harkness: Yes, technically.

Mr. Argue: I think there is an intermediary; it cannot be made out to the wheat board as such.

Mr. Harkness: That is correct.

Item agreed to.

28. Agricultural lime assistance, $700,000.

Mr. McMillan: Where is this lime used? Is it used in western Canada?

Mr. Harkness: So far as I know, it applies to all the eastern provinces and British Columbia. In other words, the only place to which it does not apply in Canada is the three prairie provinces.

Mr. McMillan: Why is that?

Mr. Harkness: Of course, in those provinces they do not use lime; there is no need for lime.

[Mr. Harkness.]

Mr. McMillan: Why is it that the details show only $500,000 in the fiscal year 1957-58; $900,000 in 1958-59; and $700,000 for this year? Does it mean that they overspent the amount by $400,000?

Mr. Lennard: They are using more lime.

Mr. Harkness: The answer first of all is that we authorized an increase in the rate of assistance, and in addition to that there was an increase in the amount of lime used last year and thus assisted under the program.

Item agreed to.

30. Poultry division, $1,130,289.

Mr. McMillan: In connection with this item, I notice underneath it the following, "Appropriations not required for 1959-60, $40,-511,300." What is meant by that?

Mr. Harkness: That is the acreage payment which we made last year in the three prairie provinces and which has not been provided for in the estimates this year.

Item agreed to.

Special—

31. Prairie Farm Rehabilitation Act and water storage, $5,153,000.

Mr. Herridge: As the minister knows, he has had repeated requests for years for an amendment to this act to make it apply on a statutory basis to all provinces in Canada. A great deal of interest is taken in this question in British Columbia because the good work which is being done under the act in the prairie provinces and, to a limited extent, I understand, by estimates in other provinces but not by statute, is generally recognized. Can the minister inform the committee whether the government is giving consideration to widening the application of the Prairie Farm Rehabilitation Act to all provinces in Canada so that they will enjoy the same opportunities?

Mr. Broome: Before the minister answers I would like to add my voice to what has been said by the hon. member. I know we do have several projects going on which are carried on under the Prairie Farm Rehabilitation Act. As the hon. member says, these are being carried on under special provisions of the act. If the act were amended to include all of the provinces a great deal of good could be done in British Columbia. You could also change the name of the act from the Prairie Farm Assistance Act to "Western Farm Assistance Act", or something along that line.

Mr. Korchinski: I should like to say a few words to the Minister of Agriculture. I hope that he can extend the jurisdiction of the act. Because of the way the act is constituted at the present time some of the areas

in my constituency are not covered. This, of course, presents quite a problem to some of the people because there is a considerable amount of diversification going on and many of these people depend on dugouts for their water supply. If they are to diversify they must have water. In some areas certain portions of the municipalities are not covered. This creates a difficulty for the people within the boundaries of a particular municipality.

In addition, I might suggest to the minister that the present rate of compensation paid should be increased. The original intent was to compensate for part of the construction of dugouts and dams. Since then the cost of construction has gone up considerably. Perhaps the time has come when we should take another look at this, and a higher rate of compensation be paid.

Mr. Harkness: Mr. Chairman, as far as the last point is concerned, we increased the rate of help given for dugouts, small irrigation projects and so forth, effective April 1 of this year. At the present time the amount of assistance available for a dugout is $250 rather than $125 which had existed; $300 for one of the small dams in place of $150; and $600 for an irrigation project in place of the $350 which had prevailed before. In other words, the scale of assistance has been practically doubled. As far as dugouts and dams are concerned it was doubled. For the other it was almost doubled. For larger excavations we pay up to seven cents a yard for excavation work in place of the four and one-half cents which had prevailed before.

Now, as far as extending the Prairie Farm Rehabilitation Act to all parts of Canada is concerned, to begin with I think perhaps I had better point out that the Prairie Farm Rehabilitation Act was brought into existence to do exactly as the act says, namely to rehabilitate certain areas in western Canada, the dry areas of the southern prairies. The provisions of the act were limited to those drier areas. That is why there is the line of demarcation in the western provinces. The areas south of that line are eligible for P.F.R.A. work and benefits, and the areas north of it are not. There has been, of course, constant pressure on to extend that line northwards, and there has been some justification, I think, in certain areas particularly for extending it northwards because drier conditions began to prevail in some areas where they had not prevailed previously. Therefore, there has been some extension of the line northwards.

The work which has been carried on in British Columbia was not carried on under the Prairie Farm Rehabilitation Act; it was carried on under special votes appearing in the estimates from time to time. However, it was done by the P.F.R.A. personnel, but it was not part of the prairie farm rehabilitation activities actually or strictly speaking.

Now, as hon. members know, we have a study going on, on a project to put into effect a national soil and water conservation program. We had a conference on this with representatives from all the provinces a few months ago, and it was decided at that conference that this was a thing which would take a considerable amount of preparation in order to get down to anything which would be practical and workable. As a result, it was decided to hold a full-scale conference in 1960. In the meantime, the provincial and dominion officials concerned —it carries over into several departments in both the dominion government on the one hand and the provincial governments on the other—would make the necessary research and preparatory work. As a result of that conference I hope we shall be able to bring into being something in the nature of what you might call a national soil and water authority or organization, which probably would then absorb the Prairie Farm Rehabilitation Act program as part of its activities. I think that is the way in which the things will move rather than to expand the Prairie Farm Rehabilitation Act into other provinces.

Mr. Herridge: I was very interested in hearing the minister's explanation when replying to the requests of various members for the extension of the application of the act to all provinces. The minister knows that in my constituency there is a district known as the Slocan valley which has been somewhat depopulated because of certain tendencies on the part of some of the citizens of the district that are not very well appreciated by the other section of the community. Consequently the valley is not producing what it was even 40 years ago.

At the request of the Slocan valley agricultural development association I wrote the minister asking if the federal government would undertake surveys of the acreage, soil, suitability of the soil for certain crops and so on in the valley and the minister replied that favourable consideration would be given to such a request if an application or representations were made by the government of British Columbia. Should that occur, could that sort of thing be undertaken even prior to the development of the legislation the minister has just mentioned?

Mr. Harkness: It could only be undertaken if it were covered by a special vote in the estimates. If the hon. member will look at the estimates he will see one or two special

votes. There is a special vote of $150,000 for diking and cutoffs in respect of the Assiniboine and Qu'Appelle rivers. Under the vote for major irrigation and reclamation projects certain projects are named which can be covered in this way but they do not come under the Prairie Farm Rehabilitation Act. In the same way supervision of the building of the South Saskatchewan dam is being carried on by personnel of the Prairie Farm Rehabilitation Act administration but as far as the cost and legislative authority are concerned they are covered by the vote for major irrigation projects.

Mr. Argue: I have a very brief comment having to do with the statement the minister has just made that the amount for which a farmer may be eligible with respect to the construction of a dugout has been increased from $125 to $250. I want to thank the minister because in my opinion this is a very timely move. I think such action should have taken place long ago. I am not holding the minister responsible for the fact that it was not taken long ago because the amount of $125 is the sum that has been paid for many years under a former administration.

With conditions on the prairies extremely dry at the present time and with the development of a very substantial livestock industry, the provision of water becomes a greater and greater problem. Beyond question the agricultural producers on the prairies will welcome the statement of the minister with regard to the increase in the amount that a farmer may receive when a dugout or small dam is constructed. In my opinion what the government has now done is to take into account the very great increase in excavation costs over the years. In view of the increased costs and in view of the great necessity of adequate water supplies, unquestionably this is an essential increase.

Mr. Ormiston: I should like to ask the minister a question regarding the construction of dugouts adjacent to populated localities. As he probably knows, in my area extensive use has been made of P.F.R.A. facilities and I think quite a bit of flexibility has been apparent. I am wondering whether there has been any change of policy during the last couple of years regarding the construction of dugouts in areas such as I have mentioned.

Mr. Harkness: As far as I have been concerned in administering the act I have had regard to the provisions of the Prairie Farm Rehabilitation Act which lays down very definitely that money expended for dugouts or other purposes under the act must be for the benefit and advantage of agriculture. Wherever it was established that a dugout or a small dam was going to be for the advantage of agriculture in a particular area and was justified on agricultural grounds I have been quite ready to go ahead and authorize its construction in so far as we have had personnel and money available for the purpose. However, I have had a very large number of requests from towns and villages throughout western Canada to construct town water supply systems, in some cases even sewage systems, and in every case I have refused because projects of that sort are not covered by the act and I have no authority under the legislation to expend the taxpayers' money for these purposes.

Item agreed to.

32. Major irrigation and reclamation projects in the western provinces, including payments in respect of the South Saskatchewan river project to be made in accordance with the agreement that was entered into between the government of Canada and the government of the province of Saskatchewan on the 25th day of July, 1958, $14,649,128.

Mr. Rapp: Mr. Chairman, in rising to speak on item 32 which pertains to irrigation and reclamation I should like to be permitted to relate to the house some of the observations I made and impressions I gained last summer when I visited the Taber district of Alberta. Much irrigation has been done in this district. On the day in question a rare opportunity presented itself to me when, on the kind invitation of the district engineer, Mr. Ellaf Olofson, I joined a group of P.F.R.A. engineers and technicians in a tour of inspection of irrigation projects and testing plots. This, I understand, is done about once a month in order to provide P.F.R.A. personnel with an opportunity to familiarize themselves with some of the new methods and latest discoveries in the field of irrigation and reclamation.

I found the tour most interesting and very informative. Although I am a dry land farmer myself, the short inspection tour convinced me of the merits of irrigation and the benefits a farmer can derive from the use of water. One outstanding example was the farm of a young American who had only come to Alberta in 1957. He came originally from a place in the United States where much irrigation is practised, and that is one reason why he wanted to settle in a district in Alberta where irrigation is carried on at the present time. The other reason was the price he would have had to pay for irrigated land in the United States. Here he could buy the same amount of land for about one-tenth of the price he would have had to pay in the United States.

From what I could see this farmer knew irrigation inside out and his first crop last

year justifies my statement. He pointed out to us that he had not had enough time to put irrigation to work by growing row crops such as sugar beets and so he had had to be content to grow flax in his first year. The day we were there he was harvesting his flax and according to his estimate it was running about 35 bushels to the acre. It may be of interest to hon. members to know that at present the price of flax is about $3 a bushel. I must say I have never seen a better crop or better sample of flax anywhere.

He told us that he only irrigated his land twice during the year, but the outstanding feature was the method he had applied. It is the so-called corrugated irrigation method which is supposed to be the least expensive and one that requires little labour. If I may be permitted, I should like to try to describe to you this corrugated irrigation process.

The land to be sown to crop is prepared in the usual manner up to the point where it is ready for the drill. Then, the whole field is corrugated with an implement that looks very much like a rod weeder except that there is no rod. There is one row of stiff cultivator shanks spaced about 30 inches apart, instead of rods. There are 8-inch shovels attached to these shanks, and these shovels look very much like miniature irrigation ditchers. This is the implement that is used to ditch the field. This process leaves the whole surface of the field marked with little ditches about eight inches wide, three to four inches deep and, of course, 30 inches apart. The farmer then sows his crop in the ordinary way, running in the same direction as the ditches. One would think that while irrigating a corrugated field some seeds in these ditches would be washed out or drowned. However, from what I could observe there appeared to be just as many stalks in the ditches as in other parts of the fields.

The other place to which we were taken during this tour was a livestock farm or what we would call a cattle feed lot. It, too, was an irrigated farm but instead of having cattle grazing in a pasture the procedure is reversed and the grass is brought to the feed lot for the cattle. The pasture is divided into a number of parcels of equal size. These parcels are used in a revolving order. When the grass is high enough in the first parcel, it is cut and loaded into trucks, all in one operation, and taken to these feed lots. After the grass has been taken off a parcel, the field is irrigated and fertilized if this is required. Then, the operation is moved to the second parcel. This method of pasturing cattle, which is called mechanical grazing, is very economical. Much less land is required and the land can be irrigated and fertilized whenever that is needed. If ordinary pasturing practices were followed this would not be possible because the cattle would be allowed to roam around in the fields. The feeder cattle make much more rapid weight gains and in much less time. All this means a great saving to the farmer in time and money.

In conclusion, I should like to say that in my opinion the P.F.R.A. with its competent staff of engineers and technicians, has done a commendable job in the field of irrigation and reclamation, as well as in other fields. As a result of all this, farmers who can apply themselves to irrigation farming can do this more economically now as a result of the research experience which is passed on to them. It is my firm belief that irrigation should be extended wherever this is possible in Canada. It is an investment in the future of Canada's agriculture.

Mr. Dumas: I wonder if the minister would give the committee a summary of the work done to date in respect of the South Saskatchewan river project?

Mr. Harkness: Mr. Chairman, by the end of last year we had let six contracts. One of them was for an access road; one was for the substructure for a construction bridge; one was for an abutment on one side of the river, a big earth-moving job; one was for the construction of administrative headquarters for the P.F.R.A. personnel who will be supervising this job. The construction area was provided with sewers, water and so forth so that it could be used by the construction companies in establishing their camps, and so on.

Since that time, we have given out two other contracts. One contract is for the processing of the aggregate, and this was a contract for $812,000. This is to get the aggregate mixture, the crushed stone, gravel and so forth, ready for the concrete work. Another contract was for the construction of a north access road, that is coming in from the north. The first access road was to come in from the east. Those are the contracts that have been let to date. There will be a number of other contracts let during the next month or two months.

Mr. Dumas: What is the estimated amount of the contracts for the access roads?

Mr. Harkness: For the access roads; the first one was $172,469; that was the east access road.

Mr. Dumas: Was that included in the first six contracts?

Mr. Harkness: Yes.

Mr. Dumas: There are now eight contracts?

Mr. Harkness: Yes, with an aggregate of $5.5 million.

Mr. Dumas: I noticed in the estimates, page 122, there is provision for $8.61 million, which is the estimated expenditure for the South Saskatchewan river development project. Is that the total amount for the fiscal year or is there another amount included in this item on page 123?

Mr. Harkness: No, that is the estimated amount which we will expend during this fiscal year.

Mr. Argue: The progress that is being made toward the construction of the South Saskatchewan dam, and the general project, is most welcome. I think the people of Saskatchewan are pleased that this project will, in due course, be completed. I am certain history will show that it was one of the far-sighted policies that has been proceeded with on a joint, co-operative basis between the Saskatchewan government and the federal government. While it was necessary for the federal government to agree before construction could take place, the position of the Saskatchewan government for many years has been that this is a worth-while project and should have been proceeded with long ago. Therefore, because of the co-operative attitude of both governments this project is now under way.

I have a question I should like to raise, Mr. Chairman, in connection with this project. I believe the Minister of Agriculture is very familiar with this general question. I refer to the wage rates that will be paid to workers performing services on that project. Most of the workers involved, no doubt, will be working for the contractors, but there is concern amongst the labouring groups that the wages paid on the South Saskatchewan project will not conform to the general wage rates paid similar labour in Saskatchewan.

Mr. Harkness: I wonder if the hon. member would allow me to say that the matter of wage rates is handled by the Department of Labour, therefore, I think the time for him to ask these questions is on the estimates of the Department of Labour which follow immediately after the Department of Agriculture. I have had nothing to do with the matter of wage rates. It has been handled by the Department of Labour.

Mr. Argue: So far as I am concerned, I do not wish to delay the passage of these estimates beyond today. I do know a great deal of the correspondence in regard to this question has come to the Minister of Agriculture. I am quite prepared to discuss it at a later stage with the Minister of Labour.

Mr. Harkness: I referred all the letters to the Minister of Labour.

Mr. Argue: I hope the Minister of Labour has taken action in this regard, and that the wages that are paid by contractors will not be low wages, nor will they be the lower wages that are general in the area where the dam is to be constructed.

As hon. members can well realize, the wages that are usually paid in outlying communities are lower than the wages that are paid in the larger urban communities. There will be a great many workers attached to this project. I shall accept the minister's advice. I shall take the matter up with the Minister of Labour when his estimates are before the house. I hope that I can get a satisfactory answer from him. I should be quite happy to have him give us the information now. Certainly this is a situation that requires action by the government.

Mr. Howard: In the details on page 122 I notice that there are two listings which are rather hard to follow. For instance, about half way down the page there is listed "Lillooet river reclamation (Pemberton)". I imagine that is the Pemberton valley in British Columbia. It is under item (13) or one of the items under (13) and it is listed at $150,000. Then right following that, under the heading "Further details for major irrigation and reclamation projects in the western provinces" we again find listed "Lillooet river reclamation (Pemberton), $150,000". By looking quickly at these details, it would appear to me that all of the items listed in one section are just re-listed again farther down.

Mr. Harkness: It is just a different type of breakdown for the convenience of hon. members.

Mr. Howard: So that they will be able to see the actual projects?

Mr. Harkness: Yes.

Mr. Howard: There are two in British Columbia. One is the Lillooet river reclamation (Pemberton) and the other one is the British Columbia fruit lands irrigation.

Item agreed to.

36. Prairie Farm Assistance Act administration, $630,069.

Mr. Argue: On item 36 dealing with the Prairie Farm Assistance Act I should like to bring to the attention of the committee a request that was sent to the Minister of Agriculture some time ago by Mr. Harry Riviere, who is secretary of the rural municipality of Brokenshell, at Trossachs. His suggestion to the minister was an excellent one, I thought. It had to do with the practice of the office

of the prairie farm assistance officials. He made the point to the minister that when an area has been surveyed as to whether or not it will be eligible for prairie farm assistance, the result of that survey should be made available to each farmer who has signed a crop report but is subsequently declared ineligible for payment. He points out—and I think from my own experience I can agree with him wholeheartedly—that in a given area that has been inspected, a farmer who has signed a crop report and hopes he will be eligible for prairie farm assistance but who is subsequently found under the act to be ineligible, does not find this out by any direct communication from the office but merely hears it very often from some of his neighbours who are eligible and who receive cheques. Then the farmers who have been shut out under the provisions of the act immediately begin writing to the office criticizing the department and asked for reinspection and so on. His suggestion was that there should be a short note sent out. It could be a mimeographed note, probably, that could be used as a standard thing. There might have to be a number of various forms but it certainly would not have to be a new letter in each case. His suggestion was that producers who have had their crops inspected or their yields inspected should be notified when they are ineligible for payment.

I know the minister has had that letter among the many letters he receives. I do not know whether he has given it any further consideration since he has received it. However, to my mind it was a constructive suggestion. There may be some obvious objection to that kind of practice; I would not know. However, I certainly feel that it is something that should be given sympathetic consideration.

Mr. Harkness: I gave consideration to it. I made some inquiries as to how many letters this procedure would involve. I think it ran to somewhere between 100,000 and 150,000 letters. Of course, the administrative cost of this procedure would be considerable. It is a thing which I think we might handle by sending letters out only to the people in a particular municipality who are not paid.

Mr. Argue: Oh, yes; that is right. There is no need to send a letter to a man who is going to be paid. He gets his cheque and a little note with it, which was the practice initiated by the previous administration so that the provincial government would not get any credit for it and that is perfectly understandable. He gets a little note saying, "This payment comes to you from the federal government". I have no objection to that procedure. We might as well keep our people as well informed as we can. Certainly there would be no need to send a letter to people who are getting a cheque. The cheque itself is information enough for people who are eligible. But for those who are ineligible—

Mr. Martin (Essex East): As a result of your speech, the minister would like to send cheques to everybody.

Mr. Argue: I should be happy to see that but I am not nearly as optimistic as is my friend the hon. member for Essex East. But in fairness to the Minister of Agriculture, may I say this, and it is nice to end a discussion of the estimates of the department on a kindly note. I can say without fear of successful contradiction that the administration of the Prairie Farm Assistance Act in recent months has shown a great improvement over its administration in former years. If the Leader of the Opposition says that that is not a friendly note, if he would check with the farmers who have been receiving cheques he would find that they consider it a friendly thing and a correct thing because certain amendments that were brought into the act on a previous occasion have made it possible for more producers who have crop failures and are entitled to benefit under the act to receive payment.

Mr. Martin (Essex East): Would the hon. member not agree that the administration under Mr. Gardiner perhaps has never been excelled?

Mr. Argue: I do not agree with that statement. I would say it has never been excelled as a political machine.

Mr. Martin (Essex East): Oh, oh.

Mr. Argue: In other respects, it has been excelled. After this government has been in office for a few years—and we hope it is not too long— they may have learned some of the tricks that the former minister of agriculture used to use.

I want to say to the minister that if he would accept my suggestion he would get less criticism of his department. The farmers today are pleased that more of them—although not as many as they would wish because the matter is still not on an individual basis—who have a crop failure are in fact able to get payment.

Mr. Bigg: I have just one point to make.

Some hon. Members: Oh, no.

Mr. Pearson: Five o'clock.

Mr. Bigg: There is one small point I should like to make, Mr. Chairman. There are farmers who have permit books and who are paying in under P.F.A.A. but they will never

be eligible for payment under P.F.A.A. because they could never be included in a six-section group. They have made representations to me that they think it would be only fair that, if they were not eligible for payment, their payment books should be marked specially so that they will not be obliged to make payment or so that they can get reimbursement. It is impossible for them to benefit under this act and they should like to be removed from the paying end.

Item agreed to.

The Deputy Chairman: That concludes the estimates of the Department of Agriculture.

Resolutions reported and concurred in.

Mr. Speaker: It being five o'clock the house will now proceed to consideration of public bills pursuant to section 3 of standing order 15.

PRIVATE BILLS

LUTHERAN CHURCH—CANADA

Mr. O. W. Weichel (Waterloo North) moved the second reading of Bill No. S-18, to incorporate Lutheran Church—Canada.

He said: As sponsor of this measure it is my privilege to provide information to this house and reasons why, in my submission, favourable consideration should be given to its passage. This bill seeks to give corporate status to the members of this Lutheran church in Canada who are adherents to the Missouri synod. In the early years, and up to the present time, members of this church have been organized into three districts, namely, Ontario, Manitoba-Saskatchewan, and Alberta-British Columbia. These three bodies have done the preliminary work with a view to becoming one body, and are now seeking incorporation. In addition to those belonging to the three groups I have mentioned, there are others who have, because of proximity to other Lutheran churches in the United States, been affiliated in the United States districts. These will also be included in the body now being incorporated.

At the present time this church is affiliated with the Missouri synod of the church in the United States, but preparations are now being made for the establishment of an independent Canadian body in the future. The church has congregations in the provinces of Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. Television and radio coverage is provided in all the provinces. At present there are about 333 congregations and 76,000 baptized members.

Mr. Speaker, the object of the corporation shall be:

[Mr. Bigg.]

(a) to promote, maintain, superintend and carry on in accordance with the faith, doctrines, constitution, acts and rulings of the corporation any or all of the work of that body;

(b) to advance and increase the diffusion of the faith of the corporation in all lawful ways;

(c) to organize, establish, maintain and carry on residences, missions, churches, places of worship, parsonages, orphanages, homes for the aged, rest homes and institutions and agencies for promoting, teaching, propagating and disseminating the Lutheran faith and doctrine and for training persons for the said purposes;

(d) to promote, organize, establish, maintain and carry on social service, welfare and guidance institutions and agencies;

(e) to promote education, instruction and culture, and to organize, establish, maintain and carry on schools, colleges, academies, seminaries, institutions of learning, recreational halls, centers and agencies, and industrial, technical and agricultural institutes and farms;

(f) to promote charity and to care for the poor, and to organize, establish, maintain and carry on charitable institutions, hospitals, clinics, dispensaries and cemeteries;

(g) to organize, establish, maintain and carry on libraries and houses and agencies for printing, publishing and disseminating literature, news papers, periodicals and works of education, religion, art and science;

(h) to promote the spiritual welfare of all the congregations and mission fields of the corporation.

As a member of this church, and on behalf of all its members I would appreciate the approval of this bill by the house.

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

EXPORT FINANCE CORPORATION OF CANADA LIMITED

Mr. G. R. Muir (Lisgar) moved the second reading of Bill No. S-17, to incorporate Export Finance Corporation of Canada Limited.

He said: Mr. Speaker, the purpose of this bill is to incorporate a company under the name of the Export Finance Corporation of Canada Limited. The objects of the corporation would be to finance the exchange of commodities between Canada and other nations of the world, and to facilitate the overseas trade of Canada by extending credit for the export of various agricultural and manufactured products.

The general lending policy of the corporation would be two-fold: first, assistance to Canadian companies and exporters in financing exports of these products which I have mentioned and, second, the provision of loans to foreign governments, corporations and importers for financing the purchase of Canadian materials, equipment and services as they are required in the development of industry and natural resources abroad.

Applicants for loans would be required to show a good credit standing, and in addition the assured ability to obtain the dollar exchange necessary to service the loan. Loans would be made only for specific purposes, that is, loan commitments would be entered into only upon the borrower providing ample evidence that the proceeds would be used for the purchase of Canadian products, goods or services.

Most of the important exporting countries of the world are assisted in their export trade by similar lending agencies either governmental or private. Since Canada has in recent years become increasingly dependent on her export trade, it is most important that our export business be given every encouragement in the increasingly competitive world markets. The corporation will provide financing facilities such as have been available in England through various merchant guilds that have operated in that country for many decades and which contributed so much toward making England one of the world's great trading nations.

This particular field of export financing is normally beyond the scope of the Canadian chartered banks because it presumes the granting of credits on a much more extended basis than that exercised by the banks. The corporation's services are intended to complement but not compete with those presently offered by the chartered banks. While it is intended that the corporation will enter all aspects of export-import financing, including the granting of long term credit, it will not entertain any type of financing obtainable from a chartered bank in Canada.

The chartered banks have not wanted to make long term loans of this nature because there is no agency presently operating in Canada where the banks could discount these loans. Perhaps it is not generally recognized that while the federal government will insure credit extended to foreign buyers it does not provide the credit. The establishment of a financing agency such as is proposed in this bill which will trade in these credits as well as providing them should meet a definite need in Canada for the continued development of her export market in agricultural and manufactured products.

It is contemplated that the corporation would entertain proper loans for sums as low as $500. It is not proposed that a maximum figure should be established and should any single transaction or series of transactions call for a higher amount of financing than the corporation is willing to entertain it might form a financing syndicate with other lenders in order that the total financial assistance required could be furnished.

It is not anticipated that instalment financing would mature in a period any greater than five years. However, the corporation would be willing to participate with others ready to accept maturities for longer periods. With regard to the financing of projects or developments, maturities might extend up as far as 20 years. The interest rates to be charged by the corporation would vary from transaction to transaction and from country to country depending on the financial terms, the credit of the borrower and the guarantees furnished.

It is proposed that the corporation would have a capitalization of $50 million represented by 10 million shares of the par value of $5 each and it appears at the present time that some of the chartered banks of Canada, if not all of such banks, will be subscribers to the capital of the corporation. I have also been advised that when the capital stock of the corporation is offered for sale the public will be given the opportunity to subscribe and take up the remainder of any such offering.

The bill, of course, will be referred to the appropriate committee where hon. members will have ample opportunity to discuss it fully with its sponsors who will sit in with committee members to give a full explanation with respect to each clause and answer any and all questions in regard to the general policy of the corporation. The chairman of the standing committee on banking and commerce of the other place, had the following remarks to make with regard to the testimony of the witnesses that appeared before the committee:

> We had before us in the committee representatives of several banks. I particularly recall Mr. E. Ernst, assistant general manager of the Bank of Montreal, who said that in his view this bill was sound in principle and would fill a gap in our financing of exports. He thought it would be of great value to Canadian industry. Mr. Arthur Mayne, associate general manager of the Royal Bank of Canada, supported that view. Mr. K. W. Taylor, deputy minister of finance, indicated to the committee that there was a definite field for the kind of thing contemplated in this bill and which does not now exist in financing in Canada. Mr. Hugh Aitken, president of the Export Credits Insurance Corporation, was very strong in his statement as to the purpose which a company of this kind could serve. He indicated there would be no conflict between the operations of the Export Credits Insurance Corporation and this new corporation, if and when it is incorporated.

The chairman of the committee then went on to say:

> In the course of our consideration of the bill in committee, we had before us not only these bankers and other men I have already mentioned, but also a Mr. Stanger, who was one of the promoters of the bill. We also had Mr. Hurter, the head of a very large engineering firm with engineering operations in various parts of the world,

who was able to cite chapter and verse from contracts and tenders that had been invited from various parts of the world, this year, last year and the year before. The nature of the capital goods required was such that Canada could have been in the competitive market, but the terms presented difficulties. For instance, Egypt wanted five years' credit in relation to certain capital goods, and although some manufacturers in Canada considered the invitation tender, not one was in a position to take on the job, because not one could get the financing. I say this corporation is intended to fill that need. Whether it will do so completely, or at all, will depend upon how skillfully it is operated once it is incorporated and gets going.

After having read the report of the committee, I should like to take this opportunity to congratulate that body on the excellent job they did in scrutinizing this bill and for the suggestions they made that formed the basis of the amendments that brought this bill up to the excellent standard and form in which it is now presented to this house.

Mr. M. D. Morton (Davenport): Mr. Speaker, I wish to make a few brief comments in seconding this motion. The company which seeks incorporation will fulfil a very great need that exists at the present time in respect to the field of foreign exports. Many of our Canadian companies have been under a great handicap in competing for foreign trade because many of the foreign purchasers, like our local consumers, are purchasing on credit and although the Export Credits Insurance Corporation has been of great assistance in guaranteeing the credit to other companies it has not assisted our companies by being able to turn their sales into cash and thus enabling them to continue the financing of further business. Therefore, this company will fulfil a need which, as the sponsor said, the commercial banks are not able to do.

I understand, Mr. Speaker, that this company will be able to purchase or discount foreign trade papers which are received by Canadian companies in their selling of goods, and it will also be able to give credit assistance to foreign buyers of goods and services. I think we see here a very definite note running through the whole bill of emphasis on assisting those who wish to buy Canadian goods or set up companies in other countries using Canadian materials. I understand that at the present time there are such countries as Ceylon, Ethiopia, India, Iraq, Pakistan, South Africa, Indonesia, Malaya, Egypt, Uruguay requesting certain capital and consumer goods, and they wish to buy those on credit. They cannot do so in Canada. Our companies cannot sell to those countries under the present international arrangement, as far as credit is concerned, with our own banking facilities. This company will provide such facilities.

I think this company is to be commended on its leadership and private initiative in providing a need in our private enterprise, permitting our companies to sell their goods abroad without waiting upon government action in this connection. The interested parties are banding together to fulfil this great need in our export trade.

Mr. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, it seems to me that the bill before the house this afternoon marks a very significant development in Canada's trading relationships with the rest of the world. As I listened to the hon. member for Lisgar (Mr. Muir) who sponsored the bill, outlining the discussion that took place in the other place it seemed remarkable to me that we have been so long delayed in having private participation in this important activity. During recent years the whole trading position of Canada with respect to the rest of the world has changed dramatically, and there has been a golden opportunity for private initiative and enterprise to take a constructive role. Yet it has remained until this occasion for the first halting steps to take place in this worthwhile field of endeavour.

During the past decade or so the government of Canada has taken on many activities to facilitate Canada's trading position with respect to the rest of the world, but there has been a vacuum in this area. It seems to me this is going to be merely the beginning of a further step forward in Canada's trading position.

As a western member I am especially interested in this development, of course, because many of the economic problems that are ours on the prairies can only be resolved as we move as a nation, as a government and as private citizens, to develop and expand our trading activities in other parts of the world.

We in the west have surplus agricultural products to contend with from time to time. Of course, this applies to other agricultural areas in Canada. It seems to me, that the activities of this new Export Finance Corporation can be very usefully directed toward helping in a small way to correct the economic imbalance of the prairies.

As I understand the remarks of the hon. member who sponsors this bill, it relates itself to agricultural products as well as to manufactured articles and industrial articles generally. It also seems to me that this is about the best kind of credit for export and import purposes that could be

made available. We have in Canada as a crown activity the Export Credits Insurance Corporation. I presume that any loans taken up by both exporters and importers under the operations of this company will be insurable by the Export Credits Insurance Corporation. This suggests that there is absolutely no risk involved at all for those who want the facilities of this corporation. When that fact is generally known I am sure it will be a further incentive to those who wish to make use of the financial operations of the corporation.

I notice that in the reference to the interest rates the observation is made that these will be flexible; that there is no fixed interest charge for the operations of loans under this corporation. I would only suggest, that I trust the interest rates will be reasonable and in line with prevailing rates. It seems to me that any financial activity is discouraged or encouraged largely by the interest rates established. In view of the flexibility that is available to those who will be carrying on the operations of this corporation I would presume that they will take an entirely reasonable approach. I hope, too, that the inauguration of this company will be just the beginning of similar activities along these lines.

If Canada is to correct the imbalance of her trading relations that have developed in a move toward the position of a world trader, it is going to require all the ingenuity and all the energy of private citizens everywhere, as well as the operations already supported by the government of Canada.

Again, I would say that as a member from western Canada it would seem to me that this is a large contribution to make in encouraging our agricultural industry, in assisting toward diversification and thus resolving one of our basic problems, and also —and perhaps this is even more important because it is a new aspect of industrial activity on the prairies—encouraging the growing activities of our manufacturing industries in the west by providing further outlets for their products in the foreign markets of the world.

Mr. G. C. Fairfield (Portage-Neepawa): Mr. Speaker, I should like to join other hon. members in congratulating the sponsor of the bill, the hon. member for Lisgar (Mr. Muir). I was particularly interested in his statement concerning one of the witnesses who appeared before the investigating committee of the other place, a highly trained and qualified engineer who said that the advertising of Canadian engineering skill abroad had opened up tremendous export opportunities to Canadian manufacturing concerns but unfortunately because of the credit restrictions which are naturally imposed by Canadian banking firms the manufacturers have been unable to take advantage of these opportunities in foreign countries. The establishment of such a company is provided for by the bill, a company which will advance to manufacturing concerns possibly very large amounts of money, will give the Canadian people a greater degree of employment than they have had in the past. A lot of these projects referred to by the hon. member involve large orders for machinery and equipment and naturally under present regulations the manufacturer cannot afford to extend long term credit to the country ordering the goods.

Under the bill the Export Finance Corporation of Canada will be permitted to advance to manufacturers the capital expenditures required. Testimony was given by the same person before the committee of the other place that in the past two years somewhere between $6 million and $28 million in orders for heavy equipment had been lost to Canadian industry simply because we had no such credit corporation.

In France and Germany bankers, machinery suppliers, general contractors and engineering firms have pooled their resources to establish a revolving fund and in this way have overcome the problem. In his evidence this man stated that they had investigated an order for machinery in Brazil, machinery which could have been made in Canada involving approximately $12 million. That is a tremendous amount of money for a single order. He also stated that he had discovered that there was strong good will toward Canada and Canadians especially in the so-called underdeveloped nations. He also went on to refer to a tremendous order in Chile involving some $17 million which could have been manufactured in Canada but because of the lack of credit facilities to the companies concerned was lost. There was a recent engineering project in Mexico City and the authorities there were quite willing to place the order with Canadian manufacturers even at a higher figure than would have been the case elsewhere but although approximately $15 million was involved the order was lost by Canadian manufacturers and employees.

The capitalization is only $50 million and I feel sure that within the next two years we will find that with respect to heavy industry alone this sum will be oversubscribed. I admit, as the hon. member for Brandon-Souris (Mr. Dinsdale) says, that perhaps the company is not running too much of a risk

because of our Export Credits Insurance Act. However, any venture involving such large sums carries with it a certain amount of risk and I am not prepared to quarrel with this company at all with respect to any reasonable sum which they will charge for the use of the money, nor am I prepared to quarrel with the government's present policy with regard to the Export Credits Insurance Act.

We must remember that immediately south of us in the United States there is a government agency which looks after most large orders involving the export of machinery. I refer to the United States export-import bank. From what I have read in the newspapers I understand that in the past some difficulties have been encountered by business in floating loans through the Canadian government agency. However, with this private corporation in operation there will at least be no political implications whatsoever.

I would expect that with this corporation in operation there would be more processing of our raw materials before export. I certainly agree wholeheartedly with the sponsor of the bill that this is an excellent move and that it would be a good thing for the house to pass the bill.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, Bill No. S-17, to incorporate Export Finance Corporation of Canada Limited, involves such an important principle and is of such purport that it should have been introduced as a government measure for the establishment of a crown corporation or agency. However, in view of the fact that the government has given no indication of any such intention and has nothing in mind as far as we know that would cover the provisions of this bill and in view of the fact that there is a need for such an operation, let me say as clearly as I can, since everybody seems to support the bill and nobody objects to it, let us put it to a vote.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

AUDREY ISABELLA WANDA PATTERSON GRAY

On the order:

Second reading of Bill SD-161, an act for the relief of Audrey Isabella Wanda Patterson Gray.

Mr. R. J. McCleave (Halifax): Mr. Speaker, perhaps these divorce bills could be taken together.

Mr. Speaker: As there are a number of divorce bills standing for second reading, is it the pleasure of the house that these bills be taken in one motion?

Some hon. Members: Agreed.

[Mr. Fairfield.]

SECOND READINGS—SENATE BILLS

Mr. R. J. McCleave (Halifax) moved that the following bills be read the second time:

Bill SD-161, for the relief of Audrey Isabella Wanda Patterson Gray.—Mr. McCleave.

Bill SD-162 for the relief of Raymonde Gagnon Tremblay.—Mr. McCleave.

Bill SD-163, for the relief of Aline Brunette Farago.—Mr. McCleave.

Bill SD-164, for the relief of Martina Bernice Patterson Baker.—Mr. McCleave.

Bill SD-165, for the relief of Nelly Hugentobler Larsen.—Mr. McCleave.

Bill SD-166, for the relief of Jean Trachtenberg Levy.—Mr. McCleave.

Bill SD-167, for the relief of Louise Martel Abel.—Mr. McCleave.

Bill SD-168, for the relief of Marie Louise Fauteux Roy.—Mr. McCleave.

Bill SD-169, for the relief of Helen Lyon Bain Gardeler.—Mr. McCleave.

Bill SD-170, for the relief of Joan Brazer Brazier.—Mr. McCleave.

Bill SD-171, for the relief of Maria Luise Ahnhudt Sandberg.—Mr. McCleave.

Bill SD-172, for the relief of Susan Gilda Levin Klein.—Mr. McCleave.

Bill SD-173, for the relief of James Alvin Bradley.—Mr. McCleave.

Bill SD-174, for the relief of Emily Mary Kredl Keller.—Mr. McCleave.

Bill SD-175, for the relief of Raymond Winston Farren.—Mr. McCleave.

Bill SD-176, for the relief of Marie Lucille Pauline St. Jacques Parent.—Mr. McCleave.

Bill SD-177, for the relief of Mario Baldo. —Mr. McCleave.

Bill SD-178, for the relief of Frank William Staples.—Mr. McCleave.

Bill SD-179, for the relief of Zdenek Nosek. —Mr. McCleave.

Bill SD-180, for the relief of Margaret Viola McCullough Morrow.—Mr. McCleave.

Bill SD-181, for the relief of Sheila Carole Neidik Schwartz.—Mr. McCleave.

Bill SD-182, for the relief of Gordon Clarence Hunting.—Mr. McCleave.

Bill SD-183, for the relief of Ida Shlafman Zimendstark.—Mr. McCleave.

Bill SD-184, for the relief of Audrey Elsie Asbury Ross.—Mr. McCleave.

Bill SD-185, for the relief of Patricia Anne McKenna Coombes.—Mr. McCleave.

Bill SD-186, for the relief of William Lawrence Hughes.—Mr. McCleave.

Bill SD-187, for the relief of Armand Lacombe.—Mr. McCleave.

Bill SD-188, for the relief of Rita Steinbach Gruia.—Mr. McCleave.

Bill SD-189, for the relief of George Meredith Scott Burton.—Mr. McCleave.

Bill SD-190, for the relief of Helen Borer Marcovitch.—Mr. McCleave.

Mr. R. J. McCleave (Halifax): Mr. Speaker, this group of bills we are considering today brings us a little over the halfway mark in the amount of work in this particular field that will confront the House of Commons this session. There are a few points with which I should like to deal this afternoon in moving the second reading of these bills, points which are directly related to individual cases that are to be found amongst the group we are considering.

Since the house earlier today heard hymns of praise from various members in favour of the women's institutes, I should like to refer to something absolutely new that has crept into the divorce practice in the province which sends its cases to us. For the first time, so far as I am aware, we have had the appearance of lady detectives before a parliamentary committee. These charming creatures ordinarily operate in civil life, in one instance as a saleslady and in the other instance as a photographer. They have chosen to supplement their income by doing a bit of investigating. They appeared, for those members who are curious, in those cases presented in the 180th report of the committee of the other place which deals with these cases.

It might be refreshing, Mr. Speaker, to put into the record some brief extracts from the testimony of these ladies.

Mr. Pickersgill: Will the hon. member permit a question?

Mr. McCleave: Yes.

Mr. Pickersgill: Has the hon. member got photographs of the ladies that he would like to put in *Hansard*?

Mr. McCleave: No, but I daresay they would be very photogenic. It is difficult, under the circumstances, to read the testimony of one of these private eyes because she uses such phrases as, "I says", and other mutilations of the English language which seem to suggest a greater familiarity with the work of Mickey Spillane than with the ordinary rules of grammar.

However, I did not intend to comment on that, but rather to answer the point I am sure most of the members of the house will be asking and that is, how did these ladies turn out as witnesses? It must be said for them that they brought their cases to a very successful conclusion. We all know, Mr. Speaker, that there are certain rules of law which frown on hearsay evidence and which, in short, tend to keep witnesses right to the point of the case. I must say that the ladies did manage to put a great deal of hearsay evidence on the record before the committee of the other place. I can only presume that the gentlemen who heard the evidence were extraordinarily gallant that day and gave a certain leeway to these lady detectives.

For example, I might say that the elder of the lady detectives was waiting outside an apartment where the rendezvous was taking place between the respondent and the co-respondent. This is the evidence she gave to the Senate committee, and I cite this as an example of the kind of hearsay evidence that crept into the record:

> Around 6, not more after 6, I saw that man coming around the street and he came through the building and he went to his apartment, same apartment; and we sat down and wait; it was a warm, warm day in August. I said, "Well, we can have lunch; they will have their supper, I suppose;"—

That is quite irrelevant, but the senators allowed it to go on the record. Then, they had a cup of tea and came back a few minutes afterwards. By this time it was 7.30 and the ladies waited around till 10 or 11 at night. Then, they marched in upon their quarry at 11.30. Then, continuing to quote from the testimony of the elder of the two detectives, I read:

> —I said to my witness, "It is O.K.; it is late enough"; because it is a big apartment, of course, and I knew before that.

They went in, and carried out this investigation very well. Indeed, they acted just like men detectives. Once the door was opened, one of them stuck her foot in it so it could not be closed, and they both marched in. The younger lady detective got a little bit excited and did not make all the notes she should have made as to what was observed. While both of them were lady detectives, they did not seem to be agreed as to the nightdress that was worn by the co-respondent. One said she had a nightgown or the top part of pyjamas, but the other one was not sure.

This case is one of several in which certain people connected therewith have taken up detective occupations at night, forsaking such ordinary occupations as lingerie salesman, insurance adjuster and other jobs. There have been any number who have appeared before parliament to give evidence in cases, including several in the group of cases we are considering now. Quite a number of these amateur detectives do not have licences issued by either the provincial or municipal authorities in Quebec. This, to me, seems to be a growing practice. Anybody in Montreal can try his hand at playing detective, without going

through the legal formalities of being licensed to do so. I merely draw this to the attention of the people in Quebec because they may wish to consider this problem.

Also included in the cases before us this afternoon are several which indicate that there may be a new pattern developing in the city of Montreal, a sort of new switch on the motel and hotel type of case that has bothered parliament for some years. In making a check of these cases to try to analyse the pattern developing I found the same lawyers, the same firm of detectives and sometimes the same hotels or motels were involved. However, I came upon a curious set of cases in this particular batch in which the same lawyer, the same detectives were always involved; the evidence was very much the same, but in each case the rendezvous had occurred in some young lady's apartment. It was not the same young lady in each case, but it was an apartment. It seems to me that the people down there who connive and contrive at these particular cases have hit upon this as a new *modus operandi* to try to pull the wool over the eyes of the members in the other place and the members in this House of Commons. It would seem they make arrangements with the young women so that the husband goes to an apartment instead of a hotel or a motel. This will be an extraordinarily difficult thing to check, but nonetheless it seems to have developed into a set pattern. There may be attempts to impose on parliament—

Mr. Pickersgill: I wonder if the hon. gentleman would permit another question? Can the hon. gentleman tell us whether he is moving the adoption of these bills or speaking against them?

Mr. McCleave: The answer to this question could lead me into a very philosophic discussion about the role of the chairman of the miscellaneous private bills committee.

The practice was developed years ago of having the chairman on the committee act as sponsor for all these bills. It made things somewhat easier than would be the case with lawyers or petitioners running around badgering members of parliament to sponsor particular bills before parliament. I am in a curious position. My name is down as sponsor for each one of these divorce bills. Three hundred or so of these bills were dealt with last year and I suspect that 400 will be dealt with this year. I conscientiously go through them so that if other members should raise questions about them I will be able to give some assistance to the house or to the committee if we are in committee on them.

[Mr. McCleave.]

Mr. Winch: Does not the sponsor have to stand behind every fact of the bill that he introduces?

Mr. McCleave: I hope not.

Mr. Winch: It would be most interesting if the hon. member could do that.

Mr. McCleave: If that is my position as sponsor, I would have no recourse than to walk out of the House of Commons. I could not in conscience say that it was my duty to stand behind every statement of fact or every statement of a witness before the committee of the other place nor do I conceive that to be my duty either.

Mr. Winch: You could not do it anyway.

Mr. McCleave: As I see it, the position of myself, both as sponsor and as chairman of the committee which has to deal with these cases, is that when I speak to the house I must speak more in the role of chairman than as sponsor. Perhaps I am wrong, but that is the way I see it.

There is a case here, namely Bill SD-178, in which the co-respondent and the respondent went to a motel on what one detective described as an extremely snowy night. I think that case will deserve particular consideration in committee. It seems to have a rather unpleasant odour about it. But in accordance with the practice of the house, which is on second reading to treat more with the principle than with the particulars of the individual bill, I am asking that these bills be given second reading. We shall have an opportunity to consider the more difficult cases in our committee where, I might say, we are already holding up the eleven bills for special consideration.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

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

Motion agreed to and bills read the second time.

Mr. Pickersgill: Mr. Speaker, on looking at the clock, it appears to me that it is now six o'clock.

Mr. Speaker: The hon. member must be looking at a different clock. Pursuant to standing order 105, the said bills stand referred to the standing committee on miscellaneous private bills.

REPRESENTATION ACT

AMENDMENT TO CHANGE NAME OF CONSTITUENCY

(Translation):

Mr. Speaker: Mr. Frechette, seconded by Mr. Richard (Kamouraska), moved that Bill

C-21, an act to amend the Representation Act, be now read the third time and passed. Is it the pleasure of the house to adopt the motion?

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

(Text):

BUSINESS OF THE HOUSE

Mr. Pickersgill: I think there was an understanding that these other orders would not be proceeded with and that we would call it six o'clock.

Mr. Speaker: Is it the pleasure of the house to call it six o'clock.

Some hon. Members: Agreed.

Mr. Pickersgill: I wonder whether the minister is now in a position to give us the business for Monday and for as much as possible of next week so that we can be prepared to deal with it?

Mr. Green: On Monday we shall continue the debate on the budget resolutions in the order which I gave the other evening. That would be followed by the resolution concerning the Unemployment Insurance Act. I cannot give the business for each day definitely but this will at least be the manner in which we start off. When estimates are called next week they will be the estimates of the Department of Labour.

Mr. Pickersgill: Is it definitely the intention to go on with the budget resolutions on both Monday and Tuesday? If the minister could indicate that intention it would be of great convenience to us on this side of the house.

Mr. Green: If they are not finished on Monday we would go on with them on Tuesday.

Mr. Pickersgill: Thank you.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF AGRICULTURE

10. Agricultural Stabilization Act administration, $103,710.

11. Subsidies for cold storage warehouses under the Cold Storage Act, in the amounts detailed in the estimates, $235,500.

Dairy products division—

12. Operation and maintenance, $901,306.

13. Grants and other assistance in accordance with the Cheese and Cheese Factory Improvement Act, $985,676.

Fruit and vegetable division, including maple products and honey—

14. Operation and maintenance, $1,880,989.

15. Assistance in construction of potato warehouses under terms and conditions approved by governor in council, $25,000.

Health of animals division—

16. Administration of Animal Contagious Diseases Act, and Meat and Canned Foods Act, $6,957,334.

17. Animal pathology, 1,079,437.

18. Construction or acquisition of buildings, works, land and equipment, $343,540.

19. Compensation for animals slaughtered, $1,500,000.

Livestock division—

20. Operation and maintenance, including premiums on pure bred sires and contributions for livestock improvement; stockyard supervision and furs, $2,553,666.

21. Supervision of race track betting, $591,315.

22. Grants to agricultural fairs, exhibitions and museums in accordance with regulations of the governor in council; payments pursuant to agreements in force on March 31, 1959, with exhibitions covering the construction of buildings and other major undertakings; and a grant of $50,000 to the Royal Agricultural Winter Fair, Toronto, and freight assistance on livestock shipments for exhibition thereat, $923,600.

23. Special grant to Royal Agricultural Winter Fair, Toronto, $15,000.

24. Grants to agricultural organizations as detailed in the estimates, $224,250.

25. Quality premiums on high grade hog carcasses and administration costs, $6,500,000.

Plant products division—

26. Operation and maintenance, including seeds, feeds, fertilizers, insecticides and fungicides control, $1,743,872.

27. Freight assistance on western feed grains, $20,000,000.

28. Agricultural lime assistance, $700,000.

29. Plant protection division, $1,032,318.

30. Poultry division, $1,130,289.

Special—

31. Prairie Farm Rehabilitation Act and water storage, $5,153,000.

32. Major irrigation and reclamation projects in the western provinces, including payments in respect of the South Saskatchewan river project to be made in accordance with the agreement that was entered into between the government of Canada and the government of the province of Saskatchewan on the 25th day of July, 1958, $14,649,128.

33. Assiniboine and Qu'Appelle rivers—dyking and cut-offs, $150,000.

34. Land protection and reclamation; clearing and settlement of new lands under terms and conditions approved by the governor in council, $500,000.

35. Maritime Marshland Rehabilitation Act, $2,357,195.

36. Prairie Farm Assistance Act administration, $630,069.

APPENDIX

REPORT OF FIRST MEETING OF CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

Held in Washington, D.C.,
January 9 and 10, 1959

On August 12, 1958, the House of Commons gave unanimous approval to a proposal of the Right Hon. J. G. Diefenbaker, Prime minister, in the following terms:

My proposal is that I should request the Speaker of this honourable house, in consultation with his colleague in the other place, to establish a committee of members of both houses and for all parties, for the purpose of exploring jointly with appropriate representatives of the executive and legislative branches of the government of the United States the means whereby increased systematic discussions between legislators of the two countries on problems of common concern may be provided.

Similar authorizations were given in the Canadian Senate and in the congress of the United States of America. Correspondance and preliminary discussion began in September but it was found that a first group meeting for organization purposes could not take place conveniently until after the congressional elections in November, 1958. Accordingly, the first interparliamentary group meeting was planned for and held in Washington on January 9 and 10, 1959, immediately after the opening of the 86th congress and immediately before the opening of the second session of the 24th parliament.

Representation

United States Group

The United States group was made up of four Republicans and four Democrats, four of whom were Senators and were selected as a subcommittee of the Senate committee on foreign relations, namely, Senator George D. Aiken, Republican from Vermont and chairman of the Senate group, Senator Homer E. Capehart, Republican from Indiana, Senator Wayne L. Morse, Democrat from Oregon and Senator Michael J. Mansfield, Democrat from Montana. The four from the House of Representatives were named by the house committee on foreign affairs and comprised: Mrs. Edna F. Kelly, congresswoman from New York, Democrat, who was chairman of the house group, Frank M. Coffin, congressman from Maine, Democrat, Walter H. Judd, congressman from Minnesota, Republican, and Chester Earl Morrow, congressman from New Hampshire, Republican.

Canadian Group

Although there were only eight in the United States group they generously consented to a Canadian group of nine which would permit a more balanced representation of both Canadian houses and all three Canadian political parties. Accordingly the Canadian group was constituted with the approval of all party leaders as follows:

From the Senate, Hon. Mark Drouin, Speaker of the Senate, Hon. Wm. R. Brunt of Hanover, Ontario (P.C.), Hon. Sydney John Smith of Kamloops, B.C. (Lib.), and from the House of Commons, Hon. Roland Michener, Speaker of the House of Commons, Hon. Lionel Chevrier, member for Laurier (Lib.), Hazen Argue, member for Assiniboia (C.C.F.), Wm. L. Houck, member for Niagara Falls (Lib.), Erik Nielsen, member for Yukon, (P.C.), and Richard D. Thrasher, member for Essex South (P.C.).

Washington Meeting

The Canadian group left Ottawa at 4 p.m. on Thursday, January 8, by Department of Transport Viscount aircraft and arrived at Washington at 6 p.m. where they were met by a number of members of the American group and conducted to the Mayflower hotel where they were accommodated until their return by similar transport on Sunday morning, January 11. The Canadians were accompanied by their wives and by three members of the Canadian parliamentary press gallery.

Reception in Washington

The Canadian delegation was received with the greatest cordiality and shown the highest consideration by the President, the State Department and both houses of congress as well as by the Canadian embassy. The highlights were:

Friday, January 9

9:00 a.m.—The President of the United States received both delegations, wives and reporters at the White House.

12:00 noon—Attendance of the Canadian delegation at a joint session of congress for the state of union address by the President of the United States.

1.30 p.m.—Luncheon, Speaker's dining room, house side of the Capitol attended by many congressmen including the chairman of most of the standing committees.

3.00 p.m.—Reception of Canadian delegation on the floor of the Senate at which short speeches of welcome were made by sixteen U.S. senators. The text of these speeches appears as an appendix to *Hansard* of January 23, 1959, at page 288.

6.30 p.m.—Reception given by the Canadian chargé d'affaires, a.i., A. E. Ritchie at the Canadian chancery, attended by both delegations and many guests from congress and the State Department.

8.00 p.m.—Dinner at the Mayflower hotel at which the chairmen of the Senate foreign relations committee and the house foreign affairs committee were hosts.

Saturday, January 10

1.00 p.m.—Lunch in the old supreme court room on the Senate side of the Capitol, attended by senators and congressmen, including Speaker Rayburn.

6.00 p.m.—State Department reception for both delegations and other guests in the President's guest house.

Business Sessions

The two delegations met in business sessions on the afternoon on Friday, January 9, at which Congresswoman Edna Kelly was chairman, and on the morning of Saturday, January 10, at which Senator George D. Aiken was chairman. Press releases were given at the end of each business session and there was a short meeting with the representatives of the press on Saturday afternoon.

Recommendations of Conference

The conference unanimously agreed to make the following recommendations to their respective bodies:

Name

A suitable name for this and subsequent meetings would be: "Canada-United States interparliamentary group" or "United States-Canada interparliamentary group", depending on which country was host.

Future Meetings

Future meetings between the legislators of both countries were both feasible and desirable. There should be at least two such meetings each year, one in each country. The next meeting should be held in Canada at the end of June, at the time of the official opening of the St. Lawrence seaway.

Canada—U.S. Interparliamentary Group

Organization

Organization of meetings should be in the hands of a small steering committee, composed at first of the present group, but subject to change in accordance with the following principles:

(a) There should be equal numbers from each country;

(b) Eight was possibly a suitable number for this committee, but notification could be given by either side if it wished to change the number or composition of its representation on the steering committee;

(c) Each would keep the other informed of its wishes in this matter.

Staff

There should be a joint relationship between the staffs of the two groups to arrange schedules and make other administrative provisions. Appropriate staff would be provided by each group as required. Experts on each side would not sit in on discussions.

Financing

Each group would pay its own transportation to the host country and hotel bills. The host country would pay other expenses. This arrangement would be subject to revision if meetings did not alternate between the two countries.

Character of Meetings

It was agreed that substantially larger numbers of congressmen and parliamentarians should participate in future meetings, that such meetings should not always be held in Washington and Ottawa, and that the group might divide into smaller parties on occasion and visit areas of special interest. It was suggested that at the next meeting twenty-four from each country would be an appropriate number. It was agreed that the meetings should be informal in character and that the purpose was to exchange information and to promote better understanding of our common interests, and accomplishments, as well as our differences and difficulties, rather than to arrive at binding decisions. It was understood that neither group would have authority to commit or bind its respective legislatures or government.

Agenda for Discussion

Without attempting to settle an agenda for the next meeting in June the following topics for discussion were suggested: defence relationships, trade problems, boundary water issues, wheat disposal, investment policies, defence production arrangements as under the Hyde Park agreement, fisheries problems and joint action for peace.

Canada—U.S. Interparliamentary Group

Agenda Committee

It was agreed that an agenda committee composed of Senators Aiken and Drouin, Speaker Michener and Congresswoman Edna Kelly should be given the responsibility of settling the agenda for the next meeting. The agenda would be made up of:

1. The topics selected by the agenda committee.

2. Such additional topics as the agenda committee might place on the agenda on written request from delegates given one month prior to the date of the next meeting.

3. Any other business which there was time to discuss after the set agenda had been disposed of.

Ground Rules

For the conference in Washington, the delegates agreed on the following rules which, subject to change, would be appropriate for future meetings:

1. The host country would provide the chairmen for the business sessions.

2. Business sessions are to be held in camera, that is, without the press or experts or any staff except one or two secretaries from each side present for the purpose of preparing summaries of the discussion and drafting press releases for approval.

3. Delegates will be free to say what matters were discussed in the business meetings but shall not attribute any statement to any delegate.

4. Press releases will be issued at the close of the business meetings or conference outlining in a general way the course of the discussions.

5. Each group will be free to report on the conference to its authorizing committee or legislature, as well as to its state department and government.

On behalf of the Canadian group, April 29, 1959.

Mark Drouin
Speaker of the Senate

D. R. Michener
Speaker of the House of Commons

HOUSE OF COMMONS

Monday, May 4, 1959

The house met at 2.30 p.m.

RAILWAYS, AIR LINES AND SHIPPING

CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE

Hon. W. Earl Rowe (Dufferin-Simcoe) presented the first report of the special committee on railways, air lines and shipping, and moved that the report be concurred in.

Motion agreed to.

INDIAN AFFAIRS

APPOINTMENT OF COMMONS MEMBERS OF SPECIAL JOINT COMMITTEE

Mr. John Pallett (Peel) moved that the 24 members of the House of Commons to act on behalf of the house as members of the joint committee on Indian affairs be as follows:

Badanai, Baldwin, Barrington, Cadieu, Charlton, Dorion, Fairfield, Fraser, Gundlock, Hardie, Henderson, Howard, Korchinski, Leduc, Martel, McQuillan, Michaud, Montgomery, Muir (Cape Breton North and Victoria), Murphy, Pickersgill, Robinson, Small, Stefanson.

Motion agreed to.

BROADCASTING

APPOINTMENT OF SELECT COMMITTEE ON RADIO

Mr. John Pallett (Peel) moved:

That the members of the select committee on radio be as follows: Miss Aitken, Messrs. Bell (Carleton), Bell (Saint John-Albert), Brassard (Lapointe), Campeau, Chambers, Chown, Dorion, Fairfield, Fisher, Flynn, Forgie, Fortin, Halpenny, Jung, Kucherepa, Lambert, Macquarrie, Mitchell, Morris, McCleave, McGrath, McIntosh, McQuillan, Nowlan, Pickersgill, Pratt, Richard (Ottawa East), Robichaud, Rouleau, Simpson, Smith (Calgary South), Smith (Simcoe North), Taylor, Tremblay.

Motion agreed to.

MOTIONS FOR PAPERS

ST. JOHN'S HOUSING AUTHORITY—FEDERAL NOMINEES

Motion No. 98—**Mr. Argue:**

For a copy of any letter or letters exchanged since January 1, 1959, between the Minister without Portfolio from Newfoundland and the minister of municipal affairs of Newfoundland, regarding the appointment of federal nominees to the St. John's housing authority.

He said: For the purpose of rewording this motion, I would ask that it be withdrawn.

Order discharged and motion withdrawn.

UNEMPLOYMENT INSURANCE COMMISSION—APPOINTMENT OF COMMISSIONER

Motion No. 99—**Mr. Martin (Essex East):**

For a copy of all communications exchanged between any member of the government on the one hand, and organizations representative of workers on the other, in connection with the recent appointment of a commissioner to the unemployment insurance commission.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, the motion is agreed to.

Motion agreed to.

NATIONAL DEFENCE

NORAD—REPORTED RETIREMENT OF GENERAL PARTRIDGE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether the government was consulted by General Partridge or by the United States authorities about the forthcoming retirement of General Partridge as commander of NORAD, a retirement which has been reported to be the consequence of a major policy dispute.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think the answer might well be given by the Minister of National Defence, and I pass the question to him.

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, according to the NORAD agreement the governments of both the United States and Canada must be consulted before an appointment is made to the post of commander or deputy commander of NORAD. I have reason to believe that the retirement of General Partridge is imminent not because of any dispute as to policy but because he is reaching the period of retirement from his appointment. I have no announcement to make today as to the definite date of his retirement or as to his successor.

Mr. Pearson: Is the minister aware that in a recent press conference the United States secretary of defence said that he expected and hoped General Partridge would continue

in his command of NORAD after the normal retirement date, which I think is July 31?

REPORTED STATEMENT BY NORAD COMMANDER RESPECTING BOMBERS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of the National Defence whether he would comment on a statement that General Partridge, commander of NORAD, made before the United States house of representatives that—and I am going to quote from the report of that statement as it appeared in the press:

> —the Russians will still be relying on bombers some years from now, will use supersonic rather than subsonic aircraft for this purpose and that therefore we must continue to have jet supersonic interceptors.

May I also ask the minister whether the Canadian government was consulted or informed in advance by General Partridge before giving this statement to congress?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I thank the hon. gentleman for sending me notice of his intention to ask this question. The quotation the hon. member has used is from a newspaper report, and rather than being a direct quotation from the evidence given by General Partridge before the congressional committee it is an interpretation of the general remarks which were made by the general.

Under those circumstances, and in view of the fact that General Partridge is a United States officer called before the United States congressional committee, I do not feel that it would be proper for me to make any comments on the statement which he is alleged to have made last February.

UNEMPLOYMENT INSURANCE

ALLEGED APPOINTMENT TO COMMISSION WITHOUT CONSULTATION WITH ORGANIZED LABOUR

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to address a question to the Minister of Labour arising out of the controversy surrounding the appointment of Mr. A. F. MacArthur to the unemployment insurance commission. Will the minister comment on the allegation that by proposing the name of Mr. MacArthur as early as January 20 without any prior consultation with organized labour, and by his subsequent appointment without the support of either the Canadian Labour Congress or the Canadian and Catholic Confederation of Labour—

Mr. Speaker: Order. The hon. member seems to be making more statements of fact than he is asking questions. I suggest that he ask the question he wishes to ask.

Mr. Argue: I rewrote this three times, Mr. Speaker, trying to condense it as much as I could. I am asking the minister, in view of the foregoing, has the government contravened paragraph 2 of subsection 4 of the Unemployment Insurance Act?

Then there is a further question. In view of the subsequent resignation of three leading trade unionists from the unemployment insurance advisory committee, is the minister prepared to reopen negotiations with the C.L.C. and the C.C.C.L. in the hope of reaching an agreement with these organizations, so essential to the satisfactory operation of the Unemployment Insurance Act?

Hon. Michael Starr (Minister of Labour): The hon. member for Assiniboia was good enough to send me notice of his intention to ask this question about two minutes ago.

Mr. Argue: You have had it for months; you can answer it.

Mr. Starr: The question is in two parts, and in order to give a proper explanation I would ask the house to permit me to make a statement which will answer the first part of this question.

Mr. Speaker: Has the minister leave to make a rather extended answer to this question?

Some hon. Members: Agreed.

Mr. Starr: Last Friday I announced the appointment of Alastair F. MacArthur, former president of the Ontario federation of labour, as labour representative on the unemployment insurance commission. This appointment has since been described by Mr. Claude Jodoin, the president of the Canadian Labour Congress, as "political patronage" and a violation of the consultative clause in the Unemployment Insurance Act.

I deny both these charges, Mr. Speaker. First, on the principle of consultation, I may say I discussed the whole matter with Mr. Jodoin on January 30. Again, I may say there was considerable correspondence on the matter in which I asked Mr. Jodoin for nominations and in which he submitted three names. The names submitted by Mr. Jodoin were presented to cabinet and were given the fullest consideration. In addition the name of Mr. MacArthur was submitted, as I had told Mr. Jodoin it would be. Thus, Mr. Speaker, there was full consultation with Mr. Jodoin all along the line. The principle of consultation was carried out and will continue to be carried out. However, it must

be made clear that no single group will have an exclusive power of veto over cabinet appointments.

As to Mr. MacArthur's political affiliation, Mr. Speaker, I believe he has already made a statement attesting that he has not been a member of any political party. This should be sufficient. I may say that the question of political affiliation was first brought forward not by myself but by Mr. Jodoin. I may say also that I never questioned the political affiliations of his nominees.

I maintain that Mr. MacArthur's record in the labour movement is the best answer to the charge. As president of the Ontario federation of labour from 1946 to 1956 Mr. MacArthur achieved distinguished eminence in the ranks of labour, and in 1954 was one of three candidates for leadership of the Trades and Labour Congress. He was defeated by Mr. Jodoin. As international representative of the office employees he is familiar with the opinions of labour and the needs of labour. I am sure he will serve with distinction on the unemployment insurance commission. Mr. MacArthur's appointment compares favourably with this government's appointment of Mr. Cleve Kidd to the royal commission on price spreads and the appointment of Mr. Eugene Forsey to the board of broadcast governors. Neither of these men could be described as supporters of the Conservative party.

Over the week end I received and accepted, as a consequence of this appointment, the resignations of Mr. George Burt, Mr. A. Andras and Mr. Jean Marchand from the unemployment insurance advisory committee. Mr. Burt is head of the united automobile workers; Mr. Andras is chief of the legislation department of the congress; and Mr. Marchand is secretary general of the Canadian and Catholic Confederation of Labour. Like Mr. Jodoin's three nominees for this appointment, all have a record of close affiliation with a political group—not the Progressive Conservative party. I say that political considerations were not absent in these resignations.

In conclusion, Mr. Speaker, may I say that Mr. MacArthur was appointed in the sincere conviction that, having in mind the suitability of all the names put forward—and there were five in all—he would do the best possible job in the interests of organized labour. No other consideration was involved. Already I am pleased to say that I have had ample evidence that it is in this light that this appointment is being viewed by representative labour groups in this country.

Mr. Argue: Mr. Speaker—

Mr. Starr: I should be glad if the hon. member for Assiniboia will permit me to answer the second part of this question. The answer to the second part is no.

Mr. Argue: If I may, Mr. Speaker, I would ask the indulgence of the house. Since this was a rather lengthy statement that might ordinarily have been made on motions, I should like to make one or two brief comments.

Some hon. Members: No, no.

Mr. Speaker: The house gave consent to a rather extended answer to a question. I consider that it would be appropriate to ask a supplementary question in order to explain it, but if there is to be any debate I think it should be reserved until this matter comes before the house, as it will later this week.

Mr. Argue: Although hon. members opposite may think I might make some comment on the political accusations—

Some hon. Members: Question.

Mr. Argue: —I do not intend to do that. In my opinion the principle of the Unemployment Insurance Act—

Some hon. Members: Question.

Mr. Speaker: I am not sure that the hon. member for Assiniboia understood me. I regard this procedure as a question and an answer. Anything which follows should be in the nature of a supplementary question in order to elucidate some part of the answer which is not clear. Otherwise I do not regard it as a statement which calls for comment.

Mr. Argue: I misunderstood your ruling, Mr. Speaker, and for that misunderstanding I apologize. My question to the minister is this. How can he consider that consultation took place as provided by the Unemployment Insurance Act, when in a private conversation with the president of the Canadian Labour Congress the minister intimated to the president the man the minister wished to nominate to this position? Is it not an absence of good faith when the minister initially says that Mr. MacArthur is the man he would like to appoint, and follows this through by ignoring the names submitted by the Canadian Labour Congress? That is not consultation, Mr. Speaker; that is compulsion.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, perhaps I could ask a supplementary question arising out of the minister's statement. Would the minister comment on the following words which appear in the letter from Mr. Jodoin to the minister:

Even before you wrote me on February 5, even before you asked the congress to submit its

nominees, you had advised me of your intention to recommend the appointment of Mr. A. F. MacArthur.

Mr. Starr: In looking over the various representatives in the labour field who I thought would give leadership in the unemployment insurance commission, I was struck with the qualification of Mr. MacArthur and I submitted his name for consideration by Mr. Jodoin as to whether the qualifications were sufficient in his estimation. We had a full discussion on this matter and I told Mr. Jodoin that along with the nominees who would be submitted by himself for consideration, the name of Mr. MacArthur would be included. In addition to that the railway brotherhood, on their own initiative, submitted another name that was also considered to the fullest extent.

Mr. Pearson: Mr. Speaker, might I ask a further supplementary question. Did the president of the Canadian Labour Congress ask, by telegrams dated March 24 and April 29, for an interview with the Prime Minister and the ministry to discuss this appointment? Was any reply sent to the telegrams and, if so, what was its nature?

Mr. Starr: I did receive such a telegram from Mr. Jodoin. I am quoting from memory now, but he did ask at the end of the telegram for an appointment with the Prime Minister, which I did not consider to be necessary.

EXTERNAL AFFAIRS

U.S. INTERFERENCE WITH CANADIAN TRUCKS IN TRANSIT

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Prime Minister. Has the Canadian government protested to the United States government about the interference by United States authorities with Canadian trucks in transit from British Columbia to other parts of Canada via the state of Washington? If so, what was the nature and result of such protests?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I thank the hon. gentleman for giving notice of this question. I think possibly in order that the record may be clear I might be permitted to refer in general to what actually took place, and also to the representation to the United States which was made by the government.

On February 19, Gill-Pix Express Lines were stopped by United States customs from passing their trucks in bond through the United States because they were suspected of transporting goods being imported from mainland China. The company made representations to the United States authorities, and at a later date the problem was drawn to the attention of the Department of External Affairs by the hon. member for Vancouver-Kingsway.

A letter was sent from the department to the United States embassy pointing out that the trade agreement between Canada and the United States, that is the general agreement on tariffs and trade, provided that there should be freedom of transit through the territory of each contracting party regardless of the place of origin of the goods being transported. The United States embassy was asked why this provision did not ensure the right of Canadian trucking firms to pass their trucks through the United States in bond regardless of the origin of the goods being shipped.

The United States embassy has since replied to the letter from the department and indicated that since the beginning of the Korean hostilities there had been an embargo by the United States authorities on all commercial relations between the United States and mainland China, including the use of transit facilities for goods from mainland China. It is, I understand, the view of the United States authorities that the action they have been taken is in accordance with the general agreement on tariffs and trade, article XXI, which reads in part:

> Nothing in the agreement shall be construed . . . to prevent any contracting party from taking any action which it considers necessary for the protection of its essential security interests . . . taken in time of war or other emergency in international relations—

That is the end of the quotation, in part, from the general agreement. The emergency which is deemed by the United States to be in existence is the emergency which originated with the Korean war. The wording of this provision of GATT seems to make it clear that each contracting party is the sole judge of what is to be regarded as the protection of its own security interests within its own country.

However, full consideration is being given as to what action can be appropriately taken by the Canadian authorities in the circumstances. The matter has been brought to the attention of the United States authorities and Canada's viewpoint has been expressed. That viewpoint is that while there is in fact the section of GATT on which reliance is placed, it is the opinion of the Canadian government that the action taken does not fall within the ambit of the section in question.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, could I ask the Prime Minister a supplementary question. In view of what he has just said in reference to United States security, I think it would be of interest to all of us if the Prime Minister would find out how United States security is involved in transporting in bond from one Canadian port to another soya sauce and shrimps.

Mr. Diefenbaker: Mr. Speaker, I think the hon. gentleman should be capable of devising his own answer to that question.

FINANCE

INQUIRY AS TO FARM AND FISHERIES IMPROVEMENT LOANS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Finance arising out of the unprecedented rise in the Bank of Canada rediscount rate and the chartered banks' very high prime rate of interest. Can the minister say whether or not chartered bank loans under the Farm Improvement Loans Act and the Fisheries Improvement Loans Act at 5 per cent are being made in the same volume as they have been in the past, or are they being curtailed because of more attractive lending rates for other purposes?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, there has been no curtailment. So far as I am aware the lending operations by the banks are proceeding. I have had no report to the contrary, but I shall be glad to make inquiries.

WAYS AND MEANS

The house in committee of ways and means, Mr. Rea in the chair.

INCOME TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Income Tax Act and to provide among other things:

1. That for the 1960 and subsequent taxation years each of the graduated rates of tax at present applicable to individuals on taxable income in excess of $3,000 be increased by two percentage points and that for the 1959 taxation year each of the graduated rates of tax applicable to individuals on taxable income in excess of $3,000 be increased by one percentage point.

2. That with respect to income of corporations earned on and after January 1, 1959 the 45 per cent rate of tax on taxable income in excess of $25,000 be increased to 47 per cent and the 43 per cent rate of tax on taxable income in excess of $25,000 applicable to corporations deriving more than half their gross revenue from the sale for delivery in Canada of electrical energy, gas or steam be increased to 45 per cent.

3. That commencing January 1, 1959 the definition of medical expenses exclude those amounts which the taxpayer is not required to pay because they are paid with the assistance of the government of Canada under the Hospital Insurance and Diagnostic Services Act.

4. That amounts paid on or after January 1, 1959 for iliostomy and colostomy pads, crutches, trusses for hernia and rocking beds for poliomyelitis patients be included in the medical expenses that are deductible in computing taxable income.

5. That for the 1959 and subsequent taxation years an individual be allowed to deduct in computing income, in addition to the amounts now permitted by the act, any amount received by him out of a pension fund or plan upon withdrawal or retirement from employment or upon the winding up of the fund, not exceeding the portion thereof that is paid in the year, or within 60 days after the end of the year, as a contribution to a registered pension fund or plan or as a premium under a registered retirement savings plan.

6. That with respect to deaths occurring after April 9, 1959 the exemption for a portion of a death benefit paid by an employer upon or after the death of an officer or employee in recognition of his service be changed from an amount equal to the employee's remuneration for the last 90 days in the office or employment to an exemption for an amount equal to the remuneration of the employee for the last 12 months in the office or employment of the amount of $10,000 whichever is the lesser.

7. That for 1960 and subsequent taxation years there shall be included as income from an office or employment the amount of the benefit which an employee derives by virtue of the payment by his employer of a premium under a group life insurance plan to provide the employee with life insurance coverage to the extent that it is in excess of $25,000.

8. That the time within which a notice of objection to an assessment issued after February 8, 1959 must be served be increased from 60 to 90 days from the day of mailing of the notice of assessment.

9. That the privilege of qualifying as a foreign business corporation be withdrawn except for those corporations that were so qualified for the 1958 taxation year.

The Deputy Chairman: I believe the committee completed its discussion of paragraph 1 of the Income Tax Act resolutions. Is there any discussion of paragraph 2?

Mr. Howard: Mr. Chairman, I may be mistaken but I was under the impression that we had not completely dealt with paragraph 1 and I wished to say a word or two on it.

Mr. Pickersgill: Before the hon. gentleman begins, Mr. Chairman, may I say that my understanding is that paragraph 1 had not been completed by the committee.

Mr. Argue: The chairman has agreed to allow him to continue.

Mr. Pickersgill: I am sorry, Mr. Chairman, but we could not hear.

Mr. Howard: Mr. Chairman in listening to the comments the minister made specifically in reply to questions raised regarding income tax deductions for transportation costs and

for board and lodging where a person has to work and maintain two homes, and for protective work clothing, I came to the conclusion that the Liberal government was the most inept one we have had for many years. The more I listened to my friend the hon. member for Essex East the more I became convinced that the Tory government is just about as bad, because over the years with respect to these very valid submissions regarding deductions for working people they have replied that the matter was under study, that briefs had already been presented, that they were fully aware of the situation, and remarks of that nature.

The minister made a most astounding comment about this the other day, when he said in effect that as far as deductible transportation costs are concerned the time is not now ripe to do this; that we cannot do it in view of the increase in the deficit, the extended borrowings of the government, the increased taxation it has been necessary to impose, and so on. Because of the inability of the minister and his government to cope with these problems he now says that the working man will have to suffer a little longer because the government cannot do these things now.

Mr. Fleming (Eglinton): I did not say that.

Mr. Howard: No, the minister would not commit himself in such direct words, but that is in effect what the minister said and that is the interpretation many working people will place upon his remarks. Certainly he made reference to the increase in debt that has taken place under his administration. He made reference to the increased taxation, and that is certainly the responsibility of the minister and his colleagues. He also made reference to the declining economy and the other difficulties experienced since he became minister and his colleagues formed the government. There is no question at all but that the working man will have to suffer a little longer under onerous taxation and will not be able to get these justifiable deductions.

The minister made much use of the word "discrimination" and explained how he and his government were concerned with the elimination of discriminatory taxation measures. The minister was not so careful about the question of discrimination in the session preceding the 1958 election, because at that time under his guidance changes were made in the Income Tax Act which cannot be described as other than discriminatory. The amendments made at that time applied to one group of workers only and not to others. I refer to the changes made with respect to construction employees. What could be more discriminatory and inequitable than that?

I should like to relate the manner in which these amendments were applied. They relate to construction employees, and this situation could arise and probably has arisen. I refer again to logging camps. An employee driving a cat, a bulldozer, working on construction in a logging camp, could fall within the provisions of the act relating to deductions, exemptions, and so on. Another employee working for the same company, driving exactly the same type of bulldozer, exactly the same size, horsepower and everything else, skidding logs out of the bush, would not be allowed such deductions. What could be more discriminatory than that? Certainly if the minister had been more careful in what he was doing prior to the 1958 election, and had not been concerned so much with gathering votes for the Conservatives, we would not have had this kind of inequality that exists today.

What we are asking him to do is to extend the same principle that he endorsed and adopted just a little over a year ago. We are asking him to extend that self-same principle to other groups of workmen in this country. The answer is that the time is not now ripe. When we take this answer with his answers to other proposals we are not too clear on just what is meant, but it is just not acceptable. Certainly it is not acceptable to the working people involved.

If the minister would consult one of his own supporters—I am not sure whether he is in the committee at the moment—if the minister would consult the hon. member for Comox-Alberni, who also knows the logging industry very well, having worked in that industry for a number of years, he would get a clear definition and a clear explanation of the effect of the taxation provisions that he says he cannot change. He would get a clear explanation of the effects on the loggers. He does not have to take my word for the tremendously high expenses of the loggers. I am referring to them at the moment because of my familiarity with the high transportation costs of loggers. The minister could get from one of his colleagues in his own party a clear explanation of the extra expenses that workingmen have to bear because provision is not made in the logging industry, in the construction and other camps for families. There are members of the minister's own party who will explain to him in a clear and lucid way the necessity of making these particular deductions that I have been advocating.

Mr. McMillan: Mr. Chairman, in rising to speak on the budget resolutions I want to say first that I think the increased taxes are very high. If we commit excesses in life, whether physical or financial, there comes a day of reckoning, and the day of reckoning for this government has come. This is the second evidence we have of the day of reckoning. The first evidence we had was the increase in the interest rates, and that increase is still going on. Today the minister is handing the Canadian people part of the bill. He is handing them a little less than half the bill, because there is still some $400 million left to pay at some later date.

The minister has said that the tax increases are moderate. They may seem moderate because he has been dealing with billions, but they are very sizable indeed, and they are taking the corporations for a ride. The tax is equal to the highest income tax they have paid at any recent time in peacetime. After all, the extra bill of $352 million is very large indeed. It is equal to about 75 per cent of the total budget in 1939, and over and above that he has $400 million left for which he has given an I.O.U. which exceeds three-quarters of the total budget for 1939.

It is hard to conceive that this government will ever pay any part of that $400 million, because the sum total of the surpluses or savings of the Conservative party since confederation is less than the interest on that $400 million for only one year. In other words, the interest on that $400 million for a year will be $16 million at 4 per cent and their total surpluses since confederation have amounted to only $15 million. The Conservatives have always been the party of debts and deficits, but the old line Tory was a piker when you consider him in relation to the present Diefenbaker Tories, if the present Minister of Finance is to be taken as a criterion. But even he has slowed up lately, and I think he has slowed up because the people have refused to give him money as rapidly as he requires it.

The increase in personal and corporation income tax amounts to $60 million this year, and this is just enough to pay off that part of the conversion loan that did not need to be converted but was converted. Next year the added revenue from the corporation tax and the personal income tax will amount to $110 million. This year it takes $106 million extra to service our debt, and next year nobody knows how much it will amount to. It certainly will be away up. Hon. members can see that the increase in the corporation tax and the personal income tax will not at any time quite measure up to the amount required to service the increase in the public debt. As hon. members know, that has been made up of our deficits and by the minister fooling around with bonds and converting them before they needed to be converted.

We hear all kinds of stories about the minister leaving the portfolio of finance. If he does he will leave this financial mess on the lap of the Prime Minister, and Fleming's folly will become Diefenbaker's debt.

The Chairman: Order. I must remind the hon. member that we are not talking about taxation in general. At the present time, we are talking about the Income Tax Act. It would be appreciated by the Chair if the hon. member would limit his remarks to the resolution under discussion at the present time and not extend them into something else.

Mr. McMillan: Mr. Chairman, I accept your ruling except that the other night the Minister of Finance, in speaking on this very same resolution, referred to the clearing of brush from land. He referred to housing; he referred to the dark days of the last administration, and he also referred to the high intelligence of the hon. member for Essex East. Certainly the other speakers in the debate were allowed to go on and traverse more than you are allowing me to discuss at the present time. If you say I cannot touch on interest rates I will forgo that.

Mr. Fleming (Eglinton): Mr. Chairman, so the point may be clearly understood and for the benefit of other hon. members who may choose to speak on this resolution, I think while there was a good deal of latitude taken by hon. members who spoke on this resolution on Thursday evening, the hon. member is now going into a field which is quite beyond what would be in order on this resolution, because he is now trespassing on a field on which the house has already spoken at the present session.

You will recall, Mr. Chairman, that a week ago today we had a supply motion and an amendment was introduced, to be found at page 3073 of *Hansard*, which included among other things the conversion loan, the bank rate, expansion of the money supply, the national debt and public debt charges, and in a vote on April 28 the house dealt with that amendment and defeated it. So it seems to me that for that reason debate on this question is precluded. It is not a question of latitude in debate last Thursday evening. It is a question of this subject, on which the hon. member is now proposing to speak, having been decided by the house six days ago.

The Chairman: I must remind hon. members that sins of omission committed at a previous sitting of the house would not justify the Chair in allowing debate on the question under discussion at present to become irrelevant. We cannot debate all over again what has already been debated at length in the house. If only for the sake of preventing constant repetition it is quite important that we adhere to the rule of relevancy as much as possible. It is appreciated by the Chair that it is quite easy in a debate such as the present one, involving the discussion of resolutions which offer a great deal of scope and cover all kinds of matters, to wander afield to some extent, but it would be appreciated by the Chair if hon. members would try as best they can to limit their remarks to the resolution under discussion.

Mr. Chevrier: Mr. Chairman, I do not want to dispute the ruling you have made. I agree with your ruling in essence and I do not think the house will want to see a debate on this resolution such as was had on the budget or again on the motion to go into supply. Surely it is not our intention to do that. But may I point out with respect to Your Honour that what the hon. member for Welland was doing was to discuss interest so far as the tax yield is concerned, and if he limits himself to that aspect of the matter I submit that he is perfectly in order.

Mr. McMillan: Mr. Chairman, I intend to go back to the resolution itself, but I just wanted to say that the increases in the income and corporation taxes were almost exactly enough to take care of the increased charges on our national debt. The Minister of Finance has given us three reasons for the rise in interest rates and, in so far as that affects the money that we should raise, I think he should tell us which one is right. In other words, the other night he spent an hour or so telling us that the government had nothing to do with the rise in interest rates. In the budget speech he said that too many bonds on the market created an upward pressure on interest rates. Again, last November he came into the house and said that the government had achieved a decrease in interest rates. He has given us these three explanations. He should get up and tell us which one is right. They cannot all be right.

In my opinion he has lost the art of achievement, and having lost that art I can well realize why the Prime Minister would think he would be a good secretary of state for external affairs. It is unfortunate that the minister has to raise taxes at this time, particularly when the government promised that taxes would be reduced. They went all over the country, certainly all over Ontario, and said they were going to increase social benefits and reduce taxes. Any time I heard them on the radio that was what they were saying. They said that when the Liberals were in power they were collecting too much in taxes, but now they are collecting more themselves.

The corporation income tax is increased. That was referred to the other night, and if I can close my remarks by dealing with corporation income tax I will not speak on paragraph No. 2 of the resolution unless I am restricted now.

Mr. Fleming (Eglinton): On a point of order, may I suggest to the hon. member that it might be more convenient to discuss the corporation tax on the next item. At the outset it was agreed by the committee, I believe, that it would make for an orderly discussion if the paragraphs of the resolution were called one at a time, and that matter obviously touches on the second paragraph.

Mr. McMillan: I agree.

The Chairman: Shall we proceed to paragraph 2?

Mr. Benidickson: No, I do not think that is fair. I think the Minister of Finance will agree that on Thursday night I was as fair as anybody could possibly be when I suggested that in past sessions on such resolutions it had been indicated by the Chair that in committee we must consider with the strictest of relevancy the individual items as worded in the resolution. In my own remarks I confined myself to items that were enumerated in the resolution. The committee was allowed to wander. I suggested that we do as has been done in past years and that at a certain stage we confine our attention to subsidiary paragraphs in the resolution.

That was not done. Mr. Chairman, you are not the chairman who was here on Thursday night, but because of what went on the year before I did have some words with him after the event which I am sure he will not mind me speaking about. The hon. member for Welland is discussing the proposal that we increases taxes on personal and corporation income, and in subsequent paragraphs there are other forms of taxation all involving a considerable amount of money.

The hon. member for Welland was asserting that had certain improvident actions not been taken these new imposts might not have been necessary, and I say this is a very relevant matter for the committee to discuss because personal income taxes are to be raised by $54 million and corporation taxes by $56 million under these two paragraphs of the general resolution.

I only ask for consistency. If the committee as a whole is prepared to direct its

attention solely to paragraph 1 of the resolution I think that is satisfactory, but the hon. member for Welland has said very properly that one of the reasons for imposing additional taxation is the improvident and unnecessary spending such as occurred with respect to the conversion loan and under other headings.

Mr. McMillan: Mr. Chairman, when the resolution came up the other night the hon. member for Kenora-Rainy River did stick to paragraph No. 1, but no other member who spoke did so. That is why I wanted to get a ruling from the Chair as to whether I can go on and speak about corporation taxes.

Mr. Fleming (Eglinton): May I draw attention to what was said at the outset of the discussion on the evening of April 30, at page 3209 of *Hansard*. The hon. member for Kenora-Rainy River opened the discussion by asking me if I had any comment to make beyond the budget address. In reply I said:

> Mr. Chairman, I think there is nothing new to be mentioned in connection with this opening paragraph. When we come down to paragraph 9, Mr. Chairman, I will have an amendment to propose to it. If I may make a suggestion in the interest of orderly procedure, while there is just one resolution to amend the Income Tax Act it might contribute to orderly discussion in the committee if you were to call the paragraphs seriatim.

Then the deputy chairman said:

> Is the committee agreeable that the paragraphs be discussed seriatim?

I understood, Mr. Chairman, that was the basis upon which we proceeded. The hon. member for Kenora-Rainy River then spoke, and on page 3212 of *Hansard* for that date you will see that the chairman asked:

> Is there any further discussion on paragraph 1?

My understanding was that the suggestion of following the paragraphs one by one in the order in which they are printed commended itself to the committee as one that would make for orderly procedure. The first paragraph, of course, relates to the proposed increase in personal income tax, the second paragraph to the proposed increase in the corporation tax. If it is, as indicated, the intention of the hon. member for Welland to discuss the corporation tax, I would think it would contribute to orderly discussion if we could take one paragraph at a time and make sure that before we launched into a discussion of the proposed changes in the corporation tax we had cleared up the proposed changes in the personal income tax. Otherwise, if we are going to scatter our observations widely over the various matters covered by these nine paragraphs I do not think we are going to have an orderly and consecutive discussion. This is not a suggestion that will curtail debate.

Mr. Winch: May I add that it was the understanding of this group that the paragraphs were going to be taken seriatim, and if any change were made in that understanding then certainly we would like to know about it.

The Chairman: It is the understanding of the Chair that each paragraph is to be discussed separately. Actually the Chair does not wish to be too severe on anyone during this debate, but for the sake of orderly discussion each matter should be discussed in separate form.

In answer to the request of the hon. member for Welland I can only say that we should try to discuss each item as it is listed here. In other words, if he would discuss the personal income tax before the corporation tax, then we would have an orderly discussion. Whether or not the Chair rules that what the hon. member is saying is out of order depends entirely upon what the hon. member may say. However, for the sake of orderly procedure we should cover each item thoroughly, and it would be appreciated if hon. members adhered to this ruling.

Mr. McMillan: I shall be glad to delay my remarks, Mr. Chairman; however, I would say that if I had been allowed to go on for two minutes we would have saved time.

Mr. Howard: There is one question I should like to address to the minister, if I may, before we proceed. It concerns item 1 and is related to the question I discussed the other evening, that is the exemptions or deductions for certain classes of workers. I find in volume 2 of *Hansard* for 1957-58, starting right at the bottom of page 2004 and extending on to page 2005, there are some remarks by the minister regarding one of the proposed changes in the Income Tax Act as it related to construction employees. I would preface my question by reading the remarks of the minister in explanation of this change. He said:

> Briefly it will provide that if the construction site is so distant that the worker cannot reasonably be expected to return daily to his normal place of residence where he maintains a home in which he lives with his wife or some dependent person, then the construction employee will not be required to include in his income for tax purposes the value of the free board and lodging or reasonable allowances paid to him to cover expenses of meals and lodging, or the value of travelling expenses paid by the employer in transporting him to the site and back home again.

I wonder what the present view of the minister would be. In commenting on these proposals the other day he said that the suggestion as to what was required was not

too clear. Would the minister comment on the difficulties if the provision which already exists in the act with regard to construction employees were to be extended to include other employees who are in precisely the same position?

Mr. Fleming (Eglinton): If the hon. member will read the whole of the debate during the fall session of 1957 he will find that there was quite an extensive discussion preceding the amendment that is now to be found as section 5, subsection 2 of the Income Tax Act. It was quite clear at that time that in the face of the strong representations that had been made and in the light of the history of the way in which the claims of construction workers in respect of travelling expenses had been handled by my predecessors, there was a case for introducing this particular amendment giving the right to construction workers to claim exemptions. The hon. member will see there a reference to the fact that this exemption had been accorded to construction workers until the previous year. We were, in effect, dealing with a situation where a practice which had been in existence for a long time was in the course of being reversed under a decision that had been made before we came into office, and having regard to that long history and the strong representations that had been made, not only by the construction industry but by unions of workers in that industry, we asked parliament to enact a provision which would have the effect of maintaining a practice that had obtained until 1957.

Parliament gave effect to that proposal. The case of the logging workers was raised at that time. I tried to make it very clear that there would be difficulty in applying this new legislation, and that there would be borderline cases which would make it almost of necessity a provision difficult of application and that we would be guided by experience. It was made clear that the position of the logging worker and our experience in the application of section 5, subsection 2 of the act would be studied to see if this matter could be worked out in the end in a way that would avoid any possibility of discrimination.

Now, I might say that in general the view that was expressed at that time has been largely borne out in practice. The section has been widely resorted to by numbers of persons who are construction workers. There have been borderline cases and there have been some difficulties. The Department of National Revenue has proceeded to give a reasonable interpretation to the provisions enacted when this matter was last under discussion.

I must say, Mr. Chairman, that our experience has not yet reached the point where we could undertake to ask that even comparable provisions, let alone similar provisions, could be entertained in favour of certain other groups of workers. The legislation to which I referred does not permit a worker to deduct his own expenses. The legislation rather provides that he is not obliged to bring into his income payments that are provided by his employer for transportation, meals and lodging.

Mr. Howard: If I may say so, Mr. Chairman, I do not think I was confused over the application of the legislation. That is the way I understood it applied, as just indicated by the minister. But if this provision had been in effect, as the minister said, for a number of years and then was altered in 1957, I take it, and then revised again or revived—probably that is the right word—by the amendment to the Income Tax Act in the 1957-58 session, surely after it had been in effect for that period of time the department should have had sufficient experience to allow them to extend the self-same principle to other types of employees. I cannot see too much difficulty about it.

I will relate again the instance in a logging camp. Under the application of the section—and I am talking about the west coast of British Columbia again because of my familiarity with the situation there—if a person goes out to work as a bulldozer operator on the construction phase of a logging camp's operation, he then comes within the provision just related by the minister. But if that same person happens to go out to work and drives the same type of bulldozer, exactly the same operation, but performs some other duties such as dragging logs out of the bush, he does not come under it. What could be more discriminatory than that situation?

What would be the difficulty in applying the self-same provision which applies to construction employees to, say, cook and bunkhouse workers or cooks, bakers and so on in logging camp cook houses who receive, with respect to free board and lodging, exactly the same consideration as do construction employees, yet have to pay tax on it? What is the difficulty in extending it to a person in a mining camp where there are bunkhouses and so on? I do not refer to some of the more settled camps where large numbers of families live and which in effect are settled cities or towns. I refer to those out in the hills far from community life, transportation and so on where they have bunkhouses, where exactly the same type of situation exists, where a person can be a construction employee and

receive the benefits just outlined by the minister. He may get transferred to another job and be in precisely the same position with respect to board and lodging and transportation, yet not receive the benefits under that provision.

After the many years of experience which the department has had in administering, as the minister said, the application of this arrangement to construction employees, surely they have been derelict in their duty if they have not been able to find out how to apply it to other types of employees. I would appreciate a fuller explanation by the minister as to what difficulties he is talking about which stand in the way of extending this provision to other types of employees.

Mr. Fleming (Eglinton): From the hon. member's own remarks it is quite evident that he is aware that if it were extended to loggers as a group we could not stop there, but would be obliged to extend it to other groups and it would just go on and on. Where the line would ever be drawn I do not for the life of me know. I referred to a particular situation which gave rise to the amendment that was introduced in late 1957 because of the history that preceded it. Here was a situation in which in the past the act had been administered in such a way that construction workers had not been required to bring into their income payments received by them from their employers by way of transportation, meals and lodging. That was a particular situation. The representations which we had received and which commended themselves to parliament a year and a half ago were put on that basis, namely the construction worker. At that time we had representations made by some hon. members who said, "Why do you not apply this provision to the logging worker?" We went into this matter at some length. The discussion was extended at that time. I would invite my hon. friend to refer to that discussion, where these matters were discussed from both sides of the house.

The fact is that the situation is not any easier from the point of view of enforcement than we contemplated it might be. The immediate context, I would remind the hon. member, was a history under which construction workers had not been required to include in their income transportation, board and lodging. Again that was a situation that had an immediate context as well, because this matter was brought to a head in relation to construction workers employed on one of the defence lines; I think it was the mid-Canada line at that time.

We had representations after that. Some organizations came to us and said, "If this provision is not capable of general application, then you ought to take it away from the construction workers". We had representations to that effect from some labour organizations. We felt that, parliament having enacted this particular provision, under the circumstances the matter should be given an opportunity for a fair test, and that is the situation that exists now.

Mr. Howard: If I may, I should like to make one other comment on that matter. The other evening, when the broader application of the suggestions I had to make was being discussed —notably transportation, clothing, maintenance of two homes and so on—for deduction purposes, the minister then said it was impossible to legislate for a select group of workers. He did not want to have any part of that suggestion because that was discrimination. He now turns around and says, "We believe in discrimination; we believe in legislating for a select group of workers as opposed to other workers".

That is precisely what he is saying. He has set up a preferred group of workers in so far as income tax provisions are concerned, notably construction employees. I am not decrying the fact that that should happen. I am merely saying that it does not seem sensible, especially after this provision has been in effect for so many years and especially after the minister said that he does not believe in discrimination and could not possibly make any provision in respect to loggers, miners and all these other types of employees who find that these excessive costs must be met. When he said he could not legislate discriminatorily in that way it does not seem sensible for him to turn around and justify the maintenance of something which has been in effect for so many years and which is in effect discriminatory against all other types of employee.

It is just silly. Surely the minister can apply himself or the officials of his department can apply themselves more directly to this problem in the hope of finding a solution to it. It does not seem impossible. If the minister would sit down and concern himself more with the application of this provision than he does with these other questions, or would get some of the officials in his department to apply themselves to the problem, it is not insurmountable. If that had been done at the time of the reinstatement of the provision for construction employees; if a start had been made on it then, I am sure that at this stage we could have had an acceptably workable statutory provision which would put working class people on a fairly equitable basis, instead

of setting up a preferred group and discriminating against the rest. The minister speaks out of both sides of his mouth. He says he does not believe in discrimination and cannot legislate for a select group of employees, and then turns around and says that in this case he should do so.

Mr. Winch: May I add a word or two. I believe the Minister of Finance is a family man. No doubt he likes to be with his family once in a while, and he realizes the cost of being separated for a long time. As a matter of fact, Mr. Chairman, I think this is perhaps what the hon. member for Port Arthur had in mind the other day when he spoke about salaries for members of parliament, but we are not discussing that matter at the moment.

We are now discussing a situation where, particularly on the west coast of this country, because of our economy workers are separated from their families when engaged in industry and construction, in our fisheries, in logging and in mining. When one is separated from one's family there is a big cost in transportation involved, and one is actually placed in the position of maintaining two homes at one time. He has to maintain the home where his family is and the place where he works and pays board.

That is why I started out by saying that I understood the Minister of Finance was a family man and would like to see his wife and kiddies once in a while. Then as his kiddies grow up and become men and women, he would like to see his grandchildren. Is it not therefore understandable that the people in a province which contributes a good deal in monetary value to the treasury of this country, because they are engaged in logging, mining and construction, also do not like maintaining two family homes and like to be able to get home once in a while? Surely the Minister of Finance will agree that having worked out certain rights for employees in the construction industry two years ago, he should now apply the same general principle to those engaged in the logging and mining industries of British Columbia.

I was going to ask the Minister of Finance if he would just get that red blood flowing a little faster through his veins and see if he could not during the course of this session extend such opportunities to the workers of British Columbia and other provinces to enable them to see their families more often, and grant them some relief by way of a greater deduction if in the course of their employment they have to maintain, as so many do in British Columbia, two homes and not just one.

[Mr. Howard.]

Mr. Benidickson: Mr. Chairman, on this very subject I recall very well the minister introducing his views on, I think, December 6, 1957 as to the entitlement of construction workers to income tax exemption for expenses while away from home. It may be a coincidence, or just the income tax season, but within the last week I have received two letters from constituents who feel that this thing is not working out as expected, and I hope the minister, who I think has some sincere desire to be helpful in this matter, will really give it a look, because I think he will be impressed by the kind of letters I have received. One reads in this way:

> Mr. Diefenbaker, when making his pre-election campaign speeches, made a statement to the effect that effective January 1, 1958, board and lodging paid by men living away from home working on construction jobs would be deductible for income tax purposes. With having tried this deduction before only to have it disallowed, I was very pleased that this one idea had been brought into being.
>
> My husband had been working for the Ontario hydro in the construction division until being laid off last October. He was working away from home. He received his T4 slips—

Then the writer of the letter goes on to quote from a hydroelectric bulletin sent to employees referring to section 23 with respect to board and lodging receipts, and so on, and there is an inference that the employee must be a householder. But she is disillusioned; the claim for deduction has been denied.

Mr. Chairman, I had another letter, as it happens in the same mail, which reads in part as follows:

> I work in the construction trade and am away from my home a great deal of the time. We are required to pay for board and lodgings when away, which is in effect supporting two homes, since I have a wife and family living in Kenora.
>
> Now, my question is this: should not the amount of money deducted from a man's wages for board and lodgings—

In accordance with the intention of the government—

> —be deductible by him on his income for tax purposes?

As I say, it may be the season, but it is significant that something is going wrong with the administration. I will be very pleased to pass these letters to the minister, but I think all the fanfare that was made with respect to these matters indicates something should be done. The Ontario hydro has taken great pains to publicize this new concession with respect to tax laws, and these people now find that at the individual tax offices they are not getting the practical result that seemed to be indicated in the announcement of the minister in December, 1957 and in the speeches

of the Prime Minister subsequently during the 1958 election campaign.

I therefore think the matter should be looked into. The other night the minister gave us some advice about the difficulties of the finance minister when he is confronted with discrimination, and he mentioned the possibility that in doing something in one direction he may set a precedent and be obliged to do it in others. This was part of the difficulty that faced the former administration, and I am acquainted with that. None the less the minister advertised his intended generosity to the high heavens in this respect, and it just so happened that within two weeks I have had these two letters from constituents who say that in actual practical experience it does not seem to be working out to their advantage and in accordance with expectations.

Mr. Fleming (Eglinton): Mr. Chairman, the hon. gentleman will agree that never at any time did we make any promise or hold out any assurance or representation that we would go beyond the case of the construction worker.

Mr. Benidickson: These were both letters, I might add, from construction workers. I have not burdened the minister by reading the extract from the official publication of the Ontario hydroelectric commission after the minister made this decision, but I could. It is in the letter which I indicated I would send to the minister.

Mr. Fleming (Eglinton): Mr. Chairman, if reference is had to what I said on December 6, 1957 as reported at pages 2004 and 2005 of *Hansard*, it is made quite clear there that we were referring to construction workers and construction workers only. The language of the clause that was introduced to carry out the proposal then announced is restrictive in terms. It applies only to the man who has a spouse or a person dependent upon him by blood relationship, marriage or adoption, and who has that self-contained domestic establishment from which his work separates him.

The passages that the hon. member has read from the two letters he has received give no inkling whatever as to the grounds upon which the claim in each case may have been disallowed, but if the hon. gentleman agrees to send the letters we will be glad to make inquiries through the Department of National Revenue to ascertain the grounds upon which it was found that in those particular cases the individuals concerned did not qualify under the terms of section 5, subsection 2 of the Income Tax Act.

Mr. Benidickson: At least one of the writers, Mr. Chairman, has taken the pains to look up the statutes. I have not burdened the committee by reading the letter in full but in that letter she has outlined the point that my hon. friend raises; that is, the necessity of there being a householder. In addition, she also outlines that the people for whom she speaks—not only her husband but others—were working in the construction division of the Ontario hydro and have been denied this year the out of town expenses which they thought they would be allowed as a result of the much advertised change made by the minister in December, 1957.

Mr. Winch: Mr. Chairman, I hope I may be permitted to ask a question of the Minister of Finance concerning a problem that came to my attention for the first time two or three weeks ago and about which I did not know before. I raise it at this time because we are dealing with the Income Tax Act and this has bothered me for the past few weeks.

The minister as a member of parliament and a man of the world knows that it sometimes happens that a man may be sentenced to prison for life or a person may be insane for life. Under Canadian divorce laws the husband or wife of such a person cannot obtain a divorce in order to live a normal life and it sometimes happens that they become involved in what is known as a common law way of living with a person to whom they are not or cannot be married due to circumstances beyond their control. As far as my knowledge goes a common law wife is recognized in most circumstances under provincial laws. As a matter of fact, I do not know of any law in British Columbia under which a common law wife is not recognized. I do not, of course, mean a common law wife of a few weeks or months; I refer to a common law arrangement over a period of years as a result of which there are children.

I may have been abysmally lacking in knowledge of the federal law but it was not until two weeks ago that I became aware that a common law spouse is not recognized as a dependent of the breadwinner under the Income Tax Act. I believe this places a heavy and unnecessary burden on the person who seeks to live a normal life and for reasons that are perhaps totally beyond his or her control and they enter into a common law arrangement. Under the Income Tax Act he is charged as a single person although he may have lived for years as a married person.

Such a case came to my attention. The Department of National Revenue is seeking back taxation for a period of six years against an individual who has maintained a home with his common law wife throughout that period. The department claims that he filed

a false return over the years in claiming as a dependent the woman with whom he has lived for six years. He is a working man and is now being hit very hard taxation wise.

I raised this matter in the select standing committee of this house and was told that it is a matter of law. Law relating to income tax is not decided by the Minister of National Revenue but by the Minister of Finance. I should like to ask the minister if it is not possible to recognize common law wives as dependents in reasonable circumstances for income tax purposes. Nearly all provinces recognize common law situations under certain circumstances.

Because I know how some people like to twist things I want to make it clear that I am not advocating common law arrangements but as mature adults we must recognize that these arrangements appear reasonable for those seeking a normal way of life under certain circumstances. Through you, Mr. Chairman, may I ask the minister if it is not possible to give some consideration to this matter. I appreciate that the minister has to deal with important principles in the main but the height and strength of a good man is sometimes measured by his sympathetic attention to minorities and difficult problems. Is there any possible way of some provision being made in relation to the matter which I now draw to the minister's attention?

Mr. Fleming (Eglinton): Mr. Chairman, when the Income Tax Act refers to marriage or spouses or husbands or wives it refers to those who have that quality under the law. This statute does not take account of any illicit relationships in that regard. In the case of children, of course, an illegitimate child could qualify as a dependent under this act, but in the case of the woman in such a relationship she could not be treated as a wife for the purposes of this act. The hon. gentleman asks if this could be changed. Yes, parliament could change it, but that is not proposed.

Mr. Winch: I quite understand what the minister says but I do not think he would like the idea to go about that the people involved in these arrangements really wish to live outside the law. I believe the minister knows there are many people in Canada who because of circumstances have to live in a certain way in order to achieve a reasonably normal life. Sometimes I think they are more moral than those who live within the law. If the Income Tax Act is drawn in such a way that it views as illicit anyone who is not married within the law and excludes them from deductibility in terms of income tax, I should like to hear what the Minister of Finance would say concerning all the provincial laws which recognize the status of people of good morality who are required to live outside the law.

Mr. Howard: The minister is jumping back and forth between what he classified as illicit arrangements and what I classify as necessary tax arrangements. Earlier I raised a problem about a tax deduction for transportation, board and lodging and the maintenance of two homes and the special protective clothing required by some working men. Could the minister give us an indication of what studies have been made in this respect, how extensive the studies have been and if there is an agency in his department that has studied this question would he tell us the name of the agency? I should also like to know if he is aware of any other studies that have been made and when we might reasonably expect to have a more clear and definite answer regarding the possibility of instituting such taxation deduction arrangements as those to which I referred?

Mr. Fleming (Eglinton): Mr. Chairman, I cannot give any indication to the hon. gentleman as to when, if ever, some proposal may be brought forward in this respect. That would not be proper with respect to any possibility of future tax policy. So far as the question is concerned, we have had some representations, but I must say not very many and not recently, on the subject. Where those representations have been received they have been reviewed to see if there was any new material in them. So far as the application of the present section is concerned as applied to construction workers, of course the Department of National Revenue is gaining more experience all the time with the application of that section and the problems of administration that arise in connection with it.

Mr. Nixon: Mr. Chairman, may I ask the minister whether any consideration has been given to the exemption of municipal property tax? The minister will recall that some members of the government side when they were in opposition, I think including His Honour the Speaker, advocated that very thing when they sat on this side. I am just wondering whether the minister has given any consideration to such a proposal, or if he will consider it now.

Mr. Fleming (Eglinton): That proposal has been made from time to time over the years, Mr. Chairman. Naturally, all these proposals are reviewed from time to time, but we have not seen fit to bring forward to the house any proposal on the subject.

Pararaph 1 agreed to.

On paragraph 2.

Mr. Fleming (Eglinton): The hon. member for Welland had something to raise on this paragraph.

Mr. McMillan: Mr. Chairman, the corporation income tax is increased by two percentage points, and when you add this increase to the increase of one per cent on the old age pension fund you have a very high corporation tax indeed. My colleagues have put on the record—I think it was the other night—information which shows that these taxes, along with the sales tax, tend to increase the price of production and the cost of living. We have already had evidence of the increase in the cost of living. I know it is always easy to shove extra taxes on corporations because their voices are relatively few. In our free enterprise system we should not tax them out of existence. Every action or tax on the corporation tends to increase the cost of production, and certainly we know now that our production costs in this country are very high and we cannot compete in many competitive markets of the world. In fact, we find that we cannot compete in many instances in our own market. This puts many men out of jobs.

It takes some thousands of dollars in investment to put one man at work at a steady job, and unless we leave our corporations with some money for expansion I would like to ask the minister who is going to invest money to give our unemployed work? Certainly not any program of the government like the winter works program!

The talk and actions of this government have not made a climate favourable for foreign investment and particularly United States investment. Therefore, there is nothing left for us to do but to encourage our industries and to have healthy industries which will produce more jobs with security. I know that our government has about a 50 per cent interest in the earnings of our companies and corporations but it has no interest in any of the liabilities. We note that the other day it was announced that the minister had lost $10 million of the unemployment insurance account by selling bonds at a loss. I predict that the Unemployment Insurance Act will be amended—

Mr. Fleming (Eglinton): Order. Surely, Mr. Chairman, we are not going to go into a discussion of the Unemployment Insurance Act. The committee knows very well that legislation will be introduced on this subject shortly, and surely it is highly improper now to anticipate discussion on the resolution to precede amendments to the Unemployment Insurance Act.

Mr. McMillan: I will leave that act, except to say that I imagine industry and working men will be called upon to pick up that $10 million, as well as many others.

Mr. Fleming (Eglinton): There is a resolution on the order paper.

The Deputy Chairman: I advise the hon. member that he is out of order.

Mr. McMillan: I realize that in the past industry has exploited labour but most industrial heads that I know in my part of the country have good labour relations, and they take an interest in the labouring man. I have often got the impression from speeches in this house—and certainly I am not referring only to the government members but to some members on this side as well—that big corporations are something like an octopus; they hold back the development of our country in some ways. Our big corporations pay very high local taxes and high provincial taxes, and certainly they are now paying the highest federal tax. Contrary to the opinion held by many people, many of their shareholders are small shareholders. If you take the Bell Telephone Company, for instance, some shareholders have as low as 25 shares and others as low as 10 shares. I am not taking the part of the corporations here, but in order to save ourselves I think we must help them; we must promote their welfare so that they in turn can provide jobs with the money they make and invest in expansion of their plants.

I think the minister in this resolution is just going in the opposite direction. Our corporations should be left as much money as we can leave them under our tax structure. The minister is taxing them at the highest rate and is leaving a heavy cloud over their heads because they will have to assume their share of the $400 million which is being borrowed and carried as a deficit to be paid in future years. Also, when they borrow money to carry on their operations they must pay more because of the fiscal policy of this government. We know that this government paid 6.6 per cent net to the corporations when they bought their bonds; therefore, industry has to pay a lot—

Mr. Fleming (Eglinton): Surely, we had a decision made by the house on interest rates last Tuesday night. We do not have to have it debated all the rest of the session, surely.

Mr. McMillan: I will close, Mr. Chairman, by saying I regret that it has come to the time when the farmer and the grocer can go to the bank and borrow money cheaper than the Dominion of Canada can.

The Deputy Chairman: Is there any further discussion on paragraph 2?

Mr. Fleming (Eglinton): I should just like to correct the hon. gentleman on two of the

many erroneous statements he has made. He intimated that foreign capital was not coming into Canada. I would like to remind him that in the year 1958 foreign capital did enter Canada to the extent of $1,112 million. He is also completely wrong in the statement he made earlier that the corporation tax rate now proposed in the present resolution is the highest ever. The highest ever was in 1952 under the previous administration when the rate was 52 per cent.

Mr. Chevrier: I rise on a point of order. The minister has been rising repeatedly to interrupt the hon. member for Welland. When the hon. member rises on a point of order he keeps on repeating exactly what he said before. I think in fairness to the hon. member, when he is on his feet and raises a point of order at least he should be listened to.

Mr. Fleming (Eglinton): I did not hear or see the hon. member rising on a point of order.

Mr. Chevrier: He rose twice.

Mr. Fleming (Eglinton): He did not make himself heard in my hearing on a point of order.

Mr. Chevrier: It is quite clear what he was doing and he was heard in this area.

Mr. McMillan: I said "in recent peacetime history"; at least, I hope I said that.

Mr. Fleming (Eglinton): The year 1952 was recent history and it was peacetime history and that was the year when the corporation rate was the highest, and it was not under the present administration.

Mr. Pickersgill: Does the hon. gentleman forget Korea?

Mr. Fleming (Eglinton): Let us get the facts straight. The proposal now to raise the rate on corporation income is not the highest in history.

Mr. Pickersgill: Mr. Chairman, the Minister of Finance pretends to correct the record. Let the Minister of Finance be reminded that in 1952 this country was engaged in an operation that most people called the Korean war. The hon. member for Welland said "in peacetime history" and what the hon. member for Welland said was perfectly correct.

Mr. Winch: Mr. Chairman, for purposes of clarification, because I admit my mind is not clear on this matter of the increase in corporation taxes, does it bear any relationship to the dominion-provincial taxation agreements? Does it have any effect on the special sections? What I have in mind particularly is the logging tax.

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): The answer is in the negative. This does not affect the logging tax. There is no further differential created in any respect.

Mr. Winch: Is there no special arrangement on the five-ten basis?

Mr. Fleming (Eglinton): No, this has no effect whatever on the provisions of the Federal-Provincial Tax-Sharing Arrangements Act as to the division of the yield from the corporation income tax or the right of tax abatement in the case of provinces which choose to levy their own corporation taxes.

Paragraph 2 agreed to.

On paragraph 3.

Mr. Pickersgill: Yes, Mr. Chairman. I must say that when I listened to the budget debate, if it is still proper to refer to the budget debate in the presence of the Minister of Finance, I thought that the provision the minister suggested was not unreasonable, but I have been thinking about it a bit since and it does seem to me that in most of these hospital schemes, including the one in this province, the participants pay a premium. It does not seem to me that there is any difference between paying a premium to the provincial government and paying a premium to Blue Cross. It is money out of your pocket, and I fail to understand why the view should be taken, if the service provided is contributed to in any way by the taxes paid by taxpayers on levies that are imposed by this parliament, that these expenditures should not be counted as medical expenses whereas those people who can afford semi-private or private service, which they get as a result of having paid premiums rather than paying directly, continue to get exemption.

I must say that on further reflection I am very far indeed from being convinced that this is in any way an equitable provision. Moreover, as we all know, the means of financing these hospital schemes vary greatly from province to province, and it does seem to me that the minister should give us a fuller explanation of his reasons than has been given up to now. I am not saying I am opposing this. I am saying I am worried about the equity of it and I think we ought to have a further explanation from the minister.

Mr. Fleming (Eglinton): I gave the reasons for this in the budget speech at page 2421. It is easy enough for the hon. member to pick out the province of Ontario and say that in this province the provincial share of the cost of hospital insurance is contributed by an individual's premium and therefore it is

ascertainable and there is a receipt which can be produced. But we have to have a rule here capable of general and equitable application in all provinces. There are provinces where the provincial share of the cost of hospital insurance is not provided by way of a personal premium. For instance, in British Columbia and Nova Scotia the plan is financed by a sales tax and there is no possibility of isolating for the individual the portion of the tax he pays that is attributable to the cost in his case of the hospital insurance. Therefore, to have an equitable rule capable of application in all provinces we come forward with this proposal.

We examined this whole situation very carefully and because of the diversity of ways in which the financing of the provincial share of the cost of hospital insurance is approached in different provinces the proposal here contained is the only one that was found to be capable of general application on an equitable basis.

Mr. Pickersgill: I do not think it has general application. That is precisely my point. Even in the province of Ontario if I apprehend the provincial law correctly—I may not but I think I do—hospital insurance is not universal. That means that those persons who are not covered by hospital insurance and who still are subscribers to Blue Cross will be able to count their hospital expenses and the rest of the people who pay a premium to the province will not. If I am wrong about that, I am wrong. I do not pretend to know all the intricacies of all provincial laws. Moreover, I imagine that in some of the provinces this is an even more generalized provision. I can see that the minister might have provided, although I think it would have worked some hardships, that in the case of general ward care or its equivalent the cost should not be deductible but it does not seem to me that the fact that you belong to a private scheme should make it possible for you to deduct and the fact that you come under a public scheme should not because those people who belong to private schemes are still treated in hospitals to which the federal government in most cases makes or has made a contribution.

Mr. Fleming (Eglinton): The situation is clear. What is proposed in this paragraph is that the taxpayer should not be entitled to have the benefit twice. In other words, to the extent that his hospital bill is paid by this scheme of public insurance to which the federal government has contributed he may not claim that portion of his hospital expense for inclusion among his medical expenses to be deducted from his income if in excess of 3 per cent of his income.

Never has it been the rule that premiums could be deducted. The only deduction ever permitted was the hospital bill.

Mr. Pickersgill: Quite. I understand that.

Mr. Fleming (Eglinton): The Department of National Revenue did permit the deduction of the hospital bill that may have been paid by a private insurance company or some other form of insurance coverage. To the extent to which a hospital bill is not paid by or under a scheme of hospital insurance to which the federal government is contributing—obviously that is one under the act—then the individual who is charged still has a right to claim as a deductible medical expense the balance of his hospital account. There is nothing here that takes anything from him in that respect.

Mr. Pickersgill: I do not think the minister has understood my point at all. I did not say or suggest that the premium should de deducted. I say if you pay a premium to Blue Cross or to some private company—I presume Blue Cross is not involved in this any more so perhaps I should say the Metropolitan Life or some other company that does give this kind of insurance—rather than coming under the Ontario hospital scheme, then if you have a hospital bill you can deduct the whole hospital bill although you may go to the Toronto General hospital and get exactly the same benefit as if you were under the federal scheme. That is precisely the point that I say is inequitable. If the minister will tell me my facts are wrong I will be very quickly convinced but if my facts are right, if my premise is right, the conclusion is that one person has the right to deduct his whole hospital bill and the other person has not. As I say, it seems to me that in these circumstances it is not fair in those provinces where the scheme is not universal. That is the point.

Mr. Fleming (Eglinton): Again I must say that the rule is quite clear. In a province where the scheme is not universal because it is not compulsory the individual who stays outside the scheme and pays his full hospital bill may deduct that full hospital bill just as an individual may in the province of Quebec, a province which thus far has not entered into the national scheme.

Mr. Winch: That is the very point; I am glad the Minister of Finance got to it. I, too, have been very much disturbed after reading this paragraph 3. The more I have studied it, the more disturbed I have become, and I think the Minister of Finance, a few

minutes ago, actually proved that this provision is discriminatory. Paragraph 3 of the resolution reads:

> That commencing January 1, 1959 the definition of medical expenses exclude those amounts which the taxpayer is not required to pay because they are paid with the assistance of the government of Canada under the Hospital Insurance and Diagnostic Services Act.

The Minister of Finance has made what I consider to be two very important admissions. He says that after a great deal of study and consideration this proposal we now have before us was the only way in which there could be fairness under the Income Tax Act in connection with the deductibility of hospital costs. I maintain, Mr. Chairman, that is not correct. We now have in the majority of the ten provinces a national hospitalization plan under which a certain contribution is paid by the federal government on a varying basis. There are at least two provinces in which there is no such plan. In view of this, the only basis of fairness is to allow deductibility under the Income Tax Act for all hospital costs, whether the person is under one plan or another.

However, I think the major point is that which was mentioned by the minister when he sat down just a minute ago. As I understood him, he made it clear that in the province of Quebec, where there is no contractual arrangement between the federal government and the provincial government, anyone who goes into hospital will be entitled to deduct all their hospital costs for income tax purposes.

However, under paragraph 3, this will not apply to the province of British Columbia because the federal government is paying, if I am correct, 40 per cent of the hospital costs. The people of British Columbia are paying indirectly the entire cost, but directly they are paying 60 per cent of the cost. They are paying directly 60 per cent because the federal government is only paying 40 per cent. No provision is being made, in this proposal, for the people who go into hospital in British Columbia whereby they would receive any consideration for the fact that they are paying 60 per cent, although the proposal would allow 100 per cent deductibility to residents of provinces that have not entered into a contractual arrangement with the federal government under the Hospital Insurance and Diagnostic Services Act. On the basis of the minister's own statement, therefore, this is discriminatory legislation and discriminatory taxation.

Surely, that was not basically in the mind of the Minister of Finance. I know the problems that face the minister as a result of some provinces entering into contractual arrangements with the federal government under the Hospital Insurance and Diagnostic Services Act. There is a difference in the way the scheme is being handled in each province. British Columbia was the second province to enter into a hospital plan. In the early days the cost of this plan was covered by the payment of premiums, but a later government adopted a two per cent sales tax to cover the cost. We now have a five per cent sales tax in British Columbia, two per cent of which is to pay for the hospitalization plan. May I point out also, that even although the province of British Columbia entered into this arrangement with the federal government, there has been no decrease in the sales tax. The people of British Columbia, therefore, are still paying the full two per cent sales tax to cover the cost of the hospitalization plan.

In addition to that, they have to pay co-insurance in British Columbia, something which I believe is not known in any other province. Even although a person is completely covered by the British Columbia plan, when you go to hospital you can be darn near unconscious but you cannot get into your room or into the operating room until you pay in advance $1 per day. I rather gathered from what the minister said that, because a person going into hospital in British Columbia has to pay this $1 per day, although he is covered by the federal and provincial plan that person can deduct this $1 per day from income tax. British Columbia being the only province that has a system of co-insurance, which means that for every day you are in hospital you have to pay $1 out of your own pocket, will that amount be deductible under income tax regulations?

As I read this amendment, that amount should be deductible. What I do want to emphasize, Mr. Chairman, is this: This amendment proposed in paragraph 3 of the resolution is discriminatory. I say that the Minister of Finance cannot get away from it because if a province has not any contractual arrangement with the federal government, then anybody going into hospital in that province is allowed to deduct 100 per cent of the hospital costs for income tax purposes. If a person in a province in which the federal government has an agreement goes to hospital, although the federal government only pays 40 to 50 per cent of the cost, that citizen cannot deduct one cent of hospital costs for income tax purposes. If the minister means what he says, that there should be no discrimination, then, difficult as the administration may be, he should allow deductibility for income tax purposes of the 40 per cent or

60 per cent of hospital costs which are not covered by the federal contribution. If that is not done, then there can be no question but that there is discrimination.

Not only is there discrimination in that regard but, in my opinion what is perhaps even of more importance, there is discrimination against the people of the province who are progressive and want to go along the line of a provincial or a federal-provincial hospital plan. This section gives aid, comfort and money to provinces which are regressive and not progressive and makes the progressive people and governments pay a penalty. Surely that is not the view of the minister who talks so much about the vision and the progressiveness of his government.

There can be no question that all the problems will not and cannot be solved until there is a complete national hospital and medical plan throughout the country. But as that matter is not coming up for consideration this year, we are obliged to consider the matter on the basis of section 3 of the present Income Tax Act resolutions. In no way, Mr. Chairman, can I see that there is no discrimination. Discrimination is there. Surely the money in any amount paid as a cost of hospitalization, whether it is a private contribution, a premium contribution or a sales tax contribution within or without a federal-dominion arrangement, should enable the payee to have the hospital bill considered as deductible under the Income Tax Act.

May I also add there something which I think we all know, namely that hospital bills are not the only ones incurred when one is ill. There are other medical bills. If there ever is a time when a person needs help, it is when he is in ill health. Medical bills can actually break a person. Surely we can give them a financial break on a hospital basis and maintain the old system of deductibility—on the present basis there is discrimination and you cannot get away from it—until such time as this government or a future government has the vision and the courage to institute national-provincial medical health insurance coverage for all the people of this nation.

Mr. Fleming (Eglinton): The hon. gentleman has in effect asked the government not to amend this present budget proposal but to undertake the amendment of the Hospital Insurance and Diagnostic Services Act. Let me, if I can, clarify the purpose of the right to deduct expenses incurred by way of medical costs. Here is a sentence I used in the budget speech as found at page 2421 of *Hansard*:

> The exemptions granted under the Income Tax Act for medical expenses are clearly intended to relieve the individual taxpayer who has a burden of unusual medical expenses.

Under the Hospital Insurance and Diagnostic Services Act, under the scheme of federal contribution to the cost, the proportion that the federal government contributes of the total cost in any province varies from province to province. Surely we cannot be expected in a budget resolution to change that situation and place all provinces on an even footing. For instance, I think the highest proportion that the federal government contributes is in the case of Newfoundland which receives from the federal government substantially more than 50 per cent of the cost of the provision of hospital insurance and diagnostic services. Other provinces, such as the one from which the hon. member comes and Ontario, do not receive as much as 50 per cent.

But here we are dealing with a tax resolution and the tax resolution is perfectly equitable in its application. The fact that the people of any particular province as a whole choose to have a greater social benefit is, in my respectful submission, no argument that they should be entitled to claim an income tax benefit when they collect the social benefit. Here we are dealing with a situation created by a federal statute and the method here proposed is an equitable proposal in dealing with the tax problem with which we are now confronted.

Mr. Winch: May I ask a question there?

Mr. Fleming (Eglinton): Yes.

Mr. Winch: I am speaking of my own province. In view of the fact that in British Columbia the federal government will be contributing 40 per cent, can a person going into hospital in British Columbia claim 60 per cent of his hospital costs as a reduction from income tax—

Mr. Fleming (Eglinton): No.

Mr. Winch: —because you are paying only 40 per cent of the bill?

Mr. Fleming (Eglinton): No.

Mr. Winch: They lose everything.

Mr. Fleming (Eglinton): The fact that the federal government makes a contribution to that particular hospital bill under the provisions of the Hospital Insurance and Diagnostic Services Act will, under this proposal, have the effect of eliminating that particular hospital account from the deductible medical expenses.

Mr. Robichaud: I want to join with the hon. member for Bonavista-Twillingate and the hon. member for Vancouver East in protesting strongly against the inclusion of this

amendment in the Income Tax Act. The province of New Brunswick will be directly affected by the amendment. In fact, in order to cover the province's share of the hospital insurance scheme, the citizens of New Brunswick will be obliged to pay $50 per year per family and those who want to retain the supplementary hospital benefits to cover the semi-private rate under the Blue Cross system will be obliged to pay another $30 a year, making a total of $80. Under the old plan before the hospital insurance scheme came into effect, or as it is now until July 1 when the hospital insurance scheme will come into effect in New Brunswick, under the Blue Cross system a family pays a total of $72 a year, which is $8 less than they will be obliged to pay when the hospital insurance scheme comes into force. Under the present scheme they are allowed to deduct medical expenses exceeding three per cent of their net salary, an advantage which they will not have under the new system.

Notwithstanding what the minister has just said, I assert that this amendment is an injustice to the taxpayers of New Brunswick. It deprives them of a privilege which they now enjoy under the present system. If the minister wants to be logical and if he still wants to insist that the share paid by the federal government should not be deductible, the residents of New Brunswick should at least be allowed to deduct 50 per cent of their medical expenses over and above the three per cent of their net salary, which would be the same as they are at present allowed under the Blue Cross system. The present amendment, if accepted, will create an additional burden for a large percentage of the taxpayers of New Brunswick. Again I wish to protest against this amendment. I think it should be withdrawn or at least amended in order to affect only the federal share of the amount paid to hospitals and be in agreement with the arguments advanced by the minister.

Mr. McMillan: Mr. Chairman, I appreciate the difficulty the department has in dealing with paragraph 3. It is pretty hard to see how the department can treat people fairly in all provinces when they pay different premiums. I think the minister announced a while ago, if I understood him rightly, that premiums were not deductible. For example, in Ontario we have to pay a premium, and I would like to ask one question at this point. Supposing a person in Ontario took out an insurance policy for which he paid a premium of $50, the approximate amount he has to pay in this participating scheme. If he had a bill of $200, would he be able to deduct it? If it was taken over, he would not be able to deduct it.

Mr. Fleming (Eglinton): Mr. Chairman, the deductibility, where it applies, applies only to the hospital account not to the premium. It has never applied to the premium. If the hospital account is one to which the federal government makes no contributions under the provisions of the Hospital Insurance and Diagnostic Services Act, then of course that hospital account is deductible in full as a deductible medical expense. On the other hand, if it is an account which is paid under the provisions of that act, then it will not be deductible.

As to the point raised by the hon. member for Gloucester, I think it is well to keep a sense of proportion in these matters. The federal government this year is putting up no less than $160 million as its share of the cost under the provisions of the Hospital Insurance and Diagnostic Services Act. This present resolution will take away from the taxpayers this year the right to make deductions which are estimated to be worth to them $3 million; or in a full year, to be worth $9 million. As I say, we must keep a sense of proportion in relation to the situation before we look at this resolution out of all context and perspective.

When the hon. member for Gloucester speaks—

Mr. Winch: Could I ask a question at this point?

Mr. Fleming (Eglinton): If I may be permitted to finish first. When the hon. member for Gloucester speaks about the people of his province of New Brunswick being entitled to deduct their hospital premium, I might point out that the people in the adjoining province of Nova Scotia do not pay an individual premium but are obliged to pay a provincial sales tax in order to provide the means of financing the provincial share of the hospital insurance in that province. If the hon. member remembers that he will realize that the scheme we put forward in the present resolution is the only one which is capable of equitable application to all the provinces.

Mr. Winch: Mr. Chairman, may I now ask a question. In view of the fact that under paragraph 3 we are dealing with the ill health of people, which means heavy financial responsibilities, could I ask the minister why he deems it necessary to make the scheme retroactive?

Mr. Fleming (Eglinton): Well, you have to have a starting point, and January 1 is the logical starting point. Otherwise you have a broken period during the year. You would

have a year for medical expense deductions different from the year in respect of which you calculate the income.

Mr. Winch: Then how does the minister explain that in certain other cases which he has in mind he is starting them in July and not in January?

Mr. Fleming (Eglinton): In the case of commodity taxes they always become effective at midnight on budget night. In the case of income taxes, normally a convenient date is selected, as for instance January 1 or July 1. In the case of some of these income taxes we have made them effective July 1, in other cases January 1.

Mr. Winch: In view of the fact that the minister is making some effective July 1, as much as I oppose the entire principle here, is there any reason why this one should not be July 1?

Mr. Fleming (Eglinton): Mr. Chairman, this tax applies to the individual, and for the individual the tax year is always the calendar year. Therefore it is only proper that this provision should apply from January 1. We are not going back to 1958. That might have been proposed, but we are proposing rather to start on January 1.

Mr. Winch: How about January 1, 1960?

Mr. Fleming (Eglinton): Then you would be carrying on a discriminatory and quite unworkable situation, because in some provinces you have the situation which I talked about where the provincial share is paid by means of a sales tax. In other cases the provincial share is paid by an individual premium, and as the national system of hospital insurance came into effect for most provinces during various periods in 1958, I think it is clear that the convenient, appropriate and proper date to bring this change into effect with justice to all provinces concerned is January 1, 1959.

Mr. Robichaud: Is the minister aware that in the province of New Brunswick after July 1 the residents will have automatically to drop the Blue Cross scheme and will be called upon to pay $8 more than they were paying before this scheme came into effect, and this notwithstanding the contribution of $160 million from the federal government? So it is certainly of no benefit to the residents of New Brunswick who were contributing to the Blue Cross scheme.

The Chairman: Does that conclude discussion on paragraph 3?

Mr. Benidickson: Mr. Chairman, I know the Minister of Finance gets as tired as I do about referring to some of our back debates, but the minister was always one who had some doubt as to the merit of even having in our income tax this 3 per cent saving clause. We apparently will continue to have it, but under new circumstances. I suggest to the minister that perhaps he should look back upon his former pronouncements advocating the elimination of this so-called floor. I am not going to put it on *Hansard* today but I would like to direct his attention to what he had to say on August 6, 1956 in this regard, where he advocated the elimination of the 3 per cent provision, and also felt that a greater number of particular drug items should be considered by the income tax administration with regard to income tax deductions.

Mr. Chairman, the thing which prompts me to draw this to the attention of the minister at the moment is that I think we should all recognize that if in a majority of cases the actual cost of hospitalization itself is no longer to be regarded as a portion of this over-all cost to the taxpayer on medical expense, perhaps the minister should take a further look at his ideas to the end that with regard to the items of entitlement he should be more generous than he has been hitherto.

I welcome the next paragraph and I do not wish to intrude on the rules by referring to it in detail. May I point out, however, that some items are being added to that restricted list that are entitled to consideration in the matter of an expenditure for health purposes by a taxpayer. If the actual cost of hospitalization is to be disregarded I suggest that this perhaps might reinforce the argument the minister himself used on this side of the house some years ago to the effect that there should not be any restriction at all with respect to the total of medical bills.

When we add under circumstances such as are being advanced to us now the elimination of something very big affecting nearly all taxpayers on the one hand, and then add something applicable to the odd individual such as is the case in the next paragraph, important though it may be, I think we are not arriving at a solution that is realistic. I suggest to the minister that he should have another look to see whether or not the premiums themselves should not be an item that is regarded as a tax deduction in aggregate.

I suggest that the floor of 3 per cent, or whatever it is called, should have another look taken at it. The minister always advocated this over the years. There is all the more reason for doing it if hospital bills are to be disregarded because they are the major item in the calculation of a taxpayer's expenditures in this realm in a calendar year.

I wonder if the minister would care to indicate to the committee whether or not this

has been given consideration when he is disallowing the items that would be most important for perhaps 95 per cent of claimants, namely hospitalization charges in provinces which receive some form of federal government assistance in the payment of hospitalization costs.

Mr. Fleming (Eglinton): Mr. Chairman, I should like first to observe that the point raised by the hon. member for Kenora-Rainy River with regard to the 3 per cent has no bearing whatever on the question we have been discussing and which is the purpose of the resolution, namely to determine that certain hospitalization costs to which the federal government contributes under the provisions of the act that is named shall not be deductible.

Mr. Benidickson: Mr. Chairman, may I be permitted to ask the minister if he does not agree that in past years he voted for the elimination of this?

Mr. Fleming (Eglinton): I am coming to the point about the 3 per cent. I am observing in the first place, Mr. Chairman, that the point raised has nothing whatever to do with the question we have been discussing here. It has no bearing whatever on the third paragraph of this resolution or the proposal contained in it.

As to the 3 per cent I would observe this. I have not forgotten what was said in former years but in a year when it is necessary to increase the income tax it is obviously quite impossible to consider changes of the nature proposed by the hon. gentleman.

On the third point, however, I may say that we have been moving steadily last year and this year toward the enlargement of the scope of the definition of deductible medical expenses. Last year you will remember that we introduced three very substantial additions to the list of medical expenses: prescribed drugs, eye glasses and ambulance charges. Three important additions indeed were made to the list and there were included certain other aids required by disabled persons.

In the next paragraph to which I trust we will be coming shortly we are proposing a further enlargement of the definition of deductible medical expenses as applied to certain aids for persons suffering from certain disabilities.

Mr. Benidickson: That was just my point, Mr. Chairman. I have here *Hansard* of June 17, 1958, including the resolutions that the minister had in mind last year which were in a similar category, at which time there was some enlargement of the particular items that would be considered for tax exemption in aggregate. My point was that if you take away the base which for most people would be hospital expenses, these resolutions of 1958 and the one contained in paragraph 4 to which we will be referring, really have little point or merit.

Mr. Pickersgill: Mr. Chairman, the minister said that this paragraph had to be put in and that this change in the act had to be made to avoid discrimination. That is just nonsense. There is no discrimination at the present time. Nothing the minister has said has removed from my mind the feeling that this is introducing a discrimination between the privately insured person and the publicly insured person and I believe the minister confirmed that by his answer to the hon. member for Welland when he said the hospital bill of the privately insured person would be deductible in full and the hospital bill of the publicly insured person would not. This is purely and simply a device for getting extra revenue and it should be recognized as such. All this talk about discrimination has nothing to do with the case.

Mr. Fleming (Eglinton): Mr. Chairman, the hon. member was never more mistaken in his life than in his concluding remarks. This has been approached on the basis of a facing up to a problem which has arisen and which has to be settled now in view of the fact that this federal statute has now come into effect involving various dates with respect to different provinces. The decision has to be made now. It is not made as a means of increasing revenue but as a means of grappling with a problem which if not faced up to would leave a chaotic situation with different rules applicable to different provinces.

Mr. Pickersgill: That is utter nonsense and the minister knows it, or at least should know it. If he does not know it he should not be Minister of Finance. There was no discrimination or difficulty so long as all hospital bills could be deducted if they came within the rules. The fact that the scheme started at different times in different provinces has nothing to do with the case and the method by which it is paid for has nothing to do with the case.

Once the principle is admitted that a person can insure against this risk and still submit his hospital bill, then if one kind of insurance enables you to make a claim under the Income Tax Act and the other does not, there is discrimination. It does not matter whether you pay a 5 per cent sales tax as you do in British Columbia where you pay a great deal more for hospital insurance than in some other provinces or whether you pay

your own bills as you do in Quebec, the plain fact is there is no discrimination as between taxpayers as long as everybody everywhere in Canada is allowed to deduct his hospital bill. That is a simple, common, universal rule and that is the law now. The only possible legitimate excuse for doing this is to get more revenue and if it gets no more revenue I think the minister should drop it. I am perfectly sure, however, that it will get considerably more revenue. For the minister to get up and create all these ridiculous smokescreens that have nothing to do with the facts surrounding this situation seems to me to be an insult to the intelligence of hon. members of the committee.

Paragraph 3 agreed to.

On paragraph 4.

Mr. Winch: Mr. Chairman, I should like to have my medical knowledge added to. Would the Minister of Finance be good enough to explain to me what iliostomy and colostomy pads are? I am sorry but I do not know what this is all about.

Mr. Fleming (Eglinton): The iliostomy and colostomy pads referred to here are pads used in the course of post-operative treatment particularly in cancer cases.

Mr. Winch: Thank you. I should like very sincerely to ask the minister to make a change in this paragraph. Part of the paragraph reads: "—and rocking beds for poliomyelitis patients be included". I want to assure the Minister of Finance that those rocking beds are most certainly of great value to those who suffer from poliomyelitis; but because of my interest in these matters I can assure him from my own personal knowledge in British Columbia, and in Ontario, that rocking beds have a most useful therapeutic value and are perhaps used more by those who suffer from rheumatoid arthritis and rheumatic and arthritic conditions. I am sorry that our doctor member from Welland and others are not in the committee at the moment. It is my opinion that these rocking beds are used more by those who have rheumatic and arthritic conditions than they are by those who suffer from poliomyelitis.

I rise, not so much because of my own study of this matter but in the past few years I have had the matter brought very much to my attention. The therapeutic value of the rocking bed to those who suffer from arthritic conditions, and especially rheumatoid arthritis, is a wonderful medical advance which has been made in recent years. I ask the Minister of Finance whether he would bring in an amendment and not restrict the deductibility of the cost of those beds. I know that they are expensive and I would ask that he extend the deductibility beyond those who suffer from poliomyelitis and add it to those who have rheumatoid arthritis or something of that serious nature. I hope the minister will take it into consideration.

Mr. Fleming (Eglinton): Mr. Chairman, I wish to be quite sure that the hon. member is actually referring to rocking beds and not to vibrators in various forms. I know vibrators are used in connection with the treatment of certain forms of arthritis; but when this resolution was drafted our understanding was that the rocking bed was used as an ancillary to the iron lung as a means of assisting the breathing of the poliomyelitis sufferer and that is the reason it appears in this form. We can look into it and see whether the rocking bed is used for other patients but our understanding when this provision was drafted was that the rocking bed was used, as I said, for poliomyelitis patients and those alone.

Mr. Winch: No sir.

Mr. Fleming (Eglinton): We can look into it, Mr. Chairman, before the bill is introduced.

Mr. Winch: I was using the rocking bed as a layman's term. I was not referring to it in connection with the iron lung. I was referring to an actual complete bed which is now available in Canada and also in the United States about which I myself know a great deal. The layman's term is a rocking bed, because it is a full length, stretch out bed. You may call it a vibrator if you like; I do not care what you call it. All I ask is that the minister take it under advisement and include it as an exemption under the Income Tax Act, because I am certain that it is going to come more and more into use and it is going to help more and more those people who suffer from arthritis. I know, sir. My mother died just a few weeks ago and I know what this kind of thing means to many arthritics. They are expensive. I would ask that consideration be given to including it in the deductions.

Mr. Fleming (Eglinton): I have already indicated we will have a look at this before the bill is introduced.

Mr. Mitchell: Mr. Chairman, I want to commend the department and the minister on adding these five or six further items which are deductible for income tax purposes. I should also like to draw the attention of the department to something else which I think could be included in this same group. As you know, sir, such a medication or preparation

as insulin for years has been a deductible product and it still is. Of course, along with insulin a diabetic has to use certain other types of medication, shall I say, or testing apparatus. They have to use this in the control of the disease. I am speaking particularly of testing tablets and testing tapes which are used for the purpose and actually have to be purchased by a diabetic. When they come into my pharmacy they cannot understand why I can give them a receipt for the insulin but I cannot give them a receipt for those testing tapes or testing tablets which they have to use every day in urinalysis tests for testing the albumen as it is deposited. They also have to use a hypodermic needle in the administration of insulin, which they feel should also be deductible. They also go so far as to say that the dietary scale which they have to use to measure their portions of food possibly to even up their intake and also to help in the control of this disease should be deductible. I feel that these people are worthy of consideration because of the types of medication or testing apparatus they have to use. I think I can speak from knowledge. If there were any hon. gentlemen in the house who are members of the medical profession I think they would agree most wholeheartedly with what I have to say. Any preparations along this line, Mr. Chairman; I can think of two—possibly there are more—at the present time, two types of tablets which are prescribed by the medical profession for beginners who may eventually become diabetics. You might say that the beginners are diabetics. The tablets to which I refer, and which are being prescribed by the medical profession to patients who come to me, are called orinase and mobenal. Both appear in tablet form and are taken by mouth.

I can give an insulin user a receipt for income tax deductions but I cannot give a receipt to the users of those tablets for income tax purposes, because the act specifies insulin and insulin alone. I would ask the minister to consider this because I feel it is necessary. The people who take these tablets may eventually have to go on to insulin but at the present time they are helped by the use of these tablets. I bring this to the attention of the minister. I feel it could be easily added or the act could be changed so that the testing apparatus for the diabetic and also the new tablets which are being prescribed could be deducted.

Mr. Winch: May I add a word to that? I am glad that a member of the pharmacy profession has raised this because I have also been asked by citizens from Vancouver to raise the identical matter. Medical science progresses but unfortunately costs in many instances do not come down. There is a trend now from using a needle to taking the medicine orally but it is still very expensive. The diabetic still has to have his dosage whether he gets it by needle or by mouth. I want to add my voice to what has been said by the member who just spoke. Why does the Income Tax Act say that if you take the drug by needle the expense can be deducted but if you take it by mouth, even though it is for the same purpose, it is not deductible? The whole attitude is completely ridiculous and asinine and I hope the minister will bring in the required change. I am certain, as the hon. member has just said and as every medical man will say, that it is a logical and reasonable request.

Mr. Fleming (Eglinton): The remarks of the hon. members have been noted and, of course, these subjects are being studied from year to year. I do point out, however, that with respect to hypodermic needles or some of the other means of administering insulin or other medicaments hon. members will require to bear in mind that these needles are capable of use for other purposes as well quite outside the purposes of this section, and care must be taken in these respects not to introduce into the definition of medical expenses various medical appliances that are capable of other uses.

Mr. Winch: I am very sorry that the Minister of Finance spoke in that way because the remarks made by the previous speaker and myself dealt wholly and solely with diabetics. Prescriptions for diabetes must be obtained from a doctor whether the medicine is to be administered by a needle or taken orally.

Mr. Fleming (Eglinton): If it is a doctor's prescription it is within the scope of the definition now, but we have had representations respecting the inclusion of needles and means of administering hypodermic injections and there we have been up against the situation that such appliances are capable of other uses as well. We are considering these matters all the time.

Mr. Winch: It takes so long.

Mr. Mitchell: Objection has been taken to hypodermic needles and I agree with the minister that we sell them for many other purposes as well. But I should like him to consider particularly the testing that is necessary for the diabetic. Without having a test he does not know what is the proper amount of insulin to take. The other point I should like to emphasize has to do with these tablets taken by mouth. They are not deductible

because the act refers to insulin but while they are not insulin they are used for the same disease.

Mr. Fleming (Eglinton): That will be looked into.

Paragraph 4 agreed to.

On paragraph 5.

Mr. Benidickson: I think perhaps it would help us if the minister would amplify his intentions with respect to this paragraph. I know that there will be details in the bill but the language of the bill is always very complicated.

Mr. Fleming (Eglinton): Paragraph five of the present resolution provides that in future an individual will not be required to include in his income any lump sum that he receives out of an employees' pension plan upon severance of employment to the extent that he uses that lump sum payment within the year or within sixty days after the end of the year as a contribution into a new pension plan or as a premium under a registered retirement savings plan. If an employee leaves his employment where he has been a member of a pension plan he usually receives a lump sum representing the return of his contributions into the pension plan. This lump sum payment may also contain all or part of the employer's contribution into the pension plan.

Under the present law this lump sum payment is liable for tax in the year in which it is received and it is because we consider that inequitable that we are moving now in the terms of paragraph five. In those cases where the employee transfers from the pension plan of a former employer to that of a new employer and there is a direct transfer of all the funds to the credit of the employee from the former employer's pension plan to that of the new employer, the Department of National Revenue has not in practice regarded the transfer to be a payment to the employee and consequently no tax problem has arisen. But in cases where there is no direct transfer from the former employer to the new employer it is quite clear that difficulties are going to arise before very long, and that is why we are moving now to make this provision that where, in the terms of paragraph five, an amount is received out of a pension fund or plan upon withdrawal or retirement from employment or upon the winding up of the fund the individual is not required to include in income the portion of the fund that is paid in the year, or within 60 days after the end of the year, as a contribution to a registered retirement pension fund or plan or as a premium under a registered retirement savings plan. In other words, to the extent that he uses the withdrawal from the fund within that year or within 60 days of the end of the year by putting it into a new pension plan, whether it is a pension plan under a new employer or one of the registered retirement savings plans, then that sum withdrawn is not going to be regarded as income.

Mr. Benidickson: That seems to have merit. In addition, has it some element designed to encourage mobility of labour with respect to pension plans and so on?

Mr. Fleming (Eglinton): I will not say that it will encourage mobility but it will mean that an individual who wishes to change his employment will not, to the extent that he brings himself within this new provision, forfeit his tax position. As long as his contribution was in the fund he was not taxable but if on severance of employment he withdrew his share of the fund, which might include something from the employer, and it did not go directly into the new fund, he would be liable to tax on that withdrawal as the act stands today.

Mr. Winch: I must say that we most certainly welcome this change in the act as explained by the minister. We sincerely hope that this is only a first step. We trust it is an indication that the department and the government have recognized the importance of introducing new legislation with respect to portable pensions. I have no hesitation in saying that one of the next steps in the realm of security in Canada should be to deal with portable pensions because in some provinces in particular people go from one industry to another, one job to another, and as a general rule they have up till now lost all their pension rights.

Mr. Fleming (Eglinton): Will the hon. member permit me to say that I am afraid this is a matter beyond federal jurisdiction. We can deal only with the question of pension rights so far as taxes are concerned, but when it comes to questions of rights of individuals in pension plans that obviously is a matter of property and civil rights and under provincial jurisdiction.

Mr. Winch: I would not deny the influence of the federal government or the Minister of Finance when, in the House of Commons at this session, he introduces an amendment to the Income Tax Act giving an indication that the transference of pension funds is a good thing. He says that under certain circumstances, as Minister of Finance, he is not going to include it for income tax purposes, and this will help a person build up his own future security. I think it is a good rule. I hope it is an indication of the recognition of portable pensions. I hope that since the Minister of Finance has now made his move

the provinces will follow suit with the additional legislation required.

Mr. Pickersgill: I wonder if the minister has any figures to show how many persons are taking advantage of that admirable provision which was made by Mr. Harris in his last budget for these retirement savings plans for the self-employed?

Mr. Fleming (Eglinton): There are no statistics available at the present time. It may be that some will be available by the end of the year, based upon a sampling of the 1958 returns.

Paragraph 5 agreed to.

On paragraph 6.

Mr. Benidickson: On No. 6, Mr. Chairman, would the minister outline to the committee what has been the practice of the administration in the absence of the proposed law?

Mr. Fleming (Eglinton): The current practice simply conforms to the provisions of the old section 139, subsection (1) (j) (ii). This is the provision in the interpretation section of the act that is applied to death benefits, and in effect it permits payment by the employer, without income tax liability, of an amount equal to the remuneration of the officer or employee, to his widow or legal representative of a sum equivalent to his remuneration for the last 90 days in the office or employment. I think my hon. friend is familiar with this provision. It has been in the act for some time. It is the one that was inserted originally to give encouragement to the payment by employers on the death of an employee or officer of a sum not exceeding the equivalent of three months' salary or remuneration as a recognition of services rendered in the lifetime of the deceased employee.

Mr. Benidickson: Now this amount would be limited to $10,000, regardless—

Mr. Fleming (Eglinton): Yes, but we are proposing to enlarge the three months' period to twelve months. If the house approves of this proposal, we will place an over-all ceiling of $10,000 on the payment so that advantage will not be taken of this in the case of persons with very large salaries. For instance, at the present time it is possible, under this three months' provision, in the case of a senior executive of a large corporation, let us say with a salary of $100,000, to make tax free a payment of $25,000. We are proposing to enlarge this provision laterally in order to benefit more people and encourage the making of provision in proper cases by an employer for the widow or dependents of a deceased employee, up to 12 months' salary, but in doing so we think it proper to propose that a ceiling of $10,000 be placed on the total.

Mr. Benidickson: In other words, if the law was not to be evaded, a retired employee would have to provide evidence of departure from the business concerned—

Mr. Fleming (Eglinton): No, this applies only in the case of his death.

Paragraph 6 agreed to.

Paragraphs 7 and 8 agreed to.

On paragraph 9.

Mr. Fleming (Eglinton): I indicated earlier there would be an amendment here. Several days ago I gave a copy of the proposed amendment to the hon. member for Kenora-Rainy River and the hon. member for Assiniboia. I will ask my colleague the Minister of National Defence to move the amendment, which is as follows:

That paragraph 9 of the income tax resolution be amended by adding thereto the following words: "or in the case of corporations incorporated prior to April 10, 1959 that did not have a 1958 taxation year, that so qualify for the first fiscal period ending after 1958."

This paragraph will now read:

9. That the privilege of qualifying as a foreign business corporation be withdrawn except for those corporations that were so qualified for the 1958 taxation year or in the case of corporations incorporated prior to April 10, 1959 that did not have a 1958 taxation year, that so qualify for the first fiscal period ending after 1958.

Mr. Pearkes: I so move.

Mr. Benidickson: This particular amendment is one about which people with much more knowledge in this field than I have have expressed some surprise after reading about the minister's intention. I think we should have the fullest possible statement from him as to the advantages of the amendment. Even a week ago the *Financial Post* described this amendment as an enigma; they just could not understand the merits of it. I assure the committee and the minister that I am very naive in matters of this kind.

In order to explain properly to other members of the committee who may have similar difficulties to mine, all I can say is that I am familiar with such well known Canadian corporations as Brazilian Traction and some others who perform no active business in Canada but have their incorporation here in Canada. They have officers and head offices and the like in Canada, but hitherto they have not been subject to the normal rules of taxation because they are not competitive businesses in our country. The thing that has concerned me after a reading of this resolution is that corporations of this kind,

whether on a large scale or small, having their business headquarters in Canada, with personnel who perhaps have a Canadian background and which contribute something to the commercial life of this country but without competing with other Canadian corporations—I can think of accountants, lawyers and even individual employees at the head office level—have been encouraged to establish in Canada.

When I find myself in association with the *Financial Post* in saying that they are in complete ignorance of any reason for this kind of amendment to the law; when, on the face of it, one would have thought we had some advantages to gain and we cannot see the advantages of changing the past set-up, I think a full explanation is due the committee from the minister and I am sure he will give it.

Mr. Fleming (Eglinton): Gladly, Mr. Chairman. This resolution is designed to introduce changes in the provisions of section 71 of the act. Section 71 of the Income Tax Act provides:

> 71. (1) No tax is payable under this part upon the taxable income of a corporation for a taxation year when it was a foreign business corporation.

No corporation is incorporated in the first instance, whether under federal or provincial charter or letters patent, which is to begin with a foreign business corporation; but under quite detailed rules that are laid down in section 71 in its various clauses it is possible for a corporation to qualify in a tax sense as a foreign business corporation. If it does so, it obtains great tax advantages under the act. For instance, it has no corporate income in Canada subject to the normal corporation income tax here because its income is earned outside of Canada. In the ordinary case, unless this corporation pays a dividend to a non-resident corporation which controlled its stock—in which case there would be a five per cent tax deducted—there would not be any revenue accruing to the federal treasury from this particular company, expect to the extent to which it may employ a few people in its skeleton organization and some personal income tax is collected upon their salaries. But so far as the corporation is concerned, unless it pays a dividend to the parent corporation abroad, the Canadian government collects no tax from this corporation.

As the hon. member for Kenora-Rainy River has indicated, it is quite true that there are some important and highly regarded corporations which, under the Income Tax Act, are regarded as foreign business corporations. They have qualified. But, Mr. Chairman, we are concerned lest the provisions of section 71 should be used either to create in Canada a tax haven or as a means of tax avoidance. I am not saying that is being done at the present time but from our studies of the section and its quite detailed provisions we are concerned lest in the future advantage should be taken of certain features of the provisions of section 71 for these purposes. Therefore we have approached this matter on the basis of not taking away from any existing corporation any rights it has in this respect. We began by saying that any corporation that had qualified as a foreign business corporation up to the end of 1958 would be entitled to enjoy in the future the same benefits as it enjoyed prior to the budget as a foreign business corporation.

Mr. Benidickson: And you have amended it as of budget night.

Mr. Fleming (Eglinton): Then the question arises as to what happens in the case of a corporation that may not have been incorporated before 1959, or may not have yet qualified in respect of its fiscal period commencing in 1958. That is the purpose of the amendment, namely to make sure that we are not taking away anything that any corporation may have acquired by way of right up to the moment of the introduction of the budget. Therefore, in the result, the resolution in amended form takes nothing away from any existing corporation which may have qualified. Second, it takes away from no existing corporation any right or opportunity that it may have to qualify in respect of the business it was doing up to the date of the introduction of the budget or the next day following. We are therefore taking nothing away from anybody. There is no retroactive operation whatever in this intended provision. By closing the class now under the existing provision we are taking what we regard as a desirable step to prevent use being made of the section in the future for either of the two purposes with which we are concerned.

Our study of the situation is not going to end with the adoption of the resolution or the bill if the committee approves it. We intend to go on studying this situation. But it is requisite, Mr. Chairman, that during this period of study we should make sure that when people are put on notice we do not have a flood of people coming in seeking to qualify in this period while the matter is under study. I think my hon. friend will agree that when we are not taking anything away from anybody, in order to permit unimpeded study of this problem to proceed the class be closed now. I again emphasize the fact that we are not taking away from any corporation anything that it

has today. We are taking nothing away from it as to its right to qualify during this period of 1959 up to April 10.

Mr. Benidickson: I appreciate what the minister says when he makes the point that there is nothing retroactively damaging to existing corporations in the resolution proposed. But I again come back to the point that I do not understand the merit to the crown or to the country. What harm are we trying to avoid from past practice? I see nothing but advantage in the few instances that have come to my attention. I think it is a matter of pride for most Canadians that a company like Brazilian Traction calls itself a Canadian corporation. I am not complaining about any of their policies. I am not familiar with them. We know it is a large enterprise abroad. The situation is rather the reverse of one that we sometimes complain of, namely that we have foreign corporations of too much magnitude running things in our country. It shows that Canadians are prepared to invest and take an interest everywhere in the world. I have no intimate knowledge of one or two of these illustrations, but within the last few days or so I have been told that it has been to the advantage of, shall we say, a parent Canadian oil company which has no intention of utilizing its Canadian business operations in world trade; but because of patriotism and connections, shall we say, in some of our cities and associations with lawyers, accountants and professional men expert in the oil business residing in our country, they have felt that if they were to expand it was desirable that they have a Canadian corporation that would be operating exclusively outside this country and entitled to the very thing that has built up some of these other countries. What is the advantage of that?

I have also heard about certain international trading organizations that I think we would want to encourage. We want Canadians to be internationally-minded, and so on, and I am told that some enterprising Canadians who have substantial main enterprises in Canada still, being sufficiently Canadian-minded, decided if they were going to expand their international or worldwide activity they would like to see that new corporations have a Canadian charter, even though its business would be entirely outside of this country. I am persuaded that an enterprise of that kind initiated by Canadians is of benefit to Canada. I am persuaded that it does give employment to a number of ancilliary performers at the head office level, but I just have not had from the minister, as I see it, any explanation of the deleterious effects, if any, which have come to this country or to our tax position from the companies which admittedly are not going to be affected but which have carried on in this way with Canadian head offices in the past.

Mr. Fleming (Eglinton): I am not suggesting for a minute that any Canadian corporation that has qualified as a foreign business corporation has abused the law in any respect whatever, but I know my hon. friend would not expect me to enlarge on the subject of how this section of the act in its present form might be used by someone as a means of maintaining in Canada a tax haven or as a means of avoidance of tax. I do not wish to enlarge on that subject here at this time; I think the reason is obvious.

Our approach, therefore, is this—and this is repetition. We do not take anything away which anybody has now, but we are saying that in this forthcoming period we are blocking any possibilities of the section being put to a use that parliament may not have intended. In this period we will go further with our studies of the matter.

In the meantime I think my hon. friend will recall that there is no yield from such corporations to the federal treasury whatever. Because their business is carried on abroad in order to qualify as a foreign business corporation there is no corporate income tax payable by them to Canada.

My hon. friend put the case of a Canadian parent corporation setting up such a corporation in Canada. In that case if any dividend is paid by the subsidiary, which is the foreign business corporation, to the parent, there is no tax on the dividend. I put the other case where a foreign corporation—a parent corporation abroad—chooses to form in Canada one of these foreign business corporations; in that case there would be a 5 per cent tax withheld for the benefit of the Canadian treasury from dividends payable by the Canadian subsidiary to the parent corporation abroad. But if it is a Canadian parent corporation forming this corporation in Canada, there would be no tax deduction at all.

Therefore, this is a very important tax concession. Any corporation can, if it qualifies as a parent business corporation under section 71, derive thereby important tax advantages, and while there may be advantages to Canada in terms of employment of a few people at head office, in many cases simply a skeleton staff and no more, we think that before we should allow this situation to continue where we have concern about the possibility of the section being used in the two ways I have indicated we should close the door now and

leave it closed until another form of legislation is introduced which will not be capable of being misused in either the two ways I have indicated.

Mr. Benidickson: Mr. Chairman, I am by no means satisfied. The minister indicates that anybody who so far is incorporated and given the tax arrangement that he thinks should be denied in the future has not particularly abused the situation, but the minister has given me no instance of where it has resulted in some loss to the treasury. He is now proposing to do something new. Obviously, then, any little advice which he gives to this committee about the opportunities open to these people will not affect them. He has a big majority behind him and he will probably put through this proposed change in the legislation. But I do think that without naming any companies or anything of that kind he should indicate to this committee what is the possible loophole or loss—

Mr. Fleming (Eglinton): Mr. Chairman, I have tried to do that. I say that under the terms of the present act there is a possibility that it can be used as a tax haven with no benefit to Canada, and it may also be used for tax avoidance.

Mr. Benidickson: Taking those last few words and sticking to them, can we not correct our present statute to avoid that without saying we should not have any more Brazilian Traction companies operating in Canada, or should not have any more of the international trading companies which I have heard about out in Vancouver trying to cultivate business in an admirable way for Canada in the Far East, and things of that kind where the operation is under Canadian leadership? That in turn is giving employment at the head office level at least to a great number of Canadians. I have not any personal experience with these corporations.

The minister and I have been engaged in this forum for some years and my experience in business has been as curtailed as sometimes his has been. But I am sure that some of our colleagues in the profession of law and some of the people we know in the accounting profession and others would feel that it is absolutely wrong to think that services which could be performed by companies of his kind who are doing all their business outside Canada would be forced to go, shall we say, to Indonesia or some other place to incorporate and make sure that down in Indonesia they used the accountants and lawyers and the other people. I do not think we have had an explanation from the minister.

Mr. Fleming (Eglinton): Mr. Chairman, I have tried to give it three times now, if my hon. friend will permit me to say so.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Pickersgill: Mr. Chairman, before this paragraph passes I think someone on this side of the house will have to take some exception to the very extraordinary principle enunciated by the minister in respect to this paragraph. If I may put what he said in my own words, the minister has told us that if the law were left as it is now some dire and dreadful things might happen but that we were not competent to know what those things would be, that they are so secret they must be kept from parliament and that we would have to adopt this recommendation on faith.

Mr. Fleming (Eglinton): That is not what I said.

Mr. Pickersgill: The minister can reinterpret or tell us what he did mean when he rises to reply. If the Minister of National Defence had come in and said that his department was doing in the national research council or the defence research board some very secret research work into a very secret weapon the committee might have accepted that, but for the Minister of Finance to come in here and say that if the law is left as it is it might result in Canada becoming a tax haven or it might result in tax evasion, and then to say "but I am not going to tell you how that could happen and you will have to accept it on faith", is to propose a doctrine that I believe is quite preposterous.

It is parliament, after all, that is being asked to pass this tax legislation. Surely members of parliament are entitled to know why the minister thinks there is this dreadful danger in leaving the law as it now is. He has told us absolutely nothing, has given us no information. He said we must accept on faith; father knows best.

This all-wise government—and here I am paraphrasing things that used to be said by the hon. member for Eglinton about the former administration—this all-wise, all-knowing, arrogant government knows what is going to happen in the future and we are expected to take it on faith. As I understood it, that was the gist of the minister's argument for this proposed amendment. It seems to me that is something parliament should not be asked to do at all. We should

be told why this change is proposed. After all, there could be no danger because, as my friend the hon. member for Kenora-Rainy River pointed out before dinner, the government has a large enough majority so that it is quite sure that in the end, if it insists, this resolution will be passed and therefore the law will no longer be, if the minister has his way, in the state it was before. Therefore this argument of secrecy has no validity.

It seems to me that the minister should take parliament into his confidence and give us the information on which he is asking us to change the law that seems to have done no Canadian any harm and that the minister himself admitted has done no harm in the past. I submit it is his duty to inform parliament and that the minister should explain precisely what it is that he fears and what he feels is going to be against the public interest if he wants us to agree to change this part of the law.

Mr. Fleming (Eglinton): Mr. Chairman, we have just heard a very finished demonstration of misinterpretation of what I had to say. I will go over the ground again in the hope that this time my words will be clearer to the hon. gentleman and there will be no possible danger of misinterpretation.

What I said, Mr. Chairman, was that section 71 is a quite complicated section. It has been amended by parliament in the past and the two dangers that after no little study of this question we see are that the section can be used, with no advantage to Canada, as an occasion for making Canada a tax haven for those who wish to come here and use this jurisdiction simply as a tax haven, and on the other hand that it may be used for tax evasion.

I do not think hon. members wish me to point out in this section where we see the possibility of these dangers. On the best advice available to the government and to the Minister of Finance in preparing these budget proposals there are possible loopholes in this section which might be used for these purposes. I do not think it is the wish of parliament that Canada should be used without any advantage to Canada simply as a tax haven for those who do their business abroad or that it should be used in any situation for the purpose of tax evasion. That is the situation expressed quite simply.

The resolution in the amended form that is proposed takes nothing away from any corporation that has acquired rights under it or that has in respect of the period since the first of this year found itself in circumstances where it might qualify in respect of its 1959 taxation period. Those rights remain untouched by this proposed resolution. We are proposing, however, that the right to qualify as a foreign business corporation should not accrue hereafter to any corporation which has not already entitled itself under section 71 to be treated as a foreign business corporation or in the circumstances in which it has found itself since January 1 of this year has acquired the means of qualifying as a foreign business corporation in respect of this present taxation period.

We are asking the committee for that reason to close the door at that point because there is a very serious question as to whether any more foreign business corporations are going to be of any advantage to Canada anyway. The foreign business corporation by definition is a corporation that simply is incorporated here and carries on its business outside Canada entirely. Hon. members will observe this if they look at the provisions of section 71. Such a corporation becomes subject to no corporation tax here because it does not do any business in Canada but it enjoys the benefit of the laws of Canada and the protection of Canadian laws without paying us any revenue. We therefore think this situation is one that calls for some review and we propose that no more corporations not yet entitled to qualify as foreign business corporations should be in a position to do so hereafter until at least this whole situation has been carefully reviewed. That is the reason, Mr. Chairman, why a resolution is proposed which will if approved by the committee prevent more corporations coming into existence and acquiring these favoured rights under our income tax legislation.

Mr. Benidickson: Mr. Chairman, just before the dinner recess the minister indicated to the committee that from his point of view he thought he had explained to me three times the reasons for this proposal. I am no expert in this field, but during the dinner recess I made a number of inquiries among people whom I regard as having a great deal of experience in matters of this kind. They tell me that they are just as much in the dark as was the *Financial Post* for any explanation as to the reason for this tax change. I am told that they had the same general impression that I had, that while those corporations do not particularly pay taxes to Canada, they did seem to contribute in a broad way substantial advantages in that their head offices were in Canada. They have employees paying personal income taxes here and they could not think of a thing that was detrimental to Canada in the activities of the corporations that they were conducting.

I still have not got from the minister any indication of what loss, either in revenue, in integrity or in proper activity there is in

adherence to the law as we have had it up to now. While the minister brought up the question of some kind of security and not wanting to indicate loopholes to taxpayers either in the past or to come, he was completely disregarding the fact that every taxpayer of this kind has been protected up to this particular time and other taxpayers from this time on will be denied any right that they will regard as a loophole. What are those loopholes? What are those advantages to the foreign corporations that are disadvantages to the crown?

Mr. Fleming (Eglinton): Let me give an example. Hon. members opposite wish to know the loopholes.

Mr. Pickersgill: We want to know the reason.

Mr. Fleming (Eglinton): They wish to know the loopholes that we see in this legislation. Let me give you a possible case, Mr. Chairman. Let us take a situation in which natural resources of Canada are involved in export. A foreign business corporation, we will say, is set up as a selling agent in connection with the export of some Canadian natural resource. The foreign business corporation, we will say, purchases from the Canadian producer at the going price and is able to sell at a very much higher price in the country to which the goods are exported because of the particular demand for the product there.

The profit that is made is not subject to tax in Canada and it is not subject to tax in any other country. When the time comes to distribute the profits of the foreign business corporation, let us say it moves its residence outside of Canada so that no tax is payable on the distribution of the profits. If we consider that the general rule is that residents of Canada must pay Canadian income tax on their income from sources in Canada and from sources outside Canada, I put it to the committee that it is just not proper that all taxes should be avoided in this way through resort to the expedient of a foreign business corporation.

Canada has tax conventions with certain foreign countries. In some of those conventions it is provided that selling agents of Canadian corporations operating in those foreign countries shall not be subject to income tax unless there is a permanent establishment such as a selling office or the location of salesmen who have power to contract in those foreign countries. Where the selling agent is set up as a separate company it might qualify as a foreign business corporation, take advantage of the tax convention and also be free from tax in Canada. Therefore, you see, Mr. Chairman, that here you have all the makings of a situation in which Canada becomes a tax haven and where Canada derives no benefit whatever.

The hon. member for Kenora-Rainy River asks what harm are they doing if they set up an office here and employ a skeleton staff? They may not be doing any positive harm. The fact is they are enjoying very substantial tax advantages in Canada, and we think it is better, when those corporations in the situation I have indicated do not bring any advantage to Canada, they should not enjoy a special tax advantage. It would be very much better in those cases if such corporations were here not as foreign business corporations but were here and paid taxes in Canada in the same way as other corporations and individuals do.

Mr. Benidickson: Mr. Chairman, I continue to plead no great knowledge of the instances of individual companies but, as I said this afternoon, we do think of a large foreign corporation in Canada with which most of us are familiar, and I think of Brazilian Traction.

Mr. Fleming (Eglinton): This will take nothing from Brazilian Traction.

Mr. Benidickson: No, it will not because in their case you exempt them. But why are you preventing that happening in the future? I recall that under the Export Credits Insurance Act and some other legislation Canadians have enjoyed a great deal of employment and prosperity as a result of the interest in a company of this kind with headquarters in Canada doing business on foreign soil. This has been a great advantage to our economy. I do not speak at all for any particular officers of the company; they are better known to my friend than they are to me. Is this going to stop this kind of thing happening in the future? A Canadian organization with a Canadian head office formed a company which grew into large size and in recent years bought a tremendous amount of supplies from Canada because of the natural alliance that it had from head office.

Mr. Fleming (Eglinton): May I remind my hon. friend that we are not creating any impediment in this provision in the way of incorporating any company that wishes to do business that way. Any such intended incorporation is as free to proceed to incorporation tomorrow as it was prior to the introduction of the budget, even if this resolution is adopted. But this is a question of whether a corporation in those circumstances shall be entitled to enjoy the very advantageous tax position that foreign business corporations now enjoy under section 71.

My hon. friend asks me about making changes. Well, this change that is now proposed in section 71 is not the first time that section 71 has been altered. I remind my hon. friend that an amendment was introduced to section 71 by the former government in 1955 when he was parliamentary assistant to the minister of finance. That amendment had the effect of narrowing the provisions in order to create one more barrier that any corporation must overcome in order to qualify. It was in 1955 that it was provided in clause 71 (2) (d) that the foreign business corporation was to derive not more than 10 per cent of its gross profits from the leasing or operation by it of a ship or aircraft. That is different in kind from what we are doing here but it is a sample of the way in which the rules have been changed. It cannot be pretended that the rules have not been changed hitherto.

Mr. Benidickson: I am not suggesting that.

Mr. Fleming (Eglinton): What we are doing here, instead of changing the rules that apply to any existing corporation, is to say in effect that we are not going to make any change affecting them but we are going to say that no more corporations may qualify for the tax advantage. They can be incorporated, they can go into business, they can create in so doing any of the advantages to the economy of this country that my hon. friend sees accruing from the incorporation in Canada of a foreign business corporation.

Mr. Benidickson: What would the loss have been to the city of Toronto, from which my hon. friend comes, if Brazilian Traction had not had its head office in Toronto in recent years?

Mr. Fleming (Eglinton): My answer to that is that we take nothing away from any corporation that has qualified.

Mr. Pickersgill: But you prevent anything like that happening in the future.

Mr. Fleming (Eglinton): Not for all time. There are a number of these corporations in existence now and the issue here is whether a very valuable tax advantage should be conferred on corporations which happen to qualify under section 71 without any return to Canada. If there were some compensating advantage to Canada from the benefit that is extended to such corporations under Canada's laws—protection, indeed, life itself in the case of these corporations—then there might be some point to it, but if corporations in the future are going to be permitted to acquire this favoured position it will have to be on the basis of their being required to submit to the payment of some return for this advantage.

Mr. Benidickson: You will drive them out.

Amendment agreed to.

Paragraph 9 as amended agreed to.

The Deputy Chairman: Shall the resolution carry?

Mr. Benidickson: On division.

Resolution agreed to on division.

OLD AGE SECURITY ACT

Resolved, that it is expedient to introduce a measure to amend The Old Age Security Act to provide:

1. That for the 1960 and subsequent taxation years the rate of old age security tax every individual shall be required to pay on his taxable income be increased from 2 per cent with a maximum of $60 to 3 per cent with a maximum of $90 and that for the 1959 taxation year the rate shall be 2.5 per cent with a maximum of $75.

2. That with respect to income of corporations, other than non-resident-owned investment corporations, earned on and after January 1, 1959 the rate of old age security tax be increased from 2 per cent to 3 per cent of taxable income.

3. That the rate of old age security tax on the sale price of goods be increased from 2 per cent to 3 per cent and that any enactment founded upon this paragraph be deemed to have come into force on the 10th day of April, 1959.

The Deputy Chairman: Is there any discussion on paragraph one?

Mr. Benidickson: Mr. Chairman, the point I want to make very evident to the committee is that when this increase is proposed it is contrary to the arrangements that were made in 1951 when this plan was presented to parliament. At that time, particularly with respect to sales tax, the government of the day decided to absorb two per cent of the sales tax rather than see it advance as a consumer cost across the line. That is the point I want to emphasize to the committee tonight.

Despite all the words that we have heard from the Minister of Finance in past years, he is raising the sales tax to a record high. The last time there was an attempt to put the old age security fund into balance between outgo and taxes the government of that day absorbed two per cent of the then existing 10 per cent sales tax, and I think that would have been the proper course for the minister at this time.

The Deputy Chairman: Is there any further discussion on paragraph one? Is there any discussion on paragraph two? Is there any discussion on paragraph three? Shall the resolution carry?

Mr. Benidickson: On division.

Resolution agreed to on division.

EXCISE ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Act to provide:

1. That the duty of excise on spirits distilled in Canada be increased from $12 to $13 per proof gallon.

2. That the duty of excise on Canadian brandy be increased from $10 to $11 per proof gallon.

3. That the duty of excise on cigars be increased from $1 per 1000 to $2 per 1000.

4. That any enactment founded upon this resolution be deemed to have come into force on the 10th day of April, 1959.

The Deputy Chairman: Is there any discussion on paragraph one?

Mr. Winch: I do not think we can discuss the paragraphs separately because they involve one principle. I should like to ask the Minister of Finance a question that nobody else seems to want to ask. How far does he think he can go with respect to excise duties on distilled spirits? If my memory is correct, the provinces and the federal governmeint now receive about 80 cents out of every retail dollar spent on distilled spirits. It is my understanding that out of the 80 cents the federal government now receives 43 cents. I believe that somebody should ask the Minister of Finance this question and I am the one who is going to do it. When the provinces and the federal government now receive 80 cents out of every retail dollar, with the federal government receiving 43 cents, how far does the minister think he should go in increasing the tax on distilled spirits when the increase has to be paid by the person who likes to buy a drink?

Mr. Fleming (Eglinton): Mr. Chairman, somone on this side of the house asked what my qualifications were as a witness for the purpose of answering this question. The price at which liquor sells in any province is established, of course, by the provincial liquor outlet, normally the liquor commission of the province. I do not attempt to be able to quote the retail price or to be able to give the hon. gentleman the proportion of tax that is contained in that price. When he says "tax" that would mean presumably both the federal tax and the provincial mark-up. I can give to my hon. friend the figures as to the amount of tax. I can tell him what the tax will be on a 25-ounce bottle of whisky, 70 per cent proof if it starts with a manufacturer's selling price of $1.40 before any taxes. In recent years this has borne a total of excise duties and sales taxes of $1.58, and under this proposed increase the aggregate excise duty and sales tax will be advanced to $1.73.

In the budget speech I pointed out that the increase in the excise duty would amount to about 12 cents per 25-ounce bottle. The addition of the increased sales tax will bring the aggregate increase of both excise and sales taxes, according to my calculation, to 15 cents per 25-ounce bottle.

Mr. Pickersgill: I have a question and I am sure the minister will regard it as a very ignorant question. I am asking it purely for information. I notice that this Excise Act imposes a levy on spirits distilled in Canada and on Canadian brandy. I presume that somewhere or other there is an impost on imports—I would be surprised if a Tory government put an impost only on goods made in Canada—

Mr. Fleming (Eglinton): Yes, there is.

Mr. Pickersgill: Perhaps the minister would let me finish my question. My question is, what is the historical reason for the impost on imports being in a different act of parliament from this one, and where is the other impost found?

Mr. Fleming (Eglinton): Mr. Chairman, the corresponding levy on spirits imported from abroad will be found in the Customs Tariff. To answer the hon. gentleman's second question, there are two kinds of duties. There are excise duties and there are customs duties. The excise duties are levied upon certain Canadian products. The customs duties are levied on certain imported products.

As the hon. gentleman knows, the Excise Act is an act which levies excise duties upon alcohol in various forms, and we will be turning to the Customs Tariff for the corresponding levies by way of customs duties on corresponding imports. Then, we come to the Excise Tax Act, and there we have the statute under which the sales tax is imposed.

Mr. Pickersgill: I wonder, Mr. Chairman—the minister seems in a very amiable mood and I am anxious to continue my education—if the minister would tell me what is the difference between an excise duty and an excise tax? Perhaps I should ask the Minister of National Revenue who collects them?

Mr. Fleming (Eglinton): Broadly speaking, an excise duty is levied at the time that the goods pass out of some form of government control, out of bond, for example. The excise tax is the type of tax that is levied at some stage as the goods pass freely from hand to hand. For instance, the sales tax as we know is levied at the manufacturer's or producer's level. The excise duty is levied before the goods are permitted to move into circulation.

Mr. Pickersgill: I know that neither the minister or I use cigars or cigarettes, but I

was really puzzled as to why cigars came under the Excise Act and cigarettes under the Excise Tax Act. Is it because cigars go into bond and cigarettes do not, or is there some other reason?

Mr. Fleming (Eglinton): No, cigars and cigarettes are under both acts.

Mr. Pickersgill: Why has the minister raised the tax under one act for cigars and under the other act for cigarettes?

Mr. Fleming (Eglinton): For the reasons that will appear here, Mr. Chairman; in the one case it is the excise duty on cigars that is being raised from $1 per thousand to $2 per thousand, and in the case of cigarettes it is the excise tax on each five cigarettes or fraction of five cigarettes contained in any package that is being increased from 2 to 2½ cents.

Mr. Pickersgill: I can read just as well as the minister can. What I asked him was why he increased the duty in one case and the tax in another, if they both come under both acts? There must have been some reason?

Mr. Winch: May I ask a question here?

Mr. Fleming (Eglinton): It was the simplest way of achieving the increase in revenue that was required, and in the most equitable manner possible.

Mr. Winch: I understood we were going through these resolutions paragraph by paragraph, but we have gone from the Excise Act at the top of page 5 to the Excise Tax Act.

Mr. Fleming (Eglinton): The hon. member for Bonavista-Twillingate insisted on a rapid education, so we have been moving forward perhaps a little too swiftly. Perhaps we had better return to the earlier items again.

The Deputy Chairman: Is there any further discussion?

Resolution agreed to.

EXCISE TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act to provide:

1. That the excise tax on each five cigarettes or fraction of five cigarettes contained in any package be increased from 2 cents to 2½ cents;
2. That the wording of the exemption from sales tax for "stock conditioners, condiments and feed supplements for addition to poultry, cattle and other stock feeds" in Schedule III be changed to read:

"Feed supplements for addition to poultry, cattle and other stock feeds and materials to be used exclusively in the manufacture thereof";

3. That the exemption from sales tax for tanks for collecting milk be extended to include complete parts thereof including materials to be used exclusively in the manufacture of such tanks and parts;

[Mr. Pickersgill.]

4. That the definition of "producer or manufacturer" be extended to include any person who packages toilet articles, preparations, cosmetics or pharmaceuticals for sale except where they are packaged by a retailer in his retail premises for sale therefrom directly to consumers or users;
5. That the definition of "manufacturer or producer" be extended to include any person who markets, except by sale at retail directly to consumers or users, toilet articles, preparations, cosmetics or pharmaceuticals manufactured under his own brand;
6. That the sales tax be imposed, levied and collected on goods purchased or imported by a licensed wholesaler and retained for his own use or for rental to others;
7. That any enactment founded upon this resolution be deemed to have come into force on the 10th day of April, 1959;

and to provide further for certain changes in connection with the administration of the act.

On paragraph 1.

Mr. Winch: My argument is the same as on the previous resolution, but it is a little more emphatic because there are a great many more who smoke than there are who drink. I should like to ask the Minister of Finance —I know he is a non-drinker and a non-smoker—why he has to penalize those who like to have a smoke.

I have tried to make a study of the situation, and it is my understanding that prior to the introduction of this resolution the federal tax on a package of 20 cigarettes was 17.7 cents or 54 per cent of the ordinary retail price. It is now being increased. I used to roll my own cigarettes many years ago, but I did not like them. I am going to ask the Minister of Finance why, when he is already receiving 17.7 cents per package of 20 or 54 per cent of the retail price, it is necessary to increase this tax. Do not forget it is the average person in Canada who will pay the tax, the men, women—

Mr. Pickersgill: And children.

Mr. Winch: That is right, the men, women and children. Why do you think you need more than the 17.7 cents per package of 20 cigarettes? I know that you are so sacrosanct that I hate even to talk to you. I cannot believe that you have not any sin. When there are other avenues of taxation open, such as income tax on lawyers and others who we know make millions without taxes, why do you increase the tax on men, women and children who smoke?

Mr. Fleming (Eglinton): I am quite overwhelmed by the presentation the hon. gentleman has made of his case. It is extremely touching indeed. The fact is that we must have some additional revenue. Apparently the hon. gentleman regards taxes as a penalty, at any rate if they are levied on cigarettes. By the same token, if that reasoning is sound, I suppose any tax levied on

anything is something of a penalty. Against that argument I have to put before the hon. gentleman the view that however we may look at taxes, whether darkly or otherwise, no one has found a way of financing the services that governments must provide and are expected to provide nowadays, apart from levying taxes for the purpose.

If the hon. member thinks that we should have chosen something else, may I say that I am not aware of anything else in the way of a tax that could be said to be painless. The hon. member speaks about income tax. In the course of discussion on the budget and since then we have been told that there is nothing painless about the income tax. Hence I cannot see a distinction in kind or any fundamental difference between a tax on this particular commodity and other kinds of taxes that may be regarded as necessary for the purpose of raising revenue.

As to the extent of the levy, the proposed increase actually amounts to a bare fraction under two cents a package. With the increase in the sales tax it comes out to 2.2 cents per package. On a package of 20 that means about one-ninth of a cent per cigarette. I cannot really regard this as a crushing imposition. I refer to the addition of one-ninth of a cent on each cigarette.

Mr. Winch: Put it on the basis of the tax.

Mr. Fleming (Eglinton): The rate that will be in effect now is certainly not the highest rate that has been levied on cigarettes in the past. During the war the tax on a package of 20 cigarettes reached 21.7 cents. Effective April 10, 1951, it was increased by our predecessors in office to 25.21 cents per pack. I am speaking of taxes only, the combination of excise tax, excise duty and sales tax.

Mr. Winch: I thought we were at peace and in Conservative prosperity.

Mr. Fleming (Eglinton): Oh, we are. That is why I think the hon. member can well afford to pay one-ninth of a cent more by way of tax per cigarette. I think he will enjoy it that much more realizing that he is contributing something toward paying the cost of the substantial social security measures which this government has introduced for the benefit of the people of Canada.

Mr. Hellyer: The prosperity is going up in smoke.

Mr. Winch: Do the members of the minister's own party not also smoke?

Mr. Fleming (Eglinton): As I mentioned, the total of federal tax was advanced on April 10, 1951, to 25.1 cents per pack. On April 8, 1952, a year later, it was reduced, but it remained at 22.1 cents per pack for another year until the eve of the 1953 election when it was reduced further to 17.7 cents per pack of 20 cigarettes, which tax has been in effect for the past six years. There we have the story, Mr. Chairman.

The tax on cigarettes or cigars is not nearly as heavy in this country as it is in some other countries. There was a time when we, when in opposition, pointed out to the government of the day, with respect to this record high tax they imposed on cigarettes, that they were putting a premium on smuggling. When the cigarette tax was at its peak it was known that there was a good deal of smuggling going on. But the situation has quite drastically changed since that time. In those days there was a wide differential between the price of a package of cigarettes in the United States and the price of a package of cigarettes in Canada. The difference was so wide that there was a great incentive to smuggle. But that gap or that differential has been greatly narrowed since that time as a result of the increase of taxes in the United States. Today the differential is so much smaller that it is not anticipated that this modest increase in the tax on Canadian cigarettes or the cigarettes sold in Canada will be any encouragement to smuggling.

In addition, there are provinces which themselves levy provincial taxes on cigarettes.

All things considered, this tax was regarded as being as painless a way of finding needed revenues as any that could be resorted to. I hope that my hon. friend, in paying one-ninth of a cent additional tax per cigarette, will derive satisfaction from the fact that he is thereby increasing the revenues that will be used for the purpose of sustaining the social security program and other measures of a kind that the people of Canada seem to desire.

Mr. Knowles: I want to address a few words to the minister with respect to this problem, probably from a slightly different angle. The people in my area who are in the tobacco-growing business are quite concerned about the increase in excise tax. As the minister has indicated, they well remember the results that followed from the increase back in 1951 when the law of diminishing returns set in to the extent that growers in the area suffered a decrease in production of some three million pounds. Of course, as in any other industry, when there is a reduction in production, when you are not working at peak capacity, the result is a certain amount of inefficiency. There again the people are quite concerned lest this condition might set in again.

To many Canadians this increase is just a statistic but to the farmers of Norfolk who grow the crop it is a threat to their maximum production. To many hon. members and people throughout Canada tobacco probably is considered a luxury. I suppose when it was completely an import product brought into Canada it was a luxury. However, today the people in my area who brought a poor sandy soil back into a condition of productivity, so that they are now able to earn a reasonable living, do not consider it a luxury at all. Neither do they consider it a luxury when they compare their income to the income the federal treasury receives from tobacco. Nor do they consider it a luxury when they consider the tremendous amount of capital investment in land and equipment and the high cost of growing an acre of tobacco, which is something over $500 an acre, and also the tedious hours of hard labour. On top of all that, we have many hazards such as wind, hail and frost which in one year can bring total disaster to a season's work.

Therefore we are vitally concerned in it from the standpoint of the economic condition of the area, not only to the farmers but to surrounding businesses as well. The question I wanted to bring to the attention of the minister is that we would like some assurance from him that the law of diminishing returns will not set in.

Mr. Pickersgill: Mr. Chairman, I would like to add a little to what has been said by the hon. member from my native county of Norfolk. I would like to add a little to the history given to us by the Minister of Finance as well. What the Minister of Finance did not tell us was that the hon. member from Norfolk and the present Minister of Transport attended a meeting in Norfolk county, a meeting which was reported in the Simcoe *Reformer* on June 5, 1957. The heading of this account of the meeting in the Simcoe *Reformer* is: "Excessive Tobacco, Income Taxes Blasted by Speaker at Conservative Rally Here." Then the report goes on:

> Speaking on behalf of J. Evans Knowles, Progressive Conservative candidate for Norfolk county, George Hees, Member of Parliament for Toronto-Broadview, said that the Conservative party is on the move and going some place, while at the same time the Liberal government was made up of old men in an old party—
> "They keep extolling their work of the past"—

And so on. I am not going to read all this stuff because, Mr. Chairman, you will call me to order in a moment. I would like to come to a quotation of Mr. Hees, the present Minister of Transport, where he says:

> "Tobacco I am sure is the most highly taxed commodity and has been shown rank discrimination with regard to taxation."

That was the tax which the minister said was low, the Liberal tax. In the light of these remarks, I would hate to think what the Minister of Transport, if he were not bound by cabinet solidarity, would say about this latest increase. I think I had better repeat this for the benefit of the minister and other members opposite as another striking example of the way this government has kept its promises:

> "Tobacco I am sure is the most highly taxed commodity and has been shown rank discrimination with regard to taxation."

Then he went on:

> If the taxes were lowered on tobacco—

This is the present Minister of Transport speaking in 1957—

> —more tobacco products would be sold and therefore the gross intake would be greater.

The Minister of Finance apparently does not believe this and does not agree with the economic philosophy of his colleague, the Minister of Transport.

> This has been proved when some time ago the price of cigarettes was raised. You all know what happened. The sales dropped off and consequently the gross intake. The tax was lowered and up went the sales and the intake.

Then the minister went on to hold out the same hopes about automobiles, and you remember what the minister did to them.

That was not the only occasion upon which high hopes were held out, and the Minister of Transport was not the only one who held them out. On February 18, 1958 the Hamilton *Spectator* carried this account of a meeting the Prime Minister had at Brantford:

> Prime Minister Diefenbaker blew a warm blast of optimism over this sub-zero city last night.

I imagine the news that the cigarette tax was going to be raised blew a cold blast over that optimism. I forgot to read the heading of this article, and perhaps I should read it for the benefit of the hon. member for Norfolk, the hon. member for Elgin, who is not here, and the hon. member for—

Mr. MacLean (Queen's): The hon. member for Elgin is here.

Mr. Pickersgill: Then I beg the hon. member's pardon; I was thinking of the hon. member for Oxford. The hon. member for Oxford is not here.

An hon. Member: Yes he is.

Mr. Pickersgill: Well, the hon. member for Kent, who is no doubt here and will speak for himself, and the hon. member for Essex South and the hon. member for Joliette-L'Assomption-Montcalm. I am sure he is delighted with these increases in the cigarette taxes. Now, this report is only a year ago,

before the election. This is the kind of thing that the tobacco growers of this country were being treated to. This is the heading: "Optimistic Prime Minister Hints PC's Would Trim Tobacco Taxes". I imagine the average person on reading that would think by "trim" was meant taking something off. I suppose the word could be used in the opposite sense of putting more trimming on in the form of additional tax.

Mr. Robichaud: Trimming the taxpayers' pockets.

Mr. Pickersgill: Yes, and also in another sense, as the hon. member for Gloucester has reminded me, of trimming the taxpayer. Perhaps that is what the Prime Minister had in mind. Here is what the Prime Minister is quoted as having said:

"The tobacco industry has asked for some action, and we are having the question looked into—"

You know the way the Prime Minister is always looking into things—

"—to ascertain what action should be taken to assist the tobacco growers to achieve fair and reasonable returns", said Mr. Diefenbaker, who is a non-smoker.

I really do not know what that has to do with the subject.

Mr. MacInnis: You are a non-smoker.

Mr. Pickersgill: Yes, that is true.

Mr. MacInnis: Then why mention it?

Mr. Pickersgill: The hon. member for Cape Breton South like Pontius Pilate stays not for an answer, but I will give one. I mentioned it to show how disinterested I was, because as far as my pocket is concerned it does not matter to me what the tax on cigarettes is. But I am a strong believer in governments keeping their promises and in public men carrying out their promises.

Some hon. Members: Oh, oh.

Mr. Pickersgill: There certainly could be no more glaring example anywhere than in this particular case, because if there is one industry which was singled out both in 1957 and 1958 and told the Liberals had discriminated against it, and given the impression, as I have shown here from this article, that this government was going to do the opposite, it was the tobacco growers as the hon. member for Norfolk well knows. I understand he actually had his picture taken with the Prime Minister holding up a package of cigarettes and telling the growers of the wonderful things which would be done for them. But I will stick to the text which I have before me. I have not got the pictures here but I do have these words attributed to the Prime Minister:

"The tobacco industry has asked for some action and we are having the question looked into to ascertain what action should be taken to assist the tobacco growers to achieve fair and reasonable return," said Mr. Diefenbaker, who is a non-smoker.

He added: "The tobacco industry has not received the consideration it has deserved".

Apparently it has now got the consideration which the Minister of Finance thinks it deserves and it has got it in the form of an increase in the tax. I could go through a lot of other clippings. Apparently this hinting went on in a good many places in western Ontario during those two election campaigns, but it does not seem to me that the number of the promises, which were made outside the house and therefore would be the kind of second class promises that the Minister of National Revenue referred to the other day, makes any difference. I am sure that the hon. member for Norfolk and his constituents believed that when the Prime Minister talked about some kind of action, that kind of action was going to be the kind of action that the tobacco growers expected and not the exact opposite.

It is true that you can twist these words around and argue that the Prime Minister was really warning then that the tobacco growers and tobacco consumers were going to have to pay the cost of his extravagance. That is perhaps what he really warned them of in this rather veiled language. I am sure, however, that all the electors in the tobacco districts of Ontario, every constituency of which returned a Tory member, are going to feel pretty disillusioned about any further promises emanating from hon. gentlemen opposite.

Mr. Fleming (Eglinton): Mr. Chairman, I cannot deny myself the pleasure of saying something in immediate succession in the course of debate to the hon. member for Bonavista-Twillingate. The carpet of the chamber is already wet in front of him with the crocodile tears that gushed forth from his eyes. This outburst has come from an hon. member as spokesman of a party which in 1951 raised the tax on cigarettes to 25.1 cents a package.

Mr. Pickersgill: During the war.

Mr. Fleming (Eglinton): Under pressure of demand from the Conservative opposition of that time that government the following year reduced the price to 22.1 cents per package. It was under pressure from the Conservative opposition of that day—

Mr. Pickersgill: Mr. Chairman, I know that the minister does not want to be unfair—

Mr. Fleming (Eglinton): —that the Liberal party then proceeded to reduce the price—

Mr. Pickersgill: Mr. Chairman, I am rising on a question of privilege.

The Deputy Chairman: Order. The hon. member said he is rising on a question of privilege.

Mr. Pickersgill: Mr. Chairman, my question of privilege is that the minister said I was a member of the government in 1951-1952. I was not a member of any government in 1951-52.

Mr. Fleming (Eglinton): Mr. Chairman, if I said that the hon. member for Bonavista-Twillingate was a member of the government of that time, of course I overstated the fact.

Mr. Pickersgill: You misstated the fact.

Mr. Fleming (Eglinton): The hon. member accepted outwardly the role of being a member of the government somewhat later, not thereby evidently increasing his influence. Having regard to the extent to which he seemed to have influenced the strategy of the government in those times I think I am not unfair to the hon. member in ascribing to him a great deal of the responsibility for the blunders and the unjust impositions of that former government even before he accepted a portfolio in the government.

I pointed to the fact that he is spokesman for a party whose government at that time had raised the tax on cigarettes to 25.1 cents per pack and it was the Conservative opposition that demanded that the tax be reduced. Similarly the following year in 1952, and again in 1953, it was the Conservative party, in opposition in those days, which forms the government today that was responsible for keeping up year in and year out the demand that the unfair impositions that the Liberal government was imposing upon the tobacco industry should be eased.

Mr. Pickersgill: Now you are putting them on again.

Mr. Fleming (Eglinton): I have indicated why in this present situation with the need for finding further revenues to combat the dangers of inflation, to reduce the deficit and to enable the government to go forward with this recovery program that is gaining momentum day by day and bringing more impetus to the Canadian economy as it proceeds, it is necessary that we recommend to the committee certain increases in taxes now.

No one has pleaded in this chamber the cause of the tobacco grower more effectively, more eloquently or more earnestly than the hon. member for Norfolk. He has been ably supported, as I can testify from my discussions with them, by the hon. members who represent that cluster of ridings in western Ontario in which tobacco is grown on a substantial scale, including the hon. member for Elgin, the hon. member for Oxford and other hon. members whose voices have been heard and listened to on this subject.

The question has been raised as to whether this very modest increase in the tax on cigarettes and the modest increase in the tax on cigars may have the effect of hurting the interests of the tobacco growers. I do not believe that these very slight increases will have any such effect. We are not in the situation we were in a few years ago.

I have pointed to what happened in the smuggling of United States cigarettes into Canada in the days when the Liberal party was boosting the tax on cigarettes to all-time record heights, and the smuggling went on. If we look at the figures of consumption with respect to cigarettes and have regard to the fact that we have not applied the increase in taxes on tobacco in all forms, I believe hon. members may be re-assured in this regard.

We were careful to confine the increases to tobacco in two forms, cigars and cigarettes. As to cigarettes, may I remind hon. members of the fact that a very heavy increase both in absolute consumption and per capita consumption in cigarettes has occurred in these recent years.

In 1952 when the former government was keeping the tax on cigarettes at a substantially higher figure than it will be under this present budget there were consumed in Canada 18 billion cigarettes, to give the committee round figures. It is estimated that in 1958 the consumption of cigarettes in Canada had increased in round figures to 33 billion. In those six years there had been an increase of nearly 15 billion in the number of cigarettes consumed in Canada and in terms of percentage an increase of 80 per cent in 1958 over the consumption in 1952. Those are absolute figures.

Some hon. member may say there was an increase in population in that period, and that is true. Therefore I give the committee, Mr. Chairman, the per capita figures of consumption of cigarettes in Canada for the same period. In 1952 the per capita consumption of cigarettes in Canada was 1,258. By 1958 that had increased to 1,925. This represents an increase of 667 cigarettes per capita and a percentage increase of 53 per cent in 1958 over 1952.

In the light of the harsh treatment they received under the Liberal government I can well understand why tobacco growers should be vigilant and concerned about any change in their tax treatment. I believe that it is undeniable, however, in the light of these figures

that no modest increase of one-ninth of a cent per cigarette is going to make any impression on these growing figures. I think, therefore, that the tobacco growers of this country can feel quite reassured that this increase is so slight so as to not pose any threat whatever to their interests.

Mr. Pickersgill: Mr. Chairman, I cannot let one or two observations and especially those of a personal nature made by the minister pass without comment. I do not take the slightest exception to these exaggerated and complimentary references the minister pays to the role I occupied in this country before I became a member of the government but as everyone knows I had no responsibility for preparing any budget even when I was a member of the government except at the very last when I took the collective responsibility that all ministers do.

But even if I did, I would like to remind the committee that the prime minister of that day did not go around before the election promising that the taxes would be reduced and then within 13 months increase them. That is the difference between the Liberal government and the Tory government. The minister knows perfectly well why the tax and other taxes were increased in 1951 and 1952. He knows perfectly well it was because this country was engaged in a war in the Pacific and in the vast rearmament connected with the North Atlantic treaty and for no other reason, and he knows that just as quickly as possible those imposts were reduced.

It is not for me to say whether or not it was too high in 1951, and whether the government was wise to reduce it in 1952 and again in 1953. I imagine they were, but I am sure that those reductions in 1952 and 1953 gave a good deal more pleasure to the people of my native county of Norfolk and other counties round about than this increase they have had and, I repeat, after they had been told at Brantford by the Prime Minister when he was Prime Minister—and I shall read from this same clipping from the Hamilton *Spectator:*

> The tobacco industry has asked for some action, and we are having the question looked into to ascertain what action should be taken to assist the tobacco growers.

This is what they were promised only a year ago in order to get their votes, and this is what they are getting.

Mr. Winch: Mr. Chairman, I have had an opportunity for over 26 years to listen to ministers of finance, both provincial and federal, and never in those 26 years did I listen to so much financial eyewash as we have had from the present Minister of Finance in the past few minutes. It is almost inconceivable that the Minister of Finance would have the temerity and audacity to rise in his place and say what he said a few moments ago. He implied—as a matter of fact I can take no other interpretation from it—that all the great works that the government has in mind with respect to social security are tied to this increase in taxation on tobacco. Well, of course, although in the emotionalism of the Minister of Finance that may have been the point, the fact is we spent this afternoon and part of this evening on the Income Tax Act under which authority has been given for increases in taxation.

Of course, the tobacco tax can have no reference whatsoever to old age pension payments, because that also is very carefully covered in the budget, in the resolution and in the bill which will follow. You know, Mr. Chairman, I will admit I have to admire the suavity and—

Mr. Fisher: Gall.

Mr. Winch: No, I am a gentleman; I would not say gall.

An hon. Member: Probity.

Mr. Winch: I admire the approach of the Minister of Finance. He is one of the most Machiavellian ministers of finance I have yet heard. He can reduce millions of dollars down to one-ninth of one cent. That is very clever, Mr. Chairman, but it is not honesty.

Some hon. Members: Withdraw.

Mr. Winch: One second, now; it is true, but not honest. You know why it is not honest? It is true in the presentation of the increase of taxation on one cigarette but it is not honest because it does not give the real picture as to the taxation. I said I gave all respect to a great Machiavellian Minister of Finance but he has not yet answered and I challenge him to answer why. In about two minutes I am going to go out and give the minister one-ninth of one cent increase in the cost of a cigarette because I am going to have a smoke.

Mr. Monteith (Perth): Do you think you have earned it?

Mr. Winch: The important fact is that prior to the speech of the Minister of Finance, through the Minister of National Revenue, he was receiving 54 cents out of every dollar spent in the retail market on cigarettes. He now says his increase is only one-ninth of one cent on a cigarette, but up until now he has been receiving 54 cents out of every dollar spent on cigarettes by the Canadian public. Not being satisfied with 54 cents out of every dollar, he wants to raise the tax so that he gets 56 cents out of every dollar

spent on cigarettes. He speaks of one-ninth of one cent increase on a cigarette. I think the public should know that he is not satisfied with 54 cents out of every dollar; he wants more than that. Surely, there is a limit to what even a minister of finance should ask for as a return.

The minister does not smoke, but the majority of the people of Canada do. Why does he think he has to hit them harder and harder? I do not know why. As a matter of fact, Mr. Chairman, when I see what is happening to the increased taxes on spirits, and to go back to this I must have your permission to speak on what we have already decided, where the government is going to increase the tax so much, I have a dirty, sneaking hunch that very carefully the Minister of Finance is coming pretty close to public ownership because he has taken about everything there is, anyway. He may as well own it and take it all.

Mr. Bigg: That is your platform, not ours.

Mr. Winch: I was hoping somebody would say that, because, having regard to the way liquor and cigarettes are taxed, you may as well take it all and receive it all. That is the actual situation now, but you have not the intestinal fortitude to own up to it. You are taxing so much now on certain items that you may as well take it all anyway. I do want to say most sincerely that the attitude of the Minister of Finance in going so far as to increase the tax on cigarettes is not fair. He should deal with the amount his government is receiving. I say most sincerely that the 54 per cent already being collected on the sale of cigarettes should be enough for a private enterprise government to collect. I would ask that consideration be given to letting the average citizen enjoy his smokes and his liquor too, if you wish, without the government collecting any more unless the government has the fortitude to come out and say that they will take over both of them under public ownership.

Mr. Pickersgill: I should like to ask one question of the minister. On December 20, 1957 the Minister of National Revenue said that he was recommending a change in the regulations governing the exemption from tax of cigarettes on fishing vessels. Up till that time the tax was not imposed if the vessels were out of port for 15 days and he said he was reducing it to 10 days. This was a pretty slender implementation of the very high hopes held out on the east coast by members of the Conservative party in the 1957 election but one has to admit that they did do a little something about it. I wonder whether the minister can assure us that at least that small concession is not being taken away at this time.

Mr. Fleming (Eglinton): The proposed change in the act will not affect the regulations.

Mr. Pickersgill: I appreciate that but I was asking the minister if he could give us the assurance that there was no thought of changing that regulation.

Mr. Fleming (Eglinton): I certainly have heard of none and I do not believe there is any thought of making any such change.

(Translation):

Mr. Pigeon: Mr. Chairman, I should like to say a very few words about this matter. As the representative of a constituency which is at the very heart of the flue-cured and cigar tobacco producing area of Quebec, I feel sure that this increase is only temporary and that in the near future, perhaps next year, the minister will reconsider his policy, and cut the excise tax on cigar and cigarette tobaccos.

It is too bad that, under the Liberal administration, the excise tax on cigar and cigarette tobaccos went up by 100 per cent.

I am equally sure that nobody is more anxious than the Minister of Finance to help the tobacco grower. So I would ask him to consider the possibility of raising the tariff on cigar tobaccos imported from the United States or Cuba.

The most unfortunate part of it, under the former administration, was that customs duties on non-manufactured cigar tobacco were considerably lowered. For instance, in 1936, the rate on unstemmed cigar tobacco leaves was 40 cents a pound and on stemmed tobacco 60 cents a pound. On January 1, 1948, the custom duty on unstemmed tobacco went down to 20 cents a pound, and to 30 cents a pound, for stemmed tobacco. On October 17, 1948, duty rates on unstemmed and stemmed tobacco were decreased to 15 cents and 22½ cents respectively. On June 30, 1956, the customs duty on unstemmed tobacco and stemmed tobacco went down to 12½ and 20 cents a pound respectively.

Mr. Chairman, I may assure you that I have witnessed the effect of those lowered customs duty rates. Cigar tobacco producers in the province of Quebec came to Ottawa on various occasions and made representations to the government of the day, asking that the customs duties be raised. But they were always turned down.

Mr. Chairman, I am asking the Minister of Finance to study the possibility of raising customs duties in respect of tobacco imported from the United States and Cuba.

I know that the excise tax increase on tobacco is only a temporary one. The present government incurred a slight deficit due to the poor administration which preceded it, but I am satisfied that the budgetary position, and the balance of the budget will be restored under the present administration, because we have at the head of the finance department a most able and efficient man.

Before concluding my brief remarks, Mr. Chairman, I again ask the Minister of Finance to consider whether it would be possible to increase customs duties on imported tobacco and within the near future, to abolish excise duties on cigars while lowering the excise tax on cigarettes.

Mr. Denis: Mr. Chairman, I listened very closely and with much interest to the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon). I noted that the hon. member supported the opposition, in the sense that he was so opposed to the increased excise tax on cigarettes that he had the hon. Minister of Finance (Mr. Fleming) practically promise that the increase was only temporary, which means that it would be removed next year, if we are to believe the hon. member for Joliette-L'Assomption-Montcalm.

Like members of the present government, when the hon. member is in a tight spot, he talks about the misdeeds of the previous government. On the other hand, when he wishes to speak well of his own party, he readily reverts to the times of Sir John A. Macdonald. However, few Conservative members from the province of Quebec will boast of their traditional ties with the administration of the Right Hon. R. B. Bennett.

The hon. member for Joliette-L'Assomption-Montcalm complained of the fact that, under the Liberal administration, some associations asked for a cut in customs duties on cigar tobacco—

Mr. Pigeon: They asked that the duty be raised.

Mr. Denis: Those associations are said to have asked that the customs duties be raised.

Now, I understand this government has been in power for twenty months. It went through two elections with considerable success. Then, how is it the hon. member for Joliette-L'Assomption-Montcalm, with his influence, has not been able to convince the present government to raise the customs duties? People come here in this house and complain, discuss taxation, and quote figures applying to the past five, six and even ten years. They talk about the past, but not about the present—

An hon. Member: They should be talking about the future.

Mr. Denis: Why does not the government act as if it were alive at this moment and as if it were really running the country, not only in relation to the past, but in relation to the present? When will it finally quit accusing every one except itself? And when will it stop boasting?

The hon. Minister of Finance asked us a moment ago to support this motion, stating that it will only involve a minor increase. The hon. member for Joliette-l'Assomption-Montcalm said there was only a "small deficit". Would you call $617,000,000 a small deficit? As the member who spoke before me has indicated, it is really a 56 per cent tax on the price of cigarettes.

Furthermore, in replying to the hon. member for Bonavista-Twillingate (Mr. Pickersgill), the hon. Minister of Finance completely evaded the issue. He simply said that the Conservative government had made many promises, and that not only had such promises not been kept but that the government had actually taken opposite steps. We have heard the Minister of Finance say that taxes were raised in 1952, and again in 1953 and 1954. He quoted percentage ratios, etc., and gave that as an answer to the hon. member for Bonavista-Twillingate. In short, I am convinced he spoke for about 15 minutes without replying to the objections and criticisms raised by the hon. member. Every time this government is in trouble, the minister avoids replying to questions. He speaks for three hours, and quotes masses of figures so that no one will be able to make heads or tails out of it. The fact remains that he has raised the tax after promising to reduce it.

Is it not a fact that this famous customs duty is still the same, and that there has been no increase, despite anything the member for Joliette-L'Assomption-Montcalm may say? What is their purpose in accusing the former administration of doing worse, or just as bad, when they had promised to do better? They have been in power twenty months; so they have had time to correct any past mistakes.

This tax increase is the responsibility of the Conservative government. I therefore ask the hon. member for Joliette-L'Assomption-Montcalm to swallow his pill, and if because there is no increase in the customs duty on tobacco, and his constituents have to suffer

hardship through the fault of his government, let him take the responsibility.

(Text):

Mr. Hellyer: Mr. Chairman, I am considerably surprised that the Minister of Finance would propose this change in the law. I realize that he needs the revenue very much but I thought, in view of what he had said in previous years and what his colleagues had said, he was thoroughly conversant with the law of diminishing returns. I thought he would benefit from the experience of his predecessors who found that sometimes when taxes are increased this results in a lower yield to the government than would have been returned had the taxes remained at a lower level.

It was with considerable surprise, therefore, that we listened to the minister tell us in his budget speech that he was going to repeat something that in earlier years he told us was a mistake and which again tonight he told us was a mistake. This is something about which he spoke very strongly and very vigorously in earlier days and which he characterized as another error and more fumbling on the part of the then administration. Still he walks right into the same trap. We are additionally surprised because of the sentiments expressed by members of the government during the election campaign. The hon. member for Bonavista-Twillingate has mentioned some of the things that were said in the tobacco growing district. I have another quotation here which I should like to put on the record. This is from the *Globe and Mail* and the dateline is Brantford, February 17, 1958. It reads as follows:

> Prime Minister Diefenbaker last night dropped a clear hint that the taxes on cigarettes, cigars and tobacco soon may be cut.
>
> He told an audience of 1,400 that no industry in Canada suffers a greater degree of taxation than the tobacco industry—
>
> To the Brantford audience, living on the northern fringe of Ontario's tobacco belt—where production has jumped from 63,000 acres in 1943 to 120,000 in 1956—the Prime Minister's hint appeared an effective vote catcher.

The Minister of Finance has told us tonight that the hon. member for Norfolk has made representations on behalf of the tobacco growing industry, and that they had listened to him. Obviously he did not speak loudly enough or clearly enough to get through to the Minister of Finance. It is, therefore, necessary for the hon. member for Bonavista-Twillingate and myself, because we are also natives of Norfolk county, to come to his assistance. I should like to move:

> That paragraph 1 be striken out of the resolution and that the following paragraphs be renumbered accordingly.
>
> [Mr. Denis.]

Mr. Fleming (Eglinton): Obviously, such an amendment is out of order; it is a straight negative.

Mr. Pickersgill: I should like to say a word on the point raised by the Minister of Finance. The minister says this amendment is a straight negative. The minister knows, of course, quite well that this is a resolution to amend the Excise Tax Act and all these seven paragraphs compose the one resolution. He knows quite well that the effect of striking out one paragraph is not to negative the resolution but is merely to reduce the amount of the total change in the tax, the amount of increase in the tax. I think even the minister will admit that one of the rights of parliament that is perhaps more sacred than any other is the right to vote taxes or to vote against taxes. The suggestion that it is incompetent to any member to vote that a part of the tax be reduced is surely too preposterous for the Chair to entertain. This would be the effect of the amendment. We are not asking the committee to strike out the whole thing; we are asking them to strike out one paragraph to reduce the amount of the increase. I submit, sir, that the amendment is in order.

Mr. Fleming (Eglinton): Mr. Chairman, we have been taking up each of these resolutions paragraph by paragraph. What is before the committee now is paragraph 1 of the resolution respecting the Excise Tax Act. What is introduced now by the hon. member for Trinity is an amendment to strike out paragraph 1 which is now under discussion, and to renumber the balance of the paragraphs. With respect to the matter now before the committee, which is the paragraph, obviously the amendment is straight negative and therefore out of order.

The Chairman: The amendment moved by the hon. member for Trinity is that paragraph 1 be striken out of the resolution and the following paragraphs be renumbered accordingly. After consulting Beauchesne's fourth edition, page 221, citation 265, I find it reads:

> No member other than a minister of the crown may introduce a bill for the reduction of duties. The government must take full responsibility for the taxation levied to provide the revenue. But the house enjoys complete freedom to make every representation possible to the government with regard to the manner in which the ministers discharge this responsibility. This duty the members may perform by moving amendments to reduce the taxes proposed by the administration.

If the purpose of the amendment moved by the hon. member for Trinity is that taxes may be reduced, then in my opinion the amendment is in order. If the purpose is that the tax may be removed altogether by removing paragraph 1, then the amendment is not in order.

Mr. Hellyer: If I may say a word on the point of order—

The Chairman: The hon. member for Trinity should explain more clearly the purpose of his amendment.

Mr. Hellyer: Yes, Mr. Chairman, this amendment does not remove or eliminate the tax on cigarettes. All it does is to reduce the proposed increase in taxes contained in this resolution, and as such it is merely part of the proposed total increase in taxation presented to the committee by the minister. Consequently it is in effect a reduction in taxation and therefore clearly falls within the last part of the citation from Beauchesne, and is in my opinion in order.

Mr. Aiken: May I refer you, Mr. Chairman, to paragraph 202, page 170, subsection (15):

(15) An amendment approving part of a motion and disapproving the remainder is out of order.

I would submit that in this particular case to agree to this motion would be to split the motion and thus be in breach of this particular clause.

Mr. Pickersgill: On that point, may I say that this amendment does not say anything about the other paragraphs, whether they are approved or disapproved. The resolution before the committee is a single resolution. The word "resolved" appears only once. The hon. member for Trinity has moved that the first paragraph, which is a part and only a part of the total increase in taxes proposed, should be stricken out. He is not moving that the rest of the taxes be stricken out. It therefore seems to me that it is in strict conformity with the citation that Your Honour read:

This duty the members may perform by moving amendments to reduce the taxes proposed by the administration.

The administration has proposed to increase the excise tax in a number of ways. We are suggesting that in one of these ways the increase should not take place and therefore the total should be reduced.

Mr. Fleming (Eglinton): This is an extremely ingenious argument that has just been addressed to you, Mr. Chairman. You invited the hon. member for Trinity to explain the purpose of his amendment. He says that he wishes to eliminate the proposed tax increase in paragraph 1. He does not deal with his attitude toward the remaining paragraphs in the resolution. Then along comes the hon. member for Bonavista-Twillingate and says, "Oh, this is just one resolution. We are just dealing with one change in one aspect of the resolution". But, Mr. Chairman, this is intended to evade the point of your question. Unless the purpose of the amendment is to adopt the balance of the resolution, there is no escape from the point I have addressed to you, namely that this is in effect a negative because we are dealing only with the first paragraph thus far. That is what was called.

Mr. Pickersgill: Oh, no.

Mr. Fleming (Eglinton): If this can be done on the first paragraph, then when we come to paragraph 2 the hon. gentlemen could move to strike out paragraph No. 2 and rearrange the numbering. Then when we come to paragraph 3, they could move to strike it out and renumber the other paragraphs. Then when we come to paragraph No. 4, they could move to strike it out and renumber the balance. Then when we come to paragraph 5, they could move to strike it out and renumber the remaining ones. They could do the same with regard to paragraph 6 and paragraph 7. In that way they would have established seven different negatives. Obviously that procedure defies reason. It defies the rules of the house.

The plainest rule of the house is that no amendment can be introduced which is in effect a negative to a motion. It is a most ingenious argument to say, "We are dealing only with one part of this resolution and the rest of it stands". But, Mr. Chairman, the rest of it does not stand. They are reserving the right to come along and do the same thing with regard to every other paragraph. Surely that is the answer to what they are saying.

I give you the citation in Beauchesne's fourth edition at page 222. It is citation 266 subparagraph (4) which reads as follows:

(4) It is not in order to move the deletion of a particular clause in an excise tax resolution because it alters the balance of ways and means. Chairman's decision confirmed by the house on a division—

That was in 1951. I well remember the case because the situation there was that an opposition member moved to strike out a certain proposed tax and the motion was ruled out of order. Then an attempt was made by an ingenious member to overcome that difficulty by saying, "Oh, we will take this tax off and we will put on another in its place so that the balance of ways and means shall not be disturbed." That procedure was ruled not to save the situation. It was ruled out of order. I suggest that this amendment, a much clearer case than that in 1951, is out of order because it is clearly a negative.

Mr. Chevrier: If I may be allowed to reply to what my hon. friend has said, Mr. Chairman, I should like to bring to your attention

the fact that if the minister's argument were to be accepted, we on this side of the house could at no time move to reduce a tax as has been done by the hon. member for Trinity. After all, surely there are still some rights left on this side of the house. What we are doing in effect is making a motion to leave the tax exactly where it was before this resolution was introduced and to leave the remaining paragraphs of that resolution exactly as they are, renumbering them as the amendment states. I think the situation is covered clearly, not only by citation 265, the latter part of which you have brought to the attention of the committee, but also by citation 244, subsection (2), where motions and amendments of this nature have been held to be in order. If the argument of the minister were to be accepted, we on this side of the house could never make a motion to reduce a tax; and I am sure that is not the intention of those who made the rules of the house.

Mr. Fleming (Eglinton): If my hon. friend wishes to establish the fact that he is against the proposed increase, then under the rules of the house he divides the house on this motion. There is no excuse whatever for introducing an amendment that is in effect a straight negative.

Mr. Chevrier: I do not like the division. That is the trouble.

Mr. Lambert: With respect, Mr. Chairman, may I point out to hon. members opposite that we are here dealing with a ways and means resolution. They have been quoting from Beauchesne on matters dealing with other types of motions. I would respectfully submit that citation 266 is the only one that is germane. We are dealing with a ways and means resolution. Therefore citation 266 (4) as cited by the minister is completely applicable and that should be the ruling.

Mr. Pickersgill: On the point made by the hon. member for Edmonton West, may I say this. The only way in which a tax change can be made is by a ways and means resolution. What the hon. member is saying is that the citation which Your Honour read as the most relevant one does not mean anything at all. It is impossible that Your Honour could have been so mistaken.

Mr. Chairman: Order. This point of procedure has somewhat complicated my existence tonight. Many points of view on this matter have been expressed. It is my opinion that, in accordance with paragraph 265 (1), this duty members may perform by moving amendments to reduce the taxes proposed by the administration. Actually, it is my personal opinion that the amendment moved by the hon. member for Trinity has been badly framed and is not explicit enough. For instance, it is quite obvious that if paragraph 1 were eliminated by the committee, the succeeding paragraphs would move up one, that paragraph 2 would become paragraph 1 and so on. If actually the desire of the hon. member for Trinity and his colleagues in the opposition is that the taxes be reduced to their former level, their amendment should have been written in such a way as to imply as much.

As I understand it at present, there have been many decisions on this matter of an amendment in the past which are similar to this one. I have in front of me a ruling which was made in the House of Commons in Westminster, and there are other rulings available which may be somewhat contradictory. Therefore, if it is agreeable to the house I would like to consult over this matter and render a decision tomorrow based on the various facts and authorities which will be collected. Shall we then proceed with paragraph 2 and revert to paragraph 1 tomorrow when such decision will have been reached?

Mr. Hellyer: That suggestion will be agreeable to us, Mr. Chairman.

Paragraph stands.

Paragraphs 2 and 3 agreed.

On paragraph 4.

The Chairman: Is there any discussion on paragraph 4?

Mr. Mitchell: Mr. Chairman, I would like to reiterate what I said in the budget speech about the changing of the tax level from the manufacturer to the packager, and about the discrimination between certain types of retail outlets. With this in view anything I may say refers to the cosmetic field, the same as it does to the pharmaceutical field. A level of the tax where you put the packager into the manufacturers' level is creating discrimination between retail outlets. Should a retailer be able to buy in sufficient quantities from the manufacturer and pay the sales tax at his level, he would naturally be paying 11 per cent tax. But when the packager who is now classified as a manufacturer buys the same product from the manufacturer and turns it out to his retail outlet plus his own costs, he would have to include it in his costs and turn it over to a retail outlet not within his own company. I am speaking of a wholesaler when I say this. He must take into account in his packaging the cost of his bottle, his label, his labour and his control. I am advised by one of the largest retailing and wholesale outfits in Canada, certainly

one of the largest under the same roof in the North American continent, that the cost to his retail outlet will be exactly doubled. For argument's sake, if the cost of tablets, say, at the manufacturing level, was $1, by the time he would receive and package them the cost would increase to $2. Therefore the pass-on would be 22 cents as against 11 cents in the case of $1.

I am reiterating what I said, Mr. Chairman, in the budget debate, that this tax is discriminatory as between certain types of outlets. I am now speaking about where there is no wholesaler in between a manufacturer and his retail outlet. In other words, certain large organizations would buy in the necessary quantities required from the manufacturer. They could do their packaging in their own warehouse or in their retail store, it would make no difference. It would still be under the same organization, and they in turn could sell to the consumer at manufacturer's cost or his 11 per cent mark-up. He would have an advantage over the packager, whom I will call the wholesaler, who would have to add the extra tax to his cost of doing business before it is passed on to his retail outlet over which he has no control.

I claim that this is discrimination and is to the advantage of the larger organizations, and certainly to the disadvantage of the smaller retailer. Any way you look at it, Mr. Chairman, the cost of this merchandise to the eventual consumer is increased. If it goes through a wholesaler who is now classified as a packager and in the same category as a manufacturer, the tax is collected at a higher level. Therefore the tax being passed on naturally has to be at a higher level to the person who is retailing it to his customer.

I do not think the minister feels this is the proper approach to this, because it is favouring some sides of the retail outlet and is discriminating against others who have not the in-between facilities, shall I say, that the larger retailer would have. There is many an outlet from coast to coast, Mr. Chairman, which has one purchasing unit and does not need to pass on the tax through a wholesaler but instead passes it on through its own organization, whether they package it in their own warehouse or in their own retail outlet, be it at Vancouver or Halifax. They are not in the same category as the so-called packager who is being classified as a manufacturer, but the tax is assessed at the manufacturers' or packagers' cost rather than at the retailers' cost, which seems to me is an increase in tax of over 100 per cent.

Progress reported.

Resolutions reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire of the house leader what the business of the house is for tomorrow and the rest of the week.

Mr. Green: Tomorrow we shall continue with the discussion of budget resolutions, and then take item No. 13, which is a resolution preceding a bill to amend the Unemployment Insurance Act. Then we will take the two veterans affairs bills which have come back from the standing committee on veterans affairs, items Nos. 2 and 3 on today's order paper. Then we will take item No. 8, the second reading of an act to amend the Federal-Provincial Tax-Sharing Arrangements Act; items Nos. 11 and 12, two resolutions, one having to do with the Defence Services Pension Act, and the other with the pensions of the Royal Canadian Mounted Police. I think we will be taking labour estimates on Thursday.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

LICENCEES, RADIO STATIONS CHLP AND CKAC, MONTREAL

Question No. 319—**Mr. Argue:**

1. (a) Who is the licencee of each of the Montreal radio stations CHLP and CKAC? (b) Who are the directors, and owners, of the company of each licencee?
2. (a) Are the licencees of these two radio stations in any way connected? (b) If so, in what manner, and to what extent, are they so connected?
3. Are either of the licencees of these radio stations engaged in other commercial enterprises?
4. If so: (i) What is the nature of the businesses upon which each is engaged? (ii) What is the name of each of the companies owned by each licencee? (iii) Who are the directors of each of these other companies? (iv) Who are the officers of each of these other companies?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. (a) Station CHLP—no licencee. Station CHLP Montreal discontinued operation on November 15, 1957 and the licence became void. Station CKAC—La Compagnie de Publication de "La Presse" Limitée.

(b) Station CHLP—See answer 1(a); Station CKAC.

Directors: Madame Angelina DuTremblay, Gilles Berthiaume, J. Lucien Dansereau, F. M. Marcotte, Mlle Marie-Louise Belanger, J. Alex Prud'Homme, C. A. Berthiaume.

Owners: Madame Angelina DuTremblay Legataire Fiduciaire de l'Hon. T. Berthiaume, Dame Angelina DuTremblay (Dame Angelina Berthiaume, wife of P. R. DuTremblay), Mlle Anna Berthiaume, Mlle Marie-Louise Belanger, J. Alex Prud'Homme, C. A. Geoffrion, Gilles Berthiaume, Lucien Dansereau, C. A. Berthiaume, Dame Angelina DuTremblay, Gilles Berthiaume et J. Lucien Dansereau, comme Donataires Fiduciaires de l'Hon. T. Berthiaume, Gilles Berthiaume, Madame Marie B. Lord, Andre B. Berthiaume, C. Arthur Berthiaume.

2. (a) See answer 1(a); (b) See answer 1(a).

3. Station CHLP, see answer 1(a); Station CKAC, yes.

4. (i) Station CKAC, newspaper publishing; (ii) So far as is determinable from records of Department of Transport, La Compagnie de Publication de la Patrie Limitée; (iii) and (iv) Not on record in Department of Transport.

SHIP TO SHORE COMMUNICATION REGULATIONS

Question No. 323—**Mr. McWilliam:**

1. Has there been a change in regulations governing the type of equipment used for ship to shore communications in connection with fishing boats?
2. If so, what are the new regulations?
3. Will the new regulations make it compulsory for fishing boats to install new equipment?
4. If so, what type of equipment is now required?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. Radio standards specification 112 became effective April 1, 1958. This specification covers the technical requirements of radiotelephone equipment for use on board voluntarily fitted ships.

2. Answered by No. 1.

3. No. Licencees of radiotelephone equipment installed prior to April 1, 1958, for which a valid ship station radio licence has been continuously in force, are not required to replace such equipment until the effective date of an amortization period yet to be established.

4. Answered by No. 3.

NATIONAL MUSEUM—DR. R. S. MACNEISH

Question No. 341—**Mr. Argue:**

1. Has Dr. R. S. MacNeish, presently an employee of the national museum of Canada, ever taken (a) the oath of allegiance; (b) the oath of office, as required by Section 42(1) of the Civil Service Act?
2. If so, on what date was this done?
3. If not, under what authority was Dr. MacNeish allowed to take a position under the jurisdiction of the Civil Service Act?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. (a) No; (b) Yes.

2. June 22, 1949.

3. P.C. 24/3539 of July 15, 1949.

DR. LARRY OCSHINSKY—EDUCATIONAL QUALIFICATIONS

Question No. 342—**Mr. Argue:**

1. At what universities did Dr. Larry Ocshinsky, presently an employee of the national museum of Canada, take his degrees?
2. In what subjects did he specialize and under whom did he study at each university?
3. What positions had Dr. Ocshinsky held previous to his appointment to the staff of the national museum?
4. Is Dr. Ocshinsky a veteran of any war?
5. If so, in what armed forces did he serve, and in what war?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

There is no person by the name of Dr. Larry Ocshinsky employed at the national museum of Canada. It is assumed that the question relates to Dr. Lawrence Oschinsky.

1. (i) Brooklyn College, B.A.; (ii) University of Chicago, M.A.; (iii) University of Zurich, Ph.D.

2. Dr. Oschinsky specialized in anthropology at the three universities mentioned.

3. September 1957 until appointment to the national museum of Canada—visiting lecturer in physical anthropology, University of Arizona.

September 1956 to August 1957—instructor in anatomy, Howard University medical school, Washington D.C.

June 1956 to August 1956—visiting professor of anthropology at University of Puerto Rico, Rio Piedras.

November 1955 to January 1956—translator, cultural division of the French embassy, New York city.

September 1954 to April 1955—research scholar in physical anthropology, U.S. educational foundation in Burma, Rangoon, Burma.

October 1953 to August 1954—instructor in physical anthropology, graduate school in medicine, University of Pennsylvania, Philadelphia.

4. No.

5. Not applicable.

DR. LARRY OCSHINSKY—CITIZENSHIP

Question No. 343—**Mr. Argue:**

1. In what country was Dr. Larry Ocshinsky, presently an employee of the national museum of Canada, born?

2. Was Dr. Ocshinsky a British subject or a Canadian citizen at the time he was first appointed to a position at the national museum?

3. If not, (a) on what authority was Dr. Ocshinsky appointed to this position? (b) of what country was he a citizen? (c) on what date did he enter Canada to take up permanent residence, and how long had he been a resident of Canada before taking up his appointment with the national museum? (d) has Dr. Ocshinsky become a British subject or a Canadian citizen since his appointment to the staff of the national museum? (f) if so, what date did he apply, and on what date did it become effective?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. United States of America.

2. No.

3. (a) Treasury board minute T.B. 537517, dated September 11, 1958; (b) United States; (c) July 1, 1958; one month; (d) No; (e) N/A.

DR. LARRY OCSHINSKY—OATH OF OFFICE

Question No. 344—**Mr. Argue:**

1. Has Dr. Larry Ocshinsky, presently an employee of the national museum of Canada, ever taken (a) the oath of allegiance; (b) the oath of office, as required by section 42(1) of the Civil Service Act?

2. If so, on what date was this done?

3. If not, under what authority was Dr. Ocshinsky allowed to take a position under the jurisdiction of the Civil Service Act?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. (a) No. (b) Yes.

2. September 17, 1958.

3. Treasury board minute T.B. 537517, dated September 11, 1958.

DR. LARRY OCSHINSKY—POSITION HELD

Question No. 345—**Mr. Argue:**

1. What position does Dr. Larry Ocshinsky now hold at the national museum of Canada?

2. What positions has he held at the museum since he was first appointed, on what date did he take up each, and by what authority was he appointed to each?

3. Was a civil service competition held for any of these appointments?

4. If so, for which ones?

5. In what manner was Dr. Ocshinsky qualified to hold each of these positions?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. Anthropologist 2.

2. Civil service certificate No. 128741, dated 21st October, 1958 covering appointment as an anthropologist 2 effective 2nd September, 1958.

3. Yes.

4. Anthropologist 2.

5. Dr. Ocshinsky qualified for the position of anthropologist 2 through a duly constituted rating board convened by the civil service commission; competition No. 59-534.

DR. LARRY OCSHINSKY—APPOINTMENT

Question No. 346—**Mr. Argue:**

1. On what date was Dr. Larry Ocshinsky first appointed to the staff of the national museum of Canada, and to what position was he appointed?

2. Did this position come under the Civil Service Act and regulations?

3. Was this position advertised by a civil service competition?

4. If so, (a) did Dr. Ocshinsky apply? (b) what was the position advertised for, and the date it was advertised? (c) what names appeared on the civil service eligibility list? (d) in what order were the names listed? (e) how many persons applied? (f) what was the closing date for the receipt of applications?

5. Was Dr. Ocshinsky a British subject or Canadian citizen at the time he applied for this position?

6. If not, has the civil service commission been notified that he had applied for naturalization papers either as a British subject or Canadian (f) what was the closing date for the receipt of applications for this competition?

7. If not, on what authority was Dr. Ocshinsky permitted to compete in this examination?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. September 2, 1958 as anthropologist 2.

2. Yes.

3. Yes.

4. (a) Yes; (b) Physical anthropologist—April 22, 1958; (c) Dr. Ocshinsky and Dr. Georges Heuse; (d) As under (c); (e) Two; (f) May 23, 1958.

5. No.

6. No.

Questions

7. Treasury board minute, T. B. 537517, dated September 11, 1958.

REDECORATION COSTS, PARLIAMENTARY PRESS GALLERY

Question No. 376—**Mr. Howard:**

1. What was the cost, estimated or actual, of the recent redecoration of the press gallery offices?
2. Who selected the color scheme?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Estimated cost $7,619.94, which includes repainting, relighting and laying of linoleum.

2. Executive committee of the parliamentary press gallery.

MARITIME COAL PRODUCTION ASSISTANCE ACT—LOAN APPLICATIONS

Question No. 383—**Mr. Argue:**

1. How many applications have been made since January 1, 1958 for loans under the terms of the Maritime Coal Production Assistance Act?
2. What were the names of the applicants and the amounts of the loans requested in each case?
3. What action was taken on each application, and what were the reasons given for such action?

Answer by: **Hon. Paul Comtois (Minister of Mines and Technical Surveys):**

1. Five.

2. Avon Coal Co. Ltd., Minto, N.B., $620,000; Crawford Contractors Ltd., Minto, N.B., $140,000; Four Star Collieries Ltd., Bras d'Or, N.S., $42,000; V. C. McMann Ltd., Minto, N.B., $28,017; D. W. & R. A. Mills Ltd., Minto, N.B., $1,149,000.

3. Loans, as applied for were granted to the Avon Coal Co., Ltd., Crawford Contractors Ltd., Four Star Collieries Ltd., and V. C. McMann Ltd. These loans were granted for the reasons that the applications met all requirements of the Maritime Coal Production Assistance Act. Granting the application of D. W. & R. A. Mills Ltd., was not recommended because the applicant, at the time of consideration, did not meet all requirements under the act. The applicant was informed that an application at a later date, when all requirements were met, would receive full consideration.

HOUSE OF COMMONS

Tuesday, May 5, 1959

The house met at 2.30 p.m.

EXTERNAL AFFAIRS

Second report of standing committee on external affairs—Mr. White.

IMMIGRATION

ONTARIO—STATEMENT ON WELFARE ASSISTANCE AND HOSPITALIZATION FOR IMMIGRANTS

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, with your permission I should like to inform hon. members of an announcement which is being made this afternoon jointly by Hon. Louis P. Cecile, minister of public welfare of Ontario, and myself concerning the welfare of immigrants residing in Ontario.

As hon. members know, an agreement was signed in March, 1952 whereby the Ontario department of public welfare and the Department of Citizenship and Immigration shared equally the costs of certain welfare assistance and hospitalization in the case of immigrants who had less than one year's residence in Canada and became indigent through accident or illness.

Hospitalization costs will continue to be shared under the agreement of March, 1952 although in the light of the federally sponsored provincial hospital insurance plan this aspect of the agreement is under discussion with the provincial authorities with a view to possible amendment.

In the case of welfare and in the interests of improved administrative practice, Ontario has agreed as of May 1 to treat immigrants in Canada less than one year the same as other persons in that province under the terms of the Ontario general welfare assistance act, and to share with the federal government such expenses as are applicable under the agreement in force under the federal Unemployment Assistance Act rather than through a separate agreement.

This new arrangement provides that should the need arise an immigrant in Ontario, regardless of length of residence, will be entitled to all the social and welfare benefits available under provincial legislation, including direct relief under the Ontario welfare assistance act, and immigrants will be treated exactly the same as other persons resident in that province. The proviso that an immigrant must become indigent through accident or illness, which applied in the case of the earlier agreement, has been removed. This in our opinion will greatly assist newcomers who occasionally after their arrival in this country require social and welfare benefits. My department and the national employment service will continue, as in the past, to assist immigrants in their establishment in employment and integration into the Canadian community.

Ontario becomes the first province to accept this responsibility in respect of welfare which affects the majority of immigrants, as something slightly in excess of 50 per cent of the immigrants who come to this country establish themselves in that province. I may add that negotiations have been initiated with some of the other provinces with a view to concluding similar arrangements.

Hon. Paul Martin (Essex East): I am sure that the sporting nature of the house will understand the joy that attended the minister in making this particular announcement in the light of the misfortune that pursued her with respect to that order in council which militated so decidedly against so many immigrants.

Some hon. Members: Order.

Mr. Martin (Essex East): However, in this new arrangement, the minister has been assisted by the government of the province of Ontario. I suspect, of course, that it is only by mere coincidence that the announcement is made a day after the premier of that province had announced his intention to ask for a further mandate for his government. Not only is this obviously a pre-election arrangement—

Some hon. Members: Order.

Mr. Fleming (Eglinton): And this is a pre-election speech.

Mr. Speaker: The comment which is acceptable at this time relates to the subject matter of the statement, not to the circumstances attendant upon it whether real or fancied. I would appreciate it if the hon. member would confine himself to the subject matter of the statement.

Mr. Martin (Essex East): You would not expect me to allow this occasion to pass

without putting the minister in the favourable position in which this particular announcement puts her, in the light of the situation attendant upon the unfortunate order in council of some time ago. May I say the minister has made an important announcement. The last observation I know she would want me to make is that whatever social benefits these immigrants will have will be largely due to legislation introduced by Liberal governments.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Government House,
Ottawa, May 5, 1959

Sir:

I have the honour to inform you that the Honourable Patrick Kerwin, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber today, May 5, at 9.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,

Lionel Massey
Secretary to the Governor General
(Administrative)

THE MINISTRY

INQUIRY AS TO APPOINTMENT OF SECRETARY OF STATE FOR EXTERNAL AFFAIRS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Prime Minister whether he is in a position to advise the house as to when he proposes to name a secretary of state for external affairs.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, when I am in a position to do so the announcement will be made. In that connection I might refer the hon. gentleman to the immortal words of the hon. member for Essex East (Mr. Martin) when, speaking in the House of Commons on April 2, 1946, he dealt with a similar situation.

Mr. Martin (Essex East): May I ask the Prime Minister if he would remind me of my immortal words?

[*Later:*]

Mr. Pearson: May I ask a question of the Prime Minister supplementary to the one I asked at the beginning of the orders of the day. In view of the fact that I have now had an opportunity of perusing the immortal words of the hon. member for Essex East in 1946, may I ask the Prime Minister whether those words are an indication of the policy that is to be followed by the government in 1959 in respect of this matter?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the answer is of course no; but I thought I ought to draw to the attention of the hon. member for Essex East the words he spoke on an occasion when he was preaching for a call. At that time he felt that the portfolios of secretary of state for external affairs and prime minister should be kept by one person. I do not share that view today and the appointment will be made as soon as convenient. I thought it only fair, for the edification of the hon. gentleman, to point out exactly what he had said on another occasion.

Mr. Pearson: Will the Prime Minister not agree that the words of the hon. member for Essex East on that occasion were abundantly justified by the personalities and circumstances involved?

Mr. Diefenbaker: I would not want to join in that and accept entirely the point of view of the hon. gentleman as totally unprejudiced.

Hon. Paul Martin (Essex East): Since the Prime Minister is in such a good mood, may I ask him if he had not spent a very happy week end reading those immortal words?

Mr. Diefenbaker: No; they came to me some days ago and I have been awaiting the opportunity to pass on those words to the hon. gentleman.

(Translation):

INQUIRY AS TO APPOINTMENT OF PARLIAMENTARY SECRETARIES

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, in connection with the reply just given by the Prime Minister, and in view of the statement you made a moment ago to the effect that tonight we shall proceed to the other place for the royal assent to certain bills, I ask the Prime Minister or the leader of the house, the Minister of Public Works, if this march to the other house will constitute another stage in the appointment of parliamentary secretaries?

(Text):

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I must say that whether or not the suspicions of the hon. gentleman may bear any practical results will be ascertained in the next few days.

SHIPPING

VANCOUVER—REPORTED FAILURE TO RESPOND TO SOS FROM NORWEGIAN FREIGHTER "FERNGULF"

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct a question to the Minister of Transport. Has the minister's attention been drawn to newspaper reports of the explosion which occurred on the Norwegian freighter *Ferngulf* at 4.15 on Friday afternoon outside Vancouver harbour, resulting in the captain sending an SOS at 4.23 and again at 4.37 because men were burned and dying? If so, will the Minister of Transport investigate as to why an SOS sent from a ship on fire within sight of Canada's third largest city was not immediately responded to with all possible medical and fire fighting equipment? May I at the same time ask if the Minister of Transport would also comment on the reported statement of the port manager of Vancouver this morning of the need for a coastguard service.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, my department is well aware of the unfortunate accident. We are looking into it. I have had no indication of the reported statement made by the port manager.

Mr. J. R. Taylor (Vancouver-Burrard): I have a supplementary question. I wish to assure the house that there is great interest in this matter in western Canada. Pending completion of the investigation, can the minister say whether vessels owned by Canadian National Steamships and the national harbour board could meet a distress signal in a similar situation?

Mr. Hees: As I said, Mr. Speaker, my deparmental officials are looking into the whole situation.

FREIGHT RATES

TERMS OF REFERENCE OF PROPOSED ROYAL COMMISSION

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I wish to direct a question to the Prime Minister. I should like to ask him if he will be in a position soon to announce the terms and the scope of the royal commission on transportation?

Right Hon. J. G. Diefenbaker (Prime Minister): Yes, Mr. Speaker; I hope to do that shortly.

HARBOURS

LAKEHEAD—INQUIRY AS TO INACTIVITY OF COMMISSION

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Minister of Transport. Because of the serious concern at the Canadian lakehead over the inadequacy of grain facilities for handling ocean ships, and the fact that the lakehead harbour commission has not yet become active, can the minister explain what is the hold-up in making the harbour commission active in order that it can face and act on these particular problems?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I would think the hon. member would get the answer quickest by finding out from his people back home.

Mr. Fisher: I have a supplementary question. The lakehead harbour commission is under federal jurisdiction. I should like to know why this commission is not active as yet.

Mr. Hees: I have no idea why it is not active. The commission was set up some time ago, and as far as I know there is no reason why it should not be active and getting on with the job as it was fully expected it would some time ago.

THE CANADIAN ECONOMY

ROYAL COMMISSION ON ENERGY—INQUIRY AS TO FINAL REPORT

On the orders of the day:

Mr. A. R. Smith (Calgary South): I should like to ask a question of the Prime Minister. Have the government as yet received the final report of the Borden royal commission on the marketing of oil? If they have not yet received it, can he indicate to the house when it might be available?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I communicated with the chairman of the royal commission on energy, and he advised me that while it was expected that the commission would be able to complete its report by the end of this month, there will be a lapse of several further weeks before the report is delivered to the governor in council. Consideration, of course, has to be given by the commission to substantial changes in the world and Canadian positions in connection with crude oil, and the exemption of Canadian crude from United States import quotas which becomes effective June 1.

Inquiries of the Ministry

Hon. Paul Martin (Essex East): Would the Prime Minister say whether before dealing with the resolution setting up an energy board we will have available to us the final report of the Borden commission on energy?

Mr. Diefenbaker: On the information I have just given, and following my communication with the chairman of the board, it is apparent that the rest of the report will not be available when the legislation is introduced to set up the board.

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask a supplementary question. Has the Prime Minister any further information to impart to the house about the hearings of the Borden commission on coal in the eastern provinces?

Mr. Diefenbaker: I am sorry I cannot give any further information about that matter.

COMBINES INVESTIGATION ACT

LOSS LEADERS—INQUIRY AS TO AMENDMENTS THIS SESSION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to ask a question of the Minister of Justice arising out of a report in this morning's press that he informed the members of the association of Canadian advertisers yesterday that certain amendments to the anti-combines law will be introduced this session, and that the government was giving specific study to legislation to outlaw loss leader selling and legislation dealing with related problems. Would the minister bring the house up to date on any statements made outside of this house, and say whether these amendments will be introduced?

Hon. E. D. Fulton (Minister of Justice): I am sorry the hon. gentleman is not up to date but if he will be good enough to consult the speech from the throne delivered at the opening of the session he will discover that it was announced as the intention of the government to introduce amendments to the anti-combines legislation.

Mr. Argue: I would inform the minister that the speech from the throne did not spell out what amendments were to be made to the anti-combines legislation, and I would appreciate a reply to the second part of my question, as to whether the amendments the government has in mind also deal with resale price maintenance?

Mr. Fulton: As far I understand it the problem of loss leaders and the problem of resale price maintenance are inextricably intertwined.

[Mr. Diefenbaker.]

Mr. H. W. Herridge (Kootenay West): May I ask the minister if the proposed legislation will arrest the "osmotic" principle in order to prevent large business absorbing small retailers?

Mr. Fulton: I think my hon. friend will have to await the presentation of the legislation which will be introduced later this session.

CRIMINAL CODE

REPORTED AMENDMENT RESPECTING SUSPENSION OF DRIVING LICENCES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, may I ask the Minister of Justice whether he would care to comment on the statement made, according to certain radio reports, by the deputy attorney general of Ontario, who announced that the Minister of Justice proposed to introduce an amendment to the Criminal Code having to do with the suspension of licences of motor car drivers.

Hon. E. D. Fulton (Minister of Justice): I do not think I am in a position to make any definite statement on that subject. I have had discussions with the attorney general of Ontario in connection with this and other matters relating to the Criminal Code and we shall, I expect, shortly be introducing a number of amendments to the Criminal Code which will deal with this among other subjects.

(Translation):

UNEMPLOYMENT INSURANCE

APPOINTMENT TO COMMISSION—CONSULTATION WITH C.C.C.L.

On the orders of the day:

Mr. Gabriel Roberge (Megantic): Mr. Speaker, I should like to address a question to the Minister of Labour. Can the minister inform the house if the Canadian Catholic Confederation of Labour was consulted in regard to the appointment of a commissioner to the Unemployment Insurance Commission? If so, what kind of talks were held, and where?

(Text):

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I hope I heard the hon. member's question correctly. Communication was had with the Canadian federation of catholic unions in Quebec, and a reply was received by telegram that they concurred in the recommendations of the Canadian Labour Congress.

DOMINION-PROVINCIAL RELATIONS

MANITOBA—FEDERAL AID IN PROVINCIAL DEVELOPMENT

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to direct a question to the Prime Minister. In the light of his answer to the leader of the official opposition some weeks ago to the effect that consultations were taking place between the right hon. gentleman and the premier of the province of Manitoba, I wonder whether the Prime Minister is in a position to inform this house whether we may expect an announcement before May 14, as to possible extraordinary financial aid to projects in Manitoba.

Right Hon. J. G. Diefenbaker (Prime Minister): I do not know what "extraordinary financial aid" means, but stripping the question of that portion—that decorative portion—I may say that no decision has yet been reached.

PRICE SPREADS

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Hon. Paul Hellyer (Trinity): May I direct a question to the Prime Minister. Could the Prime Minister tell the house when the government expects to receive the report of the royal commission on price spreads?

Right Hon. J. G. Diefenbaker (Prime Minister): I am sorry, but I am unable to answer that question directly. I shall get in touch with the chairman at once, and hope to be able to give an answer shortly.

EXTERNAL AFFAIRS

ST. LAWRENCE SEAWAY—EFFECT OF U.S. REGULATION UPON PASSAGE OF GOODS IN BOND

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Prime Minister. Has the government investigated in the St. Lawrence the effect on shipping of the regulation to which he referred to yesterday dealing with trucks in bond?

Right Hon. J. G. Diefenbaker (Prime Minister): Naturally the entire field has been looked into. As no doubt the hon. gentleman has read in the press, the situation on the St. Lawrence waterway will naturally be the subject of discussion in the event that there is anything in the nature of a search or interference with the cargoes of ships using that waterway.

Inquiries of the Ministry

NATIONAL REVENUE

REFERENCE TO BLUE BOOK RESPECTING PENSION PLANS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to direct a question to the Minister of National Revenue arising out of my continuing curiosity about government regulations for pension plans.

As over three months have elapsed since the minister informed the house that the administrative tortoise responsible for the preparation of the long-expected blue book on pension plans was near the finish line, would the minister inform the house when he is expected to cross that line by the publication of this long-awaited book?

Hon. George C. Nowlan (Minister of National Revenue): I am sure that our mutual and venerable friend to which the hon. member has just referred will be greatly heartened when I tell it of the solicitude which the hon. member is showing with regard to its progress along the difficult road on which it embarked some considerable time ago. I can tell the hon. member that it is very near the finish line; it has gone around the last curve and the finish line is in sight, and in order that there may be no doubt about it in the mind of the hon. member I think I will ask the Canadian Broadcasting Corporation to have cameramen present to take a picture as it crosses the line.

HOUSING

C.M.H.C.—EFFECT OF INCREASED INTEREST RATES ON LOW COST HOUSING RENTALS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I wish to direct a question to the Minister of Public Works. Would the minister comment on the statement released by a Metro Toronto housing company that increases in the last five years in the borrowing rate from Central Mortgage and Housing Corporation to the present peak of 5⅛ per cent have caused a 72 per cent increase in rental rates on apartments for elderly citizens? Can the minister say what consideration has been given to the request that a standard rate of 3 per cent for such loans be established in order that low cost housing may be available to our elderly citizens?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I did not receive the notice of the hon. member's question in time to get a detailed answer from the officials of Central Mortgage and Housing Corporation. However, I did notice this same newspaper article myself, and it refers to limited

dividend housing. That type of housing is not subsidized by the federal government at all. This fact, of course, answers the last part of my hon. friend's question, which was whether consideration was being given to reducing the rate to 3 per cent.

Then with regard to the allegation in this article that increases in interest on money loaned by Central Mortgage and Housing Corporation have brought about a great increase in rents, the statement is not accurate at all. The article states that some years ago suites were renting at $29 a month, and any that were then renting at that rate should still be renting at the same rate. There has been some increase in the interest rate, but I am informed that such increase would account for an increase of only about $3 in the rental. The remainder of the increase in rentals which are now being charged arises from an increase of about $8 a month in operating costs, and an increase in the payments being made to the other bodies which have put money into this housing. The increased rate on federal money would account for only $3 a month.

FISHERIES

LAKE SUPERIOR—REQUEST FOR STATEMENT ON LAMPREY EEL PROGRAM

On the orders of the day:

Mr. G. E. Nixon (Algoma West): Mr. Speaker, I wonder whether I might ask the Minister of Fisheries if he would make a statement in the near future as to what the program will be to deal with the lamprey eel situation in lake Superior during the coming summer?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, this question can be discussed at some considerable length on my estimates. I do not think it is a question that can be suitably answered on the orders of the day, but I shall be glad to discuss it when my estimates are before the house.

PUBLIC SERVICE

CIVIL SERVICE COMMISSION—INQUIRY AS TO APPOINTMENT OF CHAIRMAN

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder whether I may ask the Prime Minister if he expects soon to be in a position to recommend the appointment of a chairman of the civil service commission, in view of the many important problems now before that commission?

Right Hon. J. G. Diefenbaker (Prime Minister): Yes, sir.

[Mr. Green.]

WAYS AND MEANS

The house in committee of ways and means, Mr. Sevigny in the chair.

EXCISE TAX ACT

Resolved that it is expedient to introduce a measure to amend the Excise Tax Act to provide:

1. that the excise tax on each five cigarettes or fraction of five cigarettes contained in any package be increased from 2 cents to 2½ cents;

2. that the wording of the exemption from sales tax for "stock conditioners, condiments and feed supplements for addition to poultry, cattle and other stock feeds" in schedule III be changed to read:

"Feed supplements for addition to poultry, cattle and other stock feeds and materials to be used exclusively in the manufacture thereof";

3. that the exemption from sales tax for tanks for collecting milk be extended to include complete parts therefor including materials to be used exclusively in the manufacture of such tanks and parts;

4. that the definition of "producer or manufacturer" be extended to include any person who packages toilet articles, preparations, cosmetics or pharmaceuticals for sale except where they are packaged by a retailer in his retail premises for sale therefrom directly to consumers or users;

5. that the definition of "manufacturer or producer" be extended to include any person who markets, except by sale at retail directly to consumers or users, toilet articles, preparations, cosmetics or pharmaceuticals manufactured under his own brand;

6. that the sales tax be imposed, levied and collected on goods purchased or imported by a licensed wholesaler and retained for his own use or for rental to others;

7. that any enactment founded upon this resolution be deemed to to have come into force on the 10th day of April, 1959;

and to provide further for certain changes in connection with the administration of the act.

The Chairman: Order. We were discussing paragraph 4. Is there any discussion?

Paragraphs 4, 5, 6 and 7 agreed to.

The Chairman: We shall now turn to paragraph 1.

Mr. Benidickson: Are we going to hear your ruling with respect to this resolution?

The Chairman: Order. After lengthy deliberation we have finally come to a ruling. I must tell the committee that it is rather a lengthy document, and I shall appreciate their kindness in listening to it. Yesterday when paragraph 1 of the Excise Tax Act resolution was being considered by the committee, the hon. member for Trinity proposed the following amendment:

That paragraph 1 be stricken out of the resolution and that the following paragraphs be renumbered accordingly.

The Minister of Finance then raised a point of order to the effect that the amendment was out of order in that it was a straight negative. He also suggested that it would be possible

to propose a similar amendment on each subsequent paragraph of the resolution and thereby effect a negative of the whole resolution. Later on in the discussion the minister, in support of his point of order, quoted section 4 of citation 266 of Beauchesne's fourth edition, to the effect that the amendment, if carried, "would alter the balance of ways and means".

With regard to the first point raised by the Minister of Finance, I agree with him that the amendment if carried would be a negative of the proposal contained in paragraph 1 of the resolution. However, in a careful review of the authorities I am unable to find any support for his contention that such an amendment is irregular. In this regard citation 201 of Beauchesne's fourth edition reads as follows:

> The object of an amendment may be to effect such an alteration in a question as will obtain the support of those who, without such alteration, must either vote against it or abstain from voting thereon, or to present to the house an alternative proposition either wholly or partially opposed to the original question. This may be effected by moving to omit all the words of the question after the first word, "that", and to substitute in their place other words of a different import. In that case the debate that follows is not restricted to the amendment, but includes the motives of the amendment and of the motion, both matters being under the consideration of the house as alternative propositions.
>
> A motion may be amended: (a) by leaving out certain words; (b) by leaving out certain words in order to insert other words; (c) by inserting or adding other words.

In view of the latter part of the foregoing citation and in the absence of any authority to the contrary, I am inclined to say that the amendment as to form is not irregular.

The second point raised by the minister, namely that the deletion of clause 1 of the resolution is not in order because it alters the balance of ways and means, is one which has been raised time and again during the past 10 or 15 years, and in several cases rulings to that effect have been appealed to the house. The authority for these rulings was initially contained in citation 500 of Beauchesne's third edition, and as a result of the use of this citation a ruling was made in 1951 which now appears as section 4 of citation 266 of Beauchesne's fourth edition. This section reads as follows:

> It is not in order to move deletion of a particular clause in an excise tax resolution because it alters the balance of ways and means. Chairman's decision confirmed by the house on a division.

It will be noted that the ruling made by the chairman of the committee of ways and means in 1951 rested entirely on the premise that the amendment would alter the balance of ways and means. In concluding his ruling, as reported on page 2662 of *Hansard*, May 3, 1951, the then chairman said:

> We are agreed all along the line except on that one point. If the hon. member will look at citation 500 of Beauchesne, third edition, he will see why it would be very difficult for the chairman in the Canadian house at least to agree with him that a complicated question can be divided by a member moving that a certain portion of the resolution be deleted. Citation 500 says very clearly that it must not affect the balance of ways and means. Certainly the hon. member will admit that if this amendment should carry, deleting the first paragraph which provides that the rate of the general sales tax shall be increased from eight per cent to ten per cent, the balance of ways and means would be altered. Therefore I would have no alternative but to declare the amendment out of order.

As the meaning of the phrase "must not affect the balance of ways and means for the service of the year" presented something of a mystery, and because the repeated use of it seemed to present an insuperable barrier to the moving of amendments by private members; and moreover, since the phrase was extracted in the first instance from May's thirteenth edition, the Clerk of our house sought the advice of the clerk of the British house in regard to the validity of the principle enunciated in the phrase.

If I may have the indulgence of the committee a little longer I should like to quote several paragraphs from the letter written in reply by the clerk of the British house. This letter is dated January 23, 1959, and I quote from it as follows:

> I would like straight away to express my respectful agreement with the ruling of your chairman to the effect that an amendment to reduce a tax is in order.

This paragraph, I should say, refers to a ruling made in 1957. The clerk of the British house continues:

> If that were not so, the position would be that the house could reduce a tax to nothing by rejecting the proposal for imposing it but could not moderate the original proposal or ever initiate any moderation once the tax was in existence. That has never been the position at Westminster as is shown by the proceedings in committee on any finance bill.
>
> A committee which is considering a "charge", whether upon the people or upon the revenue, has either to approve, disapprove or reduce that "charge" but may not extend it either in amount or in the area of its operation. (See May 16th edition, pages 772 and 801).
>
> I now turn to the words "must not affect the balance of ways and means for the service of the year". The use made of this quotation seems to me to illustrate the danger of taking words out of their context and I venture to quote the whole passage:
>
> "Proposals for the variation or modification of taxation can therefore be made in the committee: but these proposals must be grafted upon the financial scheme submitted by the government, and must not affect the balance of ways and means voted for the service of the year. Amendments, therefore, can be proposed to substitute another

tax, of equivalent amount, for that proposed by the government, as, for instance, a proposal to substitute probate and legacy duty on real property as an alternative for an inhabited house duty; the necessity of new taxation, to that extent, being already declared on behalf of the crown."

Although I do not propose to quote the passage in full I think a reference to the historical passage on pages 704 and 705 of the 16th edition is necessary fully to comprehend the statement of the present practice which is set out on pages 801 and 802 of the same edition. I think from this it is clear that the passage cited from page 544 of the 13th edition referred to a practice of substituting one charge for another providing the total amount of taxation remained unaltered, and that this practice is now obsolete.

The reference to the thirteenth edition in this paragraph is citation 500 of Beauchesne's third edition. The clerk's letter ends with this paragraph:

In conclusion, to insist that the house can only accept or reject but not modify the financial proposals of the government, which is in fact what the minister was claiming, seems to me a great extension of the financial powers of the crown and to be one which has never been, or is likely to be, accepted by the House of Commons at Westminster.

I regret very much having taken so much of the committee's time with my lengthy statement but in view of the importance of this question I considered it incumbent upon me to deal at length with this problem.

Accordingly, under the circumstances I feel impelled to rule that the amendment proposed by the hon. member for Trinity is in order. Is the committee ready for the question?

Some hon. Members: Question.

Amendment (Mr. Hellyer) negatived: Yeas, 28; nays, 121.

Mr. Regier: I rise to a point of order. I noticed that a number of members entered the chamber while the vote was in the process of being taken. I have particular reference to the hon. member for Stanstead. I feel this is a blot on our democracy, that a member should enter this chamber and cast a ballot without having heard the issue under discussion, and without even knowing what he is voting upon—

Mr. Bell (Saint John-Albert): You are worse than the hon. member for Bonavista-Twillingate.

The Chairman: On this particular point of order I must, in fact, agree that it is quite out of order for members to enter, walk out of or across the house or make any noise or disturbance while the Speaker or the Chairman is putting the question. Consequently it was quite out of order for the various members to move in and out of the chamber while the question was being put.

[The Chairman.]

It was also completely out of order for the hon. gentlemen on my immediate left to be making as much noise and disturbing the order of the chamber as they were while the question was being put.

Mr. Regier: I rise on a question of privilege, Mr. Chairman. You mentioned the members to your immediate left. I hope you will absolve me from being one of the members accused, because I kept silent until after the vote.

Mr. Argue: Further to the point of order, Mr. Chairman; is it not a well known rule of this house that not only has a member no right to come in when the vote is being taken, but that if he should rise in his place and have his vote counted, his vote should be removed from the total? I have no idea, myself, whether or not the hon. member for Stanstead came in while the vote was being taken. I did not see him. But if in the opinion of the Chair he did come in while the vote was being taken, his vote should be removed from the total.

The Chairman: The point of order raised by the hon. member for Assiniboia is quite correct. Members who come in while the vote is being taken should not be counted in the final vote. However, in the present instance I did not see those members who were coming in while the vote was being taken.

I should like to say a further word concerning the noise and disturbance by various members to my left. I did not direct my remarks to any one member in particular, but I directed my remarks to the members on my immediate left who were the ones actually making the noise and causing the disturbance. They know who they are. It would be appreciated by the Chair if from now on they respected the order which must reign in this chamber.

Resolution agreed to.

CUSTOMS TARIFF

1. Resolved,

(a) that it is expedient to amend the english version of the Customs Tariff by adding to section two thereof the following subsection:

(3) The word "machinery" wherever it appears in this Act shall be read and construed as "machines";

(b) that it is expedient to amend the Customs Tariff by striking out section 13 and substituting the following therefor:

13. (1) The minister may order that, in lieu of the ad valorem rate of duty or the free rate of duty, the specific duty provided for in tariff items 87, 92, 94, 95 and 95a shall apply to goods described in the order imported through ports in a region or part of Canada during such period or periods as may be fixed by the minister.

(2) If before, the coming into operation of an order under subsection (1), a person purchased

goods for importation through a port in a region or part of Canada specified in the order, in the expectation in good faith that the ad valorem rate of duty or the free rate of duty would apply to the goods, and at the time of the coming into operation of the order the goods were in transit to the purchaser in Canada, the ad valorem rate of duty or the free rate of duty shall apply to the goods, notwithstanding the order.

Mr. Benidickson: This is an innocent looking resolution, but I think it has implications that are worthy of a fuller explanation than was given by the minister in his budget address. The first part of the resolution concerns the definition of the word "machinery" and "machines". The minister did, of course, refer to this at page 2424 of *Hansard* for April 9. He summed up his comments by saying:

Thus, there will be no change.

I am not satisfied about this, Mr. Chairman. I should like a more complete explanation from the minister. We have here specifically six types of machines which are to be deemed machines or machinery made in Canada, and the minister has indicated to the house that this involves no change. I should like the minister to give the greatest possible explanation of the reason for this change in definition because I believe at least two of the items to which reference is made, and I think of soft drink and hoist machines, actually were the subject of appeals to the tariff board as to whether or not they were in fact machinery that was made in Canada. I understand the tariff board ruled that they were not. In any event I think paragraph (a), which places a new subsection 3 to section 2 of the Customs Tariff requires more explanation from the minister before we are asked to amend the statute.

Now, if he would like me to deal with this whole resolution, the next amendment is to section 13 of the Customs Tariff. Again I should like a full explanation from the minister as to the reason for this very substantial change in the wording of our statute, and particularly whether or not under the proposed amendments the Minister of National Revenue will have discretion in the matter of imposing higher duties than we would normally contemplate and the number of weeks that will be referred to as the special seasonal period for the various items in the schedule.

Mr. Fleming (Eglinton): If my hon. friend will permit me, Mr. Chairman, may I suggest we deal with the two parts of the resolution separately, that is to say part (a) and part (b). They relate to two different subject matters. I believe you called part (a), Mr. Chairman, and it will contribute to more orderly discussion if we can deal with them separately, if that meets with your approval.

Then, Mr. Chairman, if I may take up the point the hon. gentleman was raising with respect to part (a) of the resolution, I would say this concerns a matter of definition, and a matter of definition only. I think the hon. gentleman has confused this matter of definition in resolution 1 (a) with provisions that are to be found in resolution No. 4 at pages 24 and 25 of the printed booklet of ways and means resolutions. We will be coming to those in due course, Mr. Chairman. Those are to be found under item 427 on pages 24 and 25. where certain machines are set out in detail, but the present resolution concerns definition and definition only.

I may say that the problem does not arise in the French version of the Customs Tariff. The English version uses the words "machine" and "machinery" apparently almost indiscriminately, certainly with no clear line of distinction evident. On the other hand the French version uses the one word "machine". What is proposed here is an amendment to the English version of the Customs Tariff Act, and the English version alone.

Lacking any definition or reconciliation in the act of the two words "machine" and "machinery", it seemed to us that it was highly desirable, for the reasons I set forth in the budget speech, that it should be made quite clear in the act what is meant. In ordinary English use the word "machine" suggests at once some individual machine that is capable of some independent operation. The word "machinery" is a broader word. It connotes something in the nature of a mechanical system which might involve the connecting together and operation together of what might otherwise be regarded as a number of individual machines.

Here is the problem, Mr. Chairman. Because this distinction, which I suppose would be apparent to most persons using these words in the English language, does not explain the use of these two words in the customs tariff, we are proposing in this resolution that the word "machinery" is to be given the meaning of "machine" in order that where the word "machinery" is used in the act, it shall be quite clear that it embraces the individual machines which may be part of a mechanical system.

I think the hon. member for Kenora-Rainy River will recall that in the budget speech I referred by way of illustration to the machines that are enumerated under item 427 of the tariff, which we will be coming to under resolution No. 4. If it would be of assistance to hon. members I could just make that reference for purposes of illustration, because we will be coming to the changes that are proposed in item 427 when we reach the fourth resolution.

There are two items in the tariff under which most imports of machines are classified. Item 427 covers machinery which is ruled by the customs authorities to be "of a class or kind made in Canada" and carries relatively high duties. The other item, 427a, covers machinery which is ruled by customs to be "of a class or kind not made in Canada" and carries relatively low rates of duties. Both these items refer to machinery. Consequently it might be argued that a group of machines whose operation is linked together in one way or another should all be classified under one item or the other as machinery. In this case, if one of the machines in the group was of a class or kind not made in Canada, then the whole group would carry the lower rate of duty notwithstanding the fact that all the other machines in the group were ruled to be made in Canada. This change is proposed in order to make it clear that each machine must be classified on the basis of its particular made in Canada status.

Mr. Benidickson: Just having reference to the last few remarks of the minister may I say this. I take it that this question of whether or not a machine would be deemed to be made in Canada and thus be subject, as the minister says, to a higher rate of duty, would have some practical relationship to the size of the machine. In the rewording, is consideration being given to sizing in a realistic way? In other words, when these six particular items are selected as machinery deemed to be made in Canada, it is possible that machinery of a certain size is not made in Canada, but if required by an importer, he would have to pay an extremely heavy rate of duty on it simply because of a change in description in the tariff item and the suggestion that it is now deemed to be made in Canada.

Mr. Fleming (Eglinton): No change is proposed in the criteria by which it is established that a machine is or is not of a class or kind made in Canada.

The Deputy Chairman: Is there any further discussion on resolution 1 (a)? Is there any discussion on resolution 1 (b)?

Mr. Fleming (Eglinton): As to part (b) there is an amendment which I shall ask my colleague the Minister of Mines and Technical Surveys to move. It is one which applies strictly to the second resolution relating to fruits and vegetables, but there is an incidental amendment required to resolution 1 (b) in addition to the proposed new wording of section 13 (1) of the act. The amendment simply strikes out of the proposed wording of section 13 (1) the reference to tariff item 95a.

The reason for this is as follows. There will be actually three amendments arising out of this point I am about to mention now. I gave copies to the hon. member for Kenora-Rainy River and the hon. member for Assiniboia. I should say that this is one of three amendments all pertaining to the same matter. It concerns the placing of muskmelons in the same category as cantaloupes in the fruit and vegetable item to which we will be coming under resolution No. 2. This one is simply incidental.

I might say that following the conclusion of negotiations with the United States respecting the proposed changes in the tariff items on fruits and vegetables, the resolution was brought forward in the present form with the understanding that in this form it was fully acceptable to the United States following our negotiations pursuant to the provisions of the general agreement on tariffs and trade. They have drawn to our attention their understanding that muskmelons were to be treated in the same category as cantaloupes for this purpose. We have no serious quarrel with them on this point.

I might explain to the committee what the difference will amount to. In the original budget resolution it was proposed that cantaloupes should be free of duty during the off season and that muskmelons would continue to be dutiable at 10 per cent during the off season. It is now proposed in this series of three amendments to introduce duty free entry in the off season for both cantaloupes and muskmelons by making provision for muskmelons in the same item as cantaloupes. The three amendments that are necessitated are the ones I have just mentioned. There will be another in resolution 2(b) respecting item 95, and the third will be in resolution 2(c) which will propose the deletion of item 95a, which relates to muskmelons. I may say for the assurance of hon. members that the Canadian horticultural council was consulted on this subject and offered no objections.

Mr. Benidickson: I do not think the minister has answered the question which I think has greatest relevancy at this stage of the debate. He is proposing to substitute new wording for the existing section 13 of the Customs Tariff. In particular this involves—and this is of great interest to the

public and to the house—ministerial discretion of a very important nature in the matter of setting rates of duty on these articles which go on the tables of our families across the land.

I asked the minister whether or not we would have in the new statute something to provide some restriction on the ministerial discretion, namely such as the words in the existing section 13, subsection 2. This is rather confusing because there has been an alteration of the points in Nos. 1 and 2. They have been interchanged, and so on. But the minister's discretion under the existing statute, as I understand it, was not to exceed for each regional part of Canada the number of weeks mentioned in the individual items. That to me means that if there were an in season extra duty with respect to some of these vegetables, shall we say for 12 weeks, the minister's discretion was to be limited on each of the vegetable items to that extent. I do not see in the resolution an indication that it is proposed that the minister should be similarly restricted, according to the new phraseology.

Mr. Fleming (Eglinton): I am sorry, Mr. Chairman, that I overlooked the point raised by the hon. member, and in my remarks concentrated upon the amendment. The hon. member raised this point, and it is a proper question. The view of the Department of Justice is that the proposed amendment will make no difference whatever as applied to ministerial discretion. In other words, if the house approves the present amendment there will be no change whatever created in the ministerial discretion now provided in the existing act in relation to this matter of applying special seasonal duties on a regional basis.

Mr. Benidickson: In other words, while it is not to be spelled out in the new statute, the Department of Justice has indicated that the minister will still be confined in his discretion to the particular number of calendar weeks which are referred to in the particular items in the Customs Tariff schedule. Is that right?

Mr. Fleming (Eglinton): Mr. Chairman, the answer is yes.

Mr. Regier: Mr. Chairman, as I see it this is the clause we are asked to agree to in principle which will amend the Customs Tariff, as proposed by the minister in the budget address and, as detailed in the many items which are now before us.

Mr. Fleming (Eglinton): Mr. Chairman, I do not know whether I correctly understand the point raised by the hon. gentleman, but this particular resolution, No. 1 (b), has quite limited application. It applies simply to section 13 of the act and varies the language of that section having reference to certain changes that follow in the later resolutions.

Mr. Regier: Mr. Chairman, I do not think the minister has understood me. I have noticed that as a result of our endorsing the principle contained in section 1 (b), "Resolved, that it is expedient", we are faced with amendments which are detailed from page 7 right through to page 36. Therefore this is a clause which introduces the whole question of whether or not it is expedient to amend the Customs Tariff.

Mr. Fleming (Eglinton): Mr. Chairman, if I may say so I think my hon. friend is quite wrong. The proposed amendments to the Customs Tariff are in different form from the resolutions proposing amendments to the other four statutes with which we have already dealt in the sittings of this committee. In other cases there was simply one resolution with respect to all the amendments to each act. The one resolution was divided into various paragraphs. But under the Customs Tariff, Mr. Chairman, we have a series of separate resolutions; there are five in all. The fifth one is consequential. There are four principal ones, but they are all separate and distinct in their nature. For instance, No. 1 (a) embraces the definition which has been approved, and then part (b) is the amendment to section 13 of the act. Resolution No. 2, to which we shall be coming, embraces the changes in the tariffs on fruits and vegetables, and also the amendment to the New Zealand Trade Agreement Act of 1932, which is consequential upon the proposed changes in the tariff on fruits and vegetables. Then the third resolution, which begins about two-thirds of the way down page 16, embraces the package which is submitted to the house following our negotiations with respect to the restoration of the full preferential margin on those woollen goods on which the tariff was changed a year ago. In this same resolution No. 3 hon. members will see the concessions which are being made as part of the package agreement arising out of these negotiations. Then resolution No. 4 deals with a great number of miscellaneous items. Resolution No. 5 is the usual and consequential resolution respecting the dates on which the various proposed changes come into effect.

Mr. Regier: I think, Mr. Chairman, perhaps the minister misunderstood my intent. I would like to express my appreciation of his outlining to me the various detailed proposals which we will be asked to approve. However, I wish to add a few words as to the overriding question of whether or not it is expedient at this time for the government or

the minister to amend the Customs Tariff as a whole. I believe the minister will agree with me that this is the only place at which I can say something which has a general application to the specific matters he is proposing to amend at this time.

Mr. Fleming (Eglinton): Mr. Chairman, I suppose it is well that we should clarify this point now. We have already adopted resolution 1 (a). The hon. member is proceeding now to discuss resolution 1 (b) and he is proposing, as I infer from his remarks, something of a general discussion. I would have thought Mr. Chairman, that the proper place for that was in the budget debate. We are here dealing with a series of specific resolutions proposing specific amendments to the Customs Tariff. I would have thought that discussion of each of these should be relevant to the particular item.

Mr. Regier: Mr. Chairman, I hope we will not spend any more time on this. However, I was being kind to the minister. I realize at once that resolutions 1 (a) is a matter having to do with terminology and that really the operative clause is 1 (b). The minister, in answer to something which was said by the hon. member for Kenora-Rainy River a while ago, indicated that he himself regarded 1 (a) as being a matter concerned only with terminology and having very little to do with the overriding principles.

We in this group are not necessarily opposed to each and every one of the amendments which are being offered to the Customs Tariff, but we have a feeling, and we have had it for a number of years, that what the minister is attempting to do, and what he was attempting to do last year, by offering us a multitudinous array of amendments as to detail is attempting to apply axle grease to an intercontinental ballistic missile, and that the amendments in their entirety are completely outmoded in the day and age in which we now live.

We realize that the over-all effect of all these amendments must amount to one thing and one thing only, as was the case a year ago, and that is a higher level of tariffs. I know the minister can haul out all kinds of arguments pointing to where he is in effect reducing tariffs. He did this a year ago. However, in the main a year ago he raised the tariffs and he raised the cost of living to the Canadian consumer. All one need do is look at the expectations, as announced in the budget, and then at the figure actually realized. The minister cannot deny that he is expecting more revenue in the current fiscal year than he obtained in the preceding fiscal year from the changes or amendments in the Customs Tariff which he is proposing.

[Mr. Regier.]

Mr. Fleming (Eglinton): I do deny that. As I stated in the budget speech, there is no material effect contemplated in the yield from the Customs Tariff as a result of the proposed changes. I am excepting, of course, those that correspond to the Excise Act changes which were discussed last night.

May I remind the hon. member of the statistics I gave the house in the budget speech as reported in *Hansard* on page 2422, in the second column, where I said:

> It might be of interest to note that 142 tariff items and subitems are affected by the resolutions. In the case of 32 items the rates of duty are being increased. In the case of 40 items the rates are being reduced. In the case of nine items, all involving fruits and vegetables, rates are being both increased and decreased depending on the season. Finally, there are 61 items for which rates of duty are left unchanged and for which the changes proposed are, for the most part, purely formal.

So I think the hon. member will realize that on balance, while one cannot always give changes of this kind equal weight, the result in the total is as much to reduce the tariff as to increase it. And so far as revenue is concerned, apart from those duties affecting spirits which I mentioned last night, we do not, as I indicated in the budget speech, expect any material effect whatever on the revenue from the Customs Tariff as a result of the enactment of the proposed changes.

Mr. Regier: Well, may I inform the minister that a year ago we were faced with a proposition along very similar lines to the amendments to the Customs Tariff which are proposed this year, and the hon. gentleman on that occasion went to considerable length to impress the committee with the fact that the Customs Tariff was being reduced in more cases than it was being increased. However, I notice from the budget papers, as they are reproduced in *Hansard* of Thursday, April 9, that whereas the forecast of revenues from customs import duties was $450 million, the revenues actually received amounted to $486 million. In other words the revenues exceeded the minister's announced expectations by the sum of $36 million.

Mr. Fleming (Eglinton): But that had nothing to do with the changes in the tariff. We have to make a forecast using the best judgment we can as to what may be the yield from the customs duties having regard to the imports which may be expected. We came reasonably close, but to the extent that the result does not tally precisely with the forecast, that is not attributable to the changes in the tariff but to the over-all effects of imports.

Mr. Regier: All I can say in reply is that in a year when our imports were well below

expectations we had the minister underestimating the results of the operation of the Customs Tariff by some 7 per cent. Last year we suffered a decline in imports of a radical nature, yet despite this decline there was this substantial underestimate. If our imports had remained at a normal level, or if they had continued to increase, the minister would have been very much further out in his estimates than he was.

I can understand the minister being out in his estimates to a reasonable extent. However, at a time when imports were declining, and after the minister had left an impression throughout Canada that he had been able to reduce import tariffs more than he had raised them, one would have expected a decline in net revenue under the Customs Tariff rather than receipts $36 million over and above the expectations of the department.

I do not think we can ride several horses at once. This government is either reducing tariffs, or it is leaving them as they are, or it is raising tariffs. There is a feeling abroad now that the Tories have learned nothing since the hungry thirties, and that by one means or another they are continuing to behave as if our economic salvation as Canadians lay in higher tariff rates. The minister may haul out all kinds of details and say, look at the number of items on which I have reduced the tariff. However, if he raises the tariff on a few key commodities he raises the cost of living for all Canadian consumers, and the total effect is a rise in the tariff revenue.

Only a year ago the minister underlined the pressing need to raise the Customs Tariff on British woollens. I was out in rural Ontario over the week end, and I drove past an idle plant in Hespeler. I was told that this plant was at one time the greatest woollen textile factory in the whole British commonwealth of nations. Yet despite the aid which the minister sought to give the industry a year ago by amending the Customs Tariff, that plant has since had to close down. One of our most enterprising industries in that whole area of west central Ontario has had to shut its doors, despite the fact that the minister added to the cost of living of all Canadians who have to buy textiles by the amendments he offered a year ago.

I know the minister realizes that he is somewhat isolated in the world of today in his approach to the Customs Tariff, because hardly anywhere in the whole world, except in the United States and the Dominion of Canada, does one find this age-old approach, this seeking of a solution to our problems based on high tariffs versus low tariffs.

Most modern nations of the world today have adopted the policy of assessing their import needs and their export requirements, and for that purpose have established import and export boards. They live in a planned and in a sensible way, instead of continuing this nonsensical farce of attempting to make some people in Canada believe that we are a high tariff people, and making other people in Canada believe we are opposed to high tariffs. The net result of this ridiculous economic nationalism that we have been sowing the seeds of for a number of years now in Canada has always in all history resulted in unemployment, misery, poverty, want and, in many instances, world war.

If the minister, rather than making these proposed amendments, were to offer an overall amendment whereby we might ally ourselves with the European economic union now being formed, he would be breaking new ground, he would be making a real contribution to the restoration of Canadian prosperity. If the minister had a word to say, or an amendment to offer, in regard to enhancing our trade with the British West Indies rather than sitting idly by and offering them congratulatory things—

The Chairman: The hon. member is completely out of order. At present he is making a budget speech and is straying really all over the field. At the present time we are discussing one specific resolution and I must ask the hon. member to adhere to the resolution being discussed and make his other remarks at some other time when there is more latitude in the debate.

Mr. Regier: All I can say is that the amendment reads that it is expedient to amend the Customs Tariff. It is my contention that it is not wise or expedient that we amend the Customs Tariffs in the manner in which the minister is indicating in all the pages that follow, and with all respect to your ruling, I can do no other than say that I have to find myself in disagreement with your ruling. I do not like the minister's continued insistence on what he considers to be the rules of this house in order to block effective debate.

The Chairman: Is the committee ready for the amendment as amended? All those in favour of the amendment please indicate.

Mr. Benidickson: With respect to the (b) paragraph of this resolution, I can understand that. The minister has cleared up one point that I had raised when I compared the new phraseology with the old. I am not proposing to debate the merits of this at this time since we shall have an opportunity to do that on the presentation of the bill, but I realize that

there has been a change in the key tariff item numbers which necessitated the amendment of this particular section of the existing act. I should like to hear from the minister a little better explanation of why he has completely revamped the language of the section and has gone far beyond just simply substituting for the old tariff item numbers the new ones that result from the tariff board report and the resolutions which are to follow.

Mr. Fleming (Eglinton): Mr. Chairman, the proposed new language is a drafting improvement on the language of the existing section 13; it is very much clearer. It does not change the essence of the old provisions at all as applied to ministerial discretion, which is the point the hon. member raised earlier.

It is in this section 13 of the Customs Act that we find provided the authority for the regional application of the seasonal duties on fruits and vegetables. As hon. members are aware, many of those products are first available from domestic production on the west coast. Then, somewhat later they are available in Ontario, Quebec, the maritimes or the Atlantic areas. In certain instances they are produced in only one region of Canada; for example, apricots in British Columbia. Of course, in some areas, owing to poor growing conditions, there will be a short crop in a particular region. It is for these reasons that the special seasonal duties have been applied, with statutory authority, on a regional basis, the three regions being, first, the maritime provinces; second, the provinces of Ontario and Quebec; and, third, the provinces west of Ontario.

The proposed new wording of section 13 introduces no change in the powers of the minister, but it is a most desirable clarification of the language of the existing section 13. I think my hon. friend will realize this is a matter of drafting in the interests of clarification. I think on study he will agree that the proposed new language is a decided improvement on the old language.

Mr. Benidickson: I did not want to be unduly suspicious. I wanted an assurance along those lines that that is the sole reason for the very extensive changes in the language of the old section.

Mr. Fleming (Eglinton): I am informed that that is the only effect of the changed language of section 13.

The Chairman: Shall section 13 (1) as amended carry?

Section 13 (1) as amended agreed to.

Resolution agreed to.

[Mr. Benidickson.]

The Chairman: We shall now deal with resolution 2 on page 7:

2. Resolved,—

(a) that schedule A to the New Zealand Trade Agreement Act, 1932 be amended by striking out tariff item 106 and the enumeration of goods and the rates of duty set opposite that item, and by inserting therein the following item, enumeration of goods and rates of duty:

Tariff Item		Tariff Rates on Goods the Produce or Manufacture of New Zealand
106.	Fruits, prepared, in air-tight cans or other air-tight containers, the weight of the containers to be included in the weight for duty:	
	(1) Apricots	1½ cts. per pound
	(2) Cherries	1½ cts. per pound
	(3) Peaches	1¼ cts. per pound
	(4) Pears	1 ct. per pound
	(6) Prunes	1½ cts. per pound
	(8) N.o.p.	1 ct. per pound

(b) that schedule A to the Customs Tariff be amended by striking out tariff items 83b, 84, 85, 87, 89, 90e, 92, 93, 95, 99d, 105i, 106 and 505c, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

The Chairman: Shall item 106 carry?

Mr. Carter: Mr. Chairman—

Mr. Fleming (Eglinton): May I suggest, Mr. Chairman, that in the order of calling these we do not call item 106 but resolution 2 (a), the (a) part of resolution No. 2 being the one that proposes an amendment of schedule A to the New Zealand Trade Agreement Act? Then, if that is adopted I suggest that you call part (b), which is to be found on the same page.

Mr. Benidickson: Mr. Chairman, I think there would be general agreement with the minister's suggestion except that the whole package of resolution No. 2 does deal with the fruit and vegetable division. It is true that paragraph (a) relates specifically to the necessary change that the minister has already explained in the New Zealand trade agreement, but I know there are a few hon. members who would perhaps just simply like to deal with the fruit and vegetable matter as a package. I do not think it will delay debate in the committee. I myself have no desire to labour individual items, but I know that one of my colleagues was just about to speak in a particular way about the fruit and vegetable matter.

Mr. Fleming (Eglinton): Whatever may meet the convenience of the committee in that respect is satisfactory. Perhaps I should

point out that part (a) is a consequential amendment. Part (b) of resolution No. 2 is the one that embraces the tariff changes in the fruit and vegetable items. It was necessary when we were making these changes to introduce a change in the New Zealand Trade Agreement Act and that is the reason for the introduction of part (a) of this resolution.

In the hope of possibly being of assistance to hon. members, perhaps I might say a word in relation to this question. Resolution No. 2 is the main resolution dealing with the tariff changes arising out of negotiations respecting fruits and vegetables. Hon. members will recall that in November, 1957 I tabled a report of the tariff board on fruits and vegetables. In each case where the tariff board had recommended an increase in duty the item concerned was bound under a trade agreement and it was necesary, therefore, to negotiate with the countries concerned. Hon. members will realize that to offer satisfaction to other countries for these tariff increases Canada had either to offer compensation to them by way of reductions in the duty under other tariff items in which they were interested or else face the possibility of retaliatory action through increased tariffs against Canadian exports to these other countries. The United States is Canada's chief supplier of these products and both the increases and decreases negotiated with the United States are contained in part (b) of this resolution. Last year I was asked, in cases where we negotiated with a country and arrived in the end at a package with some increases and some decreases, that we show them in that form, and that is what we have sought to do in this case.

Mr. Benidickson: The trading is all confined to the fruit and vegetable items.

Mr. Fleming (Eglinton): Resolution No. 2 embraces the entire result of our negotiations with the United States respecting fruits and vegetables. There are two items which are not fruits and vegetables and when we come to them in due course I will be glad to point them out. Similarly, when we come to resolution No. 3 hon. members will see there that we have included in the resolution the concessions that we gave in the course of the negotiations respecting woollens to the other countries concerned.

Mr. Benidickson: I thought it gave a better picture this year than we have had.

Mr. Fleming (Eglinton): Hon. members will have noted that part (a) of the resolution relates to the New Zealand Trade Agreement Act and these changes have come about in an interesting way. The general agreement on tariffs and trade precludes the creation of new or increased margins of preference. Consequently where we are increasing the most-favoured-nation rate of duty it is also necessary to make corresponding increases in the preferential rates of duties in order to avoid the creation of any new preference or any enlargement of the existing margin of preference.

The increases in the duties on the canned fruits listed in part (a) of this resolution correspond exactly with the increases which are proposed in the most-favoured-nation rate of duty in part (b). The items for canned pears, 106, sub 4, and canned fruit n.o.p., 106, sub 8, appear in this resolution simply because they are being renumbered. There is no change in the rates of duty. I might mention that there appear to have been no imports of canned peaches, canned apricots, canned cherries or canned prunes from New Zealand into Canada since the New Zealand trade agreement was signed in 1932.

The government has, of course, consulted with the government of New Zealand and we have their agreement to the changes proposed in part (a) of the resolution.

Mr. Benidickson: Was there a quid pro quo necessary?

Mr. Fleming (Eglinton): No. In the same way in part (b) we have the changes resulting from the negotiations with the United States. There is a part (c) to this resolution as well. It contains changes all of a purely formal nature. I have already referred to the changes in the numbering of the tariff items concerning canned fruit. In fact, there have been a great many changes made in the numbering of the tariff items throughout the fruit and vegetable section of the tariff and the changes proposed in part (c) of the resolution all arise out of renumbering of the items. In some cases the wording has been altered but in no case is there any change in the rate of duty.

Mr. Carter: I want to thank the minister for consenting to the discussion of parts (a) and (b) at the same time. I think it will save time and also eliminate some amount of repetition. We have before us now a resolution proposing tariff changes in a number of tariff items dealing with fruits and vegetables, fresh, frozen and canned, and including both domestic and imported varieties. The minister has just repeated what he told us in his budget presentation, that these changes flow from a report of the tariff board which was tabled in November of 1957. Elsewhere in his budget presentation I believe he also indicated that these changes will not

result in any net gain in revenue and are more of a protective nature than anything else. He confirmed this point when he said, as found on page 2423 of *Hansard* of April 9:

> Turning to the canned and frozen products there are modest increases of duty consequential upon the increased protection received by the fresh products.

A few minutes ago the minister referred to three separate regions of Canada, the west coast, central Canada and the maritime provinces. In the province from which I come conditions are such that we should be considered as a separate region. Conditions there are totally different from those that obtain anywhere on the mainland. I realize how difficult it is for the government to lay down one single rule that will bear evenly on all sections of a large country like Canada. While it is difficult to see how anyone is going to benefit from this extra protection, certainly no consumer anywhere in Canada will benefit and in the case of my province it is going to constitute a real hardship.

In Newfoundland we already have the highest cost of living in all Canada and the effect of these tariff changes will be to push it higher still. One of our main complaints as a province since confederating with Canada has been and still is that we are a captive market forced to buy on the mainland and particularly in the central provinces. This, however, does not hold true in the case of fresh fruits and vegetables. As far as Newfoundland is concerned, this protection will not benefit mainland producers at all because we are not able to buy in that market in any case. The reasons for that are obvious. In the first place, our population is scattered around a 6,000-mile coastline and is broken up into about 1,300 isolated settlements. There are no refrigeration facilities for storage of fresh fruits and vegetables, and there is a lack of transportation facilities as well.

We are handicapped also by the fact that we have a narrow gauge railway which prevents our importers from buying in carload lots. A fruit vendor in Halifax can buy a carload of fruit originating in California or Florida and have it delivered to his door in Halifax. This is impossible for the Newfoundland merchant because our narrow gauge railway prevents it. Instead, we are forced to buy from brokers in Montreal and this, in itself, makes the cost of fruits and vegetables much higher than in the maritime provinces. In addition to that, we have to go to the extra expense of packaging the goods and pay for the extra handling involved in unloading the foods from trains to the boat, then unloading them from the boat into railway cars again for transportation to the centres of distribution and from there to the smaller settlements.

This extra packaging must be of the same quality as that required for export, which is much more expensive than the packaging required for the domestic market on the mainland. If all that were not enough, we find that the Maritime Freight Rates Act apparently does not apply to fruits imported into Canada through maritime ports. I have just had a case brought to my attention where a buyer in Newfoundland bought a carload of fruit in South Africa and had it routed through Saint John, New Brunswick. He then found that instead of the special maritime freight rates applying from Saint John, New Brunswick to Newfoundland, he had to pay an extra 20 per cent freight charge and another 7½ per cent terminal charge. We are greatly handicapped, therefore, with respect to fresh fruits and vegetables. Even in St. John's and the large urban centres of our province, fruits and vegetables are at least double the cost in the maritime provinces and are sometimes three or four times as expensive as they are in central Canada.

Now, for these reasons, our Newfoundland people have to rely to a large extent on canned products, particularly canned fruits and vegetables. We have been told that fruits are essential to health. They are a source of minerals and vitamins necessary for the maintenance of health, particularly for the health of children. The only way in which we can maintain a balanced diet in that respect is by the use of canned products. We all know that tariff changes result in price increases that are much greater than the amount of the tariff itself. We have had proof of that recently when a two cent increase in the tax on a package of cigarettes resulted in a four cent increase in the retail price. The result of this tariff change on tinned fruits in particular, plus the other taxes applicable, will prevent our Newfoundland fishermen from obtaining these essential foods at all because they will be priced right out of his pocket.

Apart from that, we have heard a lot from the present government about their intention of encouraging commonwealth trade. Since a great deal of our imported fruit in Newfoundland comes from New Zealand, South Africa and other commonwealth countries, these tariff increases seem to be a peculiar way of achieving that objective. In view of the problems which I have outlined to the minister, I would be most grateful if he would look into the matter to see if it would be possible to create a fourth region which would at least take into account the particular conditions which obtain in my province. I have

particular reference to the way in which the fishermen and poorer people living in the isolated settlements of my province may be affected.

Mr. Fleming (Eglinton): The remarks of the hon. member will be brought to the attention of the Minister of National Revenue who has the power, under section 13 of the act with which we dealt in the first resolution, to establish regions.

Mr. McMillan: Mr. Chairman, the members of parliament from the Niagara district have always been greatly interested in the tariff on fruits and vegetables. I was reading the debates in May, 1926, in which the Hon. J. D. Chaplin, who was then the member for Lincoln, was talking about the difficulty the producers had in disposing of their fruits and vegetables at favourable prices when fruit from the United States was coming in and was very competitive. He was the minister of trade and commerce in the Meighen administration. During that time, and afterwards, there were only minor changes in the tariff.

In May, 1930 Hon. Charles Dunning brought in a budget and made a real attempt at that time to apply a specific duty over specific periods of time that would correspond to the harvest time of different fruits and vegetables. In presenting his budget at that time he said, and I will paraphrase it, that a combination of specific and ad valorem duties would meet the urgent needs of the growers, acute instability of prices, and at the same time guarantee to consumers at all seasons of the year supplies of these products at reasonable prices. The specific seasonal duties were applied to practically all fruits and vegetables grown in Canada and the application of them has been continued up to the present time.

I have often said in this house that these particular periods for the application of specific duties do not correspond to the harvesting periods of the different fruits and vegetables. One of the reasons for this is that producers have developed different varieties of fruits and vegetables that ripen over a longer time. Another reason is the modern development of cold storage facilities. In other words, importers are able to bring in fruits and vegetables from the United States ahead of the time for the application of the specific duty, those fruits and vegetables could be placed in Canadian cold storage and would be very competitive with our fruits and vegetables when they come on the market. Then, too, at the end of the season the United States producers are able to keep their fruits and vegetables in cold storage in the United States, then bring them in to Canada in competition with our fruits and vegetables at that particular time at the end of our season.

I think there is no doubt but that the prolonging of the period during which the specific duty may apply to the different fruits and vegetables will have a marked effect in eliminating competition, particularly from the United States. I think our fruit and vegetable farmers in the Niagara district, and in other parts of Canada, will be pleased with these amendments to the Customs Tariff.

I have raised this matter previously here in the House of Commons. I know that these arrangements have been made through GATT. I am not sufficiently informed to pass any judgment on the effect of the increase or decrease of duty on any particular fruit or vegetable. In his budget speech I think the minister said that certain negotiations were under way now and I think he said that some were concluded or virtually concluded. I should like to ask him whether they have all been concluded.

Mr. Fleming (Eglinton): Those respecting fruits and vegetables have been concluded.

The Chairman: Shall paragraph 2 (a) carry?

Paragraph (a) agreed to.

(b) that Schedule A to the Customs Tariff be amended by striking out tariff items 83b, 84, 85, 87, 89, 90e, 92, 93, 95, 99d, 105i, 106 and 505c, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

Mr. Benidickson: Just in a broad way in connection with subparagraph (b), will the minister just highlight for the committee some of the major changes. I am thinking particularly of the extensions proposed in the seasonal specific duty application. I also recollect that, the day after the budget, I read the Hamilton *Spectator* and it indicated that potatoes had gone up, for instance, 4½ cents overnight on a ten-pound package. What are some of the major items in the household budget that are affected in the proposals?

Mr. Fleming (Eglinton): I take it that we are now on paragraph 2 (b), Mr. Chairman.

The Chairman: Yes.

Mr. Benidickson: The question was raised about the change in the tariff on potatoes. I think you will find that there is a tariff now all year round on potatoes whereas previously there was a free period.

Mr. Fleming (Eglinton): In the budget speech on April 9, at page 2423, I indicated the highlights of the proposed changes in the tariff on fruits and vegetables. If the hon. member looks in the first column, the second

paragraph, he will see that I drew attention there to three of the most important changes. I said this:

> The duty on potatoes, table and seed, new and old, will hereafter, as recommended by the tariff board, be 37½ cents per cwt. throughout the year.

Mr. Benidickson: That would account for this press report on April 10, the day after the budget, that potatoes were up 4½ cents.

Mr. Fleming (Eglinton): I have not seen the press report in question; and without having an opportunity to examine it I would not wish to make any comment upon it.

I also drew attention to the fact that our seasonal duty applying to imported peaches remains at 1½ cents a pound but it will hereafter be in force for 14 instead of 9 weeks each year. Then in the third place, with respect to apples, I said we were moving to complete reciprocity with the United States and that the duty on imported apples will hereafter be ¼ cent a pound all the year round, instead of free for ten weeks and ⅜ cent a pound for the rest of the year. Then further, in several later paragraphs, I outlined the principal and outstanding changes that are proposed. In the great majority of cases, of course, the changes correspond with the recommendations of the tariff board but they do not tally in all cases with the recommendations of the tariff board.

Mr. Benidickson: You had to negotiate afterwards.

Mr. Fleming (Eglinton): Oh, yes. Such changes as there are were in some cases arrived at in the course of negotiations with the United States. Some were the result of giving compensation and for other reasons.

Mr. Benidickson: What about the recommendation of the board? I should be familiar with the matter but I am not. What about the reference in the tariff board report to the recommendations from the industry about some further change being necessary on the pre-packaged vegetables? Is that a 5 per cent protection? Did you follow out the recommendation of the tariff board with a 5 per cent protection, having regard to the practice of bringing in such a high percentage of vegetables in a pre-packaged state?

Mr. Fleming (Eglinton): Yes. That is carried into the resolution. The hon. member will find it at page 11 at the very top of the page. It is in resolution 2 (b).

The Chairman: Is there any further discussion on paragraph 2 (b)?

Mr. Fleming (Eglinton): May I ask, Mr. Chairman, if you intend to call the individual items? As I indicated earlier, I have one amendment on page 13, item 95.

[Mr. Fleming (Eglinton).]

The Chairman: If it is the wish of the committee I will call each item.

Mr. Argue: I have a few remarks which I think would probably be appropriate on subclause (b). In the minister's budget statement he had this to say as reported at page 2422 of *Hansard*:

> The house will recall that on November 17, 1957 I tabled an extensive report by the tariff board on fruits and vegetables.

Then of course the minister goes on to say that as a result of the extensive report and the recommendations contained in that report and the subsequent negotiations and so on, he has these particular changes to recommend to the house. My question has to do with whether or not the minister feels that the inquiry that was undertaken and completed by the tariff board and to which he refers was an adequate one or a proper one and whether it is the intention of the minister to have these particular items referred to the tariff board again for a full report? The reason I ask these questions is as a result of the comment of the tariff board itself in the report it makes, and to which the minister has referred. On page 26 and under the heading entitled "Results of Inquiry" I find this statement:

> In the brief time at its disposal, the tariff board could not conduct the full-scale inquiry that a reference such as this warrants and should receive. There has been no opportunity under the time-table envisaged in the letter from the minister of finance, to explore thoroughly many aspects of the problem, much less all of them.

The board in its report goes on to say that under these circumstances it had done all that was physically possible on very short notice to ask the producers for their submissions. But the question I have is this. As a result of the admission of the board itself that its report was not an adequate one, that it brought in the report under the pressure of the letter by the Minister of Finance to complete this report in a hurry, does the minister feel that the report itself is adequate? Is any further inquiry going to be made? Apparently the board itself felt that its report was not adequate, that it did not have the opportunity to conduct a full scale inquiry that a reference such as this warrants and should receive. It seems to me that the tariff items which the house is being asked to pass are extremely important ones. I know that the minister has been in consultation with producers' organizations, and I am not complaining at this time about the changes that are being made. However, I am concerned as to whether or not these recommendations are the best that can be made since, in the words of the tariff board itself, they were made in a great hurry.

Mr. Fleming (Eglinton): May I remind the hon. member that the reference to the tariff board of the items of the tariff respecting fruits and vegetables was directed not by myself but by my predecessor, Mr. Harris. The letter to which reference has been made in the passage he has quoted is the letter evidently written by Mr. Harris to the tariff board. The note of urgency which appears in that letter is, of course, to be ascribed to him.

As to the adequacy of the inquiry, I think it may best be judged by the results. I tabled this report in the house a year and one-half ago. The representations that we received were all in the interests of the earliest possible implementation of the recommendations of the tariff board report. We have followed the procedures prescribed by the general agreement on tariffs and trade and have submitted these recommendations to the house as the result of the tariff board's inquiry and its report, the public knowledge of the recommendations contained in its report and the subsequent negotiations which were carried on with the United States. It is significant—and I think is the very best answer to the question raised by my hon. friend—that we have not had one adverse recommendation or representation from either producer or consumer with regard to these recommendations. Indeed, we have had very generous and widespread commendation of the recommendations which are now submitted to the house.

Mr. Argue: Mr. Chairman, I would like to ask the minister a question which I asked earlier, and which he did not answer, although perhaps the answer is implicit in his statement. I take it that there is no intention to have any further inquiry in this general field in the near future, in spite of the statement by the board itself that in its opinion its report was not comprehensive?

Mr. Fleming (Eglinton): No, Mr. Chairman. We see no occasion for any further inquiry by the board into this subject. In any event, the board has some other and pressing burdens awaiting it, some heavy references which will have to be given priority under any circumstances.

Mr. Argue: I wonder if the minister would be kind enough just to bring me up to date on whether or not all the positions on the board have now been filled and whether the board is up to full strength?

Mr. Fleming (Eglinton): No, Mr. Chairman. This is the fifth day of May. For the past four days the board has not been at full strength. It was at full strength until April 30.

Mr. Argue: Is it short of just one member at the moment?

Mr. Fleming (Eglinton): Two vacancies arose on April 30.

Mr. Argue: Can the minister tell us whether it is the intention of the government to fill these vacancies? I hope the government will not follow the many precedents it has established in delaying appointments to other bodies and unduly delay appointments to this board. It seems this government is certainly not in a hurry to fill any of these positions.

Mr. Martin (Essex East): There are about 100 vacancies which this government is not filling.

Mr. Argue: The hon. member for Essex East is also interested in this question. I wonder if the minister can tell the committee when the government will fill those important vacancies?

Mr. Fleming (Eglinton): Mr. Chairman, this is quite out of order. We are discussing recommendations and changes in tariff rates. I will be glad to deal with this subject on a proper occasion, but I think if we go into this question further we will be clearly out of order.

Paragraph (b) agreed to.

Items Nos. 85, 87, 89 90, 92 and 93 agreed to.

Customs tariff—95a. Cantaloupes, the weight of the package to be included in the weight for duty, per pound: British preferential tariff, free; most-favoured-nation tariff, 1¼ cents or free; general tariff, 1¼ cents or free.

In any 12 month period ending March 13, the specific duty shall not be maintained in force in excess of eight weeks, and the free rate shall apply whenever the specific duty is not in effect.

Mr. Fleming (Eglinton): On item 95a, Mr. Chairman, this is the second of the group of three amendments I mentioned at the outset, and I would ask my colleague, the Minister of Labour, to move the amendment. I have furnished copies to hon. gentlemen opposite.

Mr. Starr: I move the following amendment:

That resolution No. 2 (b) of the budget resolutions relating to the Customs Tariff be amended by deleting therefrom tariff item 95 and by substituting therefor the following:

95. Cantaloupes and muskmelons, the weight of the packages to be included in the weight for duty, per pound.

British preferential tariff, free; most-favoured-nation tariff, 1¼ cents or free; general tariff, 1¼ cents or free.

In any 12-month period ending March 31, the specific duty shall not be maintained in force in excess of 8 weeks, and the free rate shall apply whenever the specific duty is not in effect.

Mr. McMillan: Mr. Chairman, I would like to ask the minister what is the mechanism for applying these specific duties? Supposing

fruits are on the way to the Canadian market from the United States. Do these specific duties go on overnight or is there notice given?

Mr. Fleming (Eglinton): If the hon. member will look back to his copy of the pamphlet containing the resolutions, he will see in subsection 2 of section 13 the provision which is made for goods in transit.

Amendment agreed to.

Items Nos. 99d, 106 and 107 agreed to.

Customs tariff—187d. Sensitized photographic rolls consisting of a photo-sensitive layer and a positive receiving layer, for use in cameras for making positives: British preferential tariff, free; most-favoured-nation tariff, 15 per cent; general tariff, 30 per cent.

Mr. Benidickson: Mr. Chairman, on this point how does this item happen to get into the fruits and vegetables section?

Mr. Fleming (Eglinton): Mr. Chairman, these two items, 187d and 505c, are the two items not pertaining to fruits and vegetables which are part of the package deal made with the United States. The hon. member will see these are reductions being made in our tariff as part of the negotiated price we pay for obtaining from the United States agreement to the increases which are being made in the tariff rates on vegetables imported into Canada.

Item agreed to.

Items Nos. 187d and 505c agreed to.

(c) that Schedule A to the Customs Tariff be amended by striking out tariff items 95a, 95b and 107, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

Customs tariff—84. Onion sets and shallots, in their natural state: British preferential tariff, free; most-favoured-nation tariff, 15 per cent; general tariff, 30 per cent.

Mr. Benidickson: Mr. Chairman, on this item I would like to bring in a little bit of local viewpoint. The hon. member for Burin-Burgeo said something about the regional difficulties in not having an appropriate designation for his territory other than the Atlantic maritime group. I would like the minister to convey to his colleague a report which I received to the effect that regardless of the changes which will be made in the tariffs here, it is not likely to change very much our likelihood of purchasing, shall we say, from eastern Ontario fruits and vegetables at the same season as I imagine one would purchase in northwestern Ontario. I think our natural marketing is through Winnipeg, and there is a great deal of importing from the United States in that area. Therefore I think northwestern Ontario should not properly be included in the entire Ontario grouping, because the minister will recognize that we are a thousand miles away from the eastern Ontario producer.

Mr. Fleming (Eglinton): The point of division between those two regions is at Port Arthur.

Mr. Benidickson: That is not the way it is worded, though. The minister's references have been to Ontario as such.

Mr. Fleming (Eglinton): Well, that is the way it stands at the moment.

Mr. Benidickson: I am glad to hear that.

Item agreed to.

Items Nos. 84, 85a, 85b, 87, 89, 90 and 92 agreed to.

Customs tariff—95a. Muskmelons, the weight of the packages to be included in the weight for duty, per pound: British preferential tariff, free; most-favoured-nation tariff, 1¼ cents or 10 per cent; general tariff, 1¼ cents or 10 per cent.

In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of 8 weeks, and the 10 per cent duty shall apply whenever the specific duty is not in effect.

Mr. Fleming (Eglinton): Mr. Chairman, item 95a gives rise to the third of this group of amendments, and I would ask my colleague, the Minister of Labour, to move the amendment.

Mr. Starr: I move

That resolution No. 2(c) of the budget resolutions relating to the Customs Tariff be amended by deleting therefrom tariff item 95a.

Mr. Fleming (Eglinton): This pertains, of course, to the changes made with respect to muskmelons.

Mr. Benidickson: On that point, Mr. Chairman, the rates are the same? You are simply deciding to put these two products together, but there is no change in the rates? The muskmelon is be to lumped together with cantaloupes?

Mr. Fleming (Eglinton): As I pointed out earlier, there is a change as far as the muskmelons are concerned. In the form of the original resolution, the cantaloupes were to be free of duty during the off season, and muskmelons were to continue to be dutiable at 10 per cent during the off season. The effect of the change is to make the muskmelons duty free in the off season.

Amendment agreed to.

Item as amended agreed to.

Items Nos. 95b, 95c, 105i, 106 and 107 agreed to.

Resolution agreed to.

The Deputy Chairman: Resolution 3.

Mr. Benidickson: I see it is getting very close to five o'clock. I have a request from my deskmate, the hon. member for Bonavista-Twillingate who had to leave the house for a short period. He did wish to speak on resolution 3 and he wondered if it would be possible to deal with resolution 4, and then revert to the one in which he is interested.

Mr. Fleming (Eglinton): I would be quite agreeable to that.

The Deputy Chairman: Is it agreeable to the committee that we should deal now with resolution 4?

Some hon. Members: Agreed.

4. Resolved,—that schedule A to the Customs Tariff be amended by striking out tariff items 28, 72a, 82f, 134, 135, 143, 156, 180a, 296g, 351c, 399a, 409f, 414a, 427, 438b, 438c, 438d, 438e, 438m, 440c, 440k, 442b, 442c, 446e, 462d, 462i, 502, 502c, 504a, 505a, 682, 691(1) and 696a and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

Tariff items 27, 27a, 72a, 79h, 79i, 82i, agreed to.

Customs tariff—134.

	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
All sugar above number sixteen Dutch standard in colour, and all refined sugars of whatever kinds, grades or standards, not covered by tariff item 135,			
When not exceeding eighty-eight degrees of polarization, per one hundred pounds	$ .83	$1.50	$1.50
When exceeding eighty-eight degrees but not exceeding eight-nine degrees, per one hundred pounds	.85	1.53	1.53
When exceeding eighty-nine degrees but not exceeding ninety degrees, per one hundred pounds	.87	1.55	1.55
When exceeding ninety degrees but not exceeding ninety-one degrees, per one hundred pounds	.89	1.58	1.58
When exceeding ninety-one degrees but not exceeding ninety-two degrees, per one hundred pounds	.91	1.62	1.62
When exceeding ninety-two degrees but not exceeding ninety-three degrees, per one hundred pounds	.93	1.65	1.65
When exceeding ninety-three degrees but not exceeding ninety-four degrees, per one hundred pounds	.95	1.68	1.68
When exceeding ninety-four degrees but not exceeding ninety-five degrees, per one hundred pounds	.97	1.70	1.70
When exceeding ninety-five degrees but not exceeding ninety-six degrees, per one hundred pounds	.99	1.74	1.74
When exceeding ninety-six degrees but not exceeding ninety-seven degrees, per one hundred pounds	1.01	1.77	1.77
When exceeding ninety-seven degrees but not exceeding ninety-eight degrees, per one hundred pounds	1.03	1.80	1.80
When exceeding ninety-eight degrees but not exceeding ninety-nine degrees, per one hundred pounds	1.09	1.89	1.89
When exceeding ninety-nine degrees, per one hundred pounds	1.09	1.89	1.89

Mr. Benidickson: On this substantial item with respect to sugar, what is the reason for the presentation in the budget of this item?

Mr. Fleming (Eglinton): With respect to items 134 and 135 which apply to sugar, both raw and refined, the only change in these two items is the elimination of the provision specifically limiting the application of special duty.

Item agreed to.

Items 134a, 135, 143, 152j, 156, 180a, 296g, 351c agreed to.

Customs tariff—399a. Pipes or tubes of iron or steel, commonly known as "oil-country goods", being casing or tubing and fittings or couplings therefor; sucker rods, pony rods, polished rods and couplings therefor; all of the foregoing for use in connection with natural gas or oil wells; British preferential tariff, 5 per cent; most favoured nation tariff, 10 per cent; general tariff, 20 per cent.

Mr. Benidickson: This item seems to have some reference to some of the changes that

were made last year in regard to some of the iron and steel pipes items, particularly those used in the natural gas and oil industry. What has occasioned a change this year after the very extensive revision which took place last year?

Mr. Fleming (Eglinton): The changes proposed under 399a affect rods known as sucker rods, pony rods and polished rods which are used in oil wells and which are now being made in Canada. In future, the same rates of duty will apply to sucker rods, pony rods and polished rods as apply to casing or tubing in oil wells.

The hon. member is correct in saying that this change stems from the revision last year of the tariff with respect to pipes and tubes. The rods used in oil wells are now being given the same rates as the tubes in connection with which they are used. The rods were not, of course, included in the reference to the board; that reference was confined to pipes and tubes.

Mr. Benidickson: But it would appear this is an increase with respect to some of the items mentioned.

Mr. Fleming (Eglinton): This is the addition of these particular rods to the tubes which were dealt with last year, and the reason is that at the time of the tariff board inquiry these rods were not being manufactured in Canada. The proposed change does not require negotiation, because it is not an item which is bound in Canada.

Item agreed to.

Items 409f, 414a, 423a agreed to.

Mr. Fleming (Eglinton): On item 427, Mr. Chairman, there are amendments which I will ask my colleague the Minister of Labour to introduce. Perhaps if you will call the sub-clauses one at a time it might simplify our dealing with them. There are two amendments, one affecting sub-item 4 and the other, sub-item 5.

Items 427(1), 427(2), 427(3) agreed to.

Customs tariff—427(4). Power shovels and cranes, convertible, with nominal dipper capacities, as shovels, from three-eighth to two and one-half cubic yards, inclusive, n.o.p.; parts of the foregoing: British preferential tariff, free; most-favoured-nation tariff, 22½ per cent; general tariff, 35 per cent.

Mr. Starr: I move that resolution No. 4 of the budget resolutions relating to the customs tariff be amended by deleting therefrom item 427(4) and by substituting therefor the following:

427(4) machines, commonly known as convertible power cranes or shovels, crawler mounted, with nominal dipper capacities as shovels from three-eighth to two and one-half cubic yards inclusive, n.o.p.; parts of the foregoing: British preferential tariff, 10 per cent; most-favoured-nation tariff, 22½ per cent; general tariff, 35 per cent.

The Deputy Chairman: Shall the amendment carry?

Some hon. Members: Agreed.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—427(5). Power cranes, truck or wagon type, with rated lifting capacities of 10 to 40 tons inclusive, computed on the basis of 12-foot radius with 50 foot boom, n.o.p. parts of the foregoing: British preferential tariff, 10 per cent; most-favoured-nation tariff, 22½ per cent; general tariff, 35 per cent.

Mr. Starr: Mr. Chairman, I move that resolution No. 4 of the budget resolutions relating to the customs tariff be amended by deleting therefrom item 427(5) and by substituting therefor the following:

427(5) machines, commonly known as convertible power cranes or shovels, truck or wagon mounted, with nominal dipper capacities as shovels from three-eighth to two and one-half cubic yards inclusive, n.o.p.; machines, commonly known as revolving power cranes, truck or wagon mounted, with maximum rated lifting capacities of ten to 40 tons inclusive, n.o.p.; parts of the foregoing: British preferential tariff, 10 per cent. Most favoured nation tariff, 22½ per cent; general tariff, 35 per cent.

Mr. Benidickson: I did raise this question earlier, but I do not think the minister replied to it specifically. Perhaps I could refer to it again, now. I think it deals with these machines which are the subject of the amendment and also with soft drink vending machines. I am reading from the *Financial Post* of April 18 in which an analysis of some of the tariff changes proposed in the budget appeared, and the staff writer makes this assertion:

The tariff board has rejected "made in Canada" appeals involving soft drink and hoisting machines.

I do not think the minister replied to the question which I raised on that point earlier.

Mr. Fleming (Eglinton): That statement is definitely not a true interpretation of the effect of this resolution.

The Deputy Chairman: Shall the amendment carry?

Some hon. Members: Agreed.

Amendment agreed to.

Mr. Batten: Mr. Chairman, may I ask the minister if I am right in assuming that all the articles mentioned in item 427 are deemed to be of a class or kind made in Canada whether in fact they are, or are not?

Mr. Fleming (Eglinton): They are all ruled to be made in Canada.

Mr. Batten: Then by what criteria does the minister classify these items? Are they classified by size or by performance? What method is used?

Mr. Fleming (Eglinton): The Minister of National Revenue has so ruled. Under the act the criterion is to be determined by the minister and, naturally, the minister satisfies himself that these particular machines are of a class or kind which are in fact made in Canada. Inquiries are being made all the time of manufacturers and producers. This sort of inquiry is a constant routine.

Mr. Batten: I recognize all that, but my problem is this: I want to know how the Minister of National Revenue is going to decide that an item which is not made in Canada is to be considered of a class or kind which is made in Canada. How is he going to decide that?

Mr. Fleming (Eglinton): I presume the hon. member is aware that the decision of the minister is subject to appeal to the tariff board, and that a decision of the tariff board is subject to appeal to the Exchequer Court of Canada.

Mr. Batten: Does this section, as it stands now, mean that importers who disagree with the ruling that a particular item is of a class or kind made in Canada still have the right to appeal to the tariff board or to the courts?

Mr. Fleming (Eglinton): I think the hon. member has, perhaps, failed to appreciate the effect of item 427 as proposed. These machines have all been ruled, hitherto, to be of a class or kind made in Canada. That is a ruling which was made before the budget was brought in. Here we are simply dealing legislatively with a fact and with a ruling already made by the minister under the statutory powers given to him and, in some cases, by the tariff board itself.

Mr. Batten: I understand the amendment to 427 (4) and to 427 (5). There is some indication in the wording here as to how these items would be described as being of a class or kind made in Canada or not. For example, 427 (6) refers to paper machines, slitting, winding, and so on. There is no indication here at all as to what criteria will be used to decide whether these items are deemed to be made in Canada or not.

Mr. Fleming (Eglinton): Mr. Chairman, all paper machines have been ruled hitherto, without exception, to be of a class or kind made in Canada.

Mr. Benidickson: By whom and how recently?

Mr. Fleming (Eglinton): Ruled by the minister and in some instances by the tariff board on appeals.

Mr. Batten: Was there not an appeal before the tariff board in February of this year regarding paper machines and winders, and no decision was made?

Mr. Fleming (Eglinton): Yes, that is correct, and the tariff board in its decision upheld the ruling of the minister.

Mr. Batten: My information in this particular case, Mr. Chairman, leads me to believe that the appeal began on February 17 of this year and my understanding is that no decision was given on this appeal.

Mr. Fleming (Eglinton): The decision by the tariff board was given on April 30.

The Deputy Chairman: Shall 427 (6) carry?

Mr. Benidickson: My hon. friend may wish to pursue his point.

The Deputy Chairman: Does the hon. member wish to pursue his question further.

Mr. Batten: Yes.

The Deputy Chairman: Since it is five o'clock, it is my duty, pursuant to section 3 of standing order 15 to leave the chair and allow the house to proceed to the consideration of private and public bills.

Progress reported.

Mr. Speaker: It being five o'clock, the house will now proceed to the consideration of private and public bills, the former having precedence, pursuant to section 3 of standing order 15.

PRIVATE BILLS

SECOND READINGS—SENATE BILLS

Mr. Speaker: There are a number of divorce bills standing for second reading. Is it the pleasure of the house that these bills be taken in one motion?

Some hon. Members: Agreed.

Bill SD-191, for the relief of Emilia Mildora Kavalas Chesna.—Mr. McCleave.

Bill SD-192, for the relief of Clarice-Mae Barraclough King.—Mr. McCleave.

Bill SD-193, for the relief of Margherita Elaina Milano Di Pietro.—Mr. McCleave.

Bill SD-194, for the relief of Lucille Gagne Labonte.—Mr. McCleave.

Bill SD-195, for the relief of Jean Louis Mathieu.—Mr. McCleave.

Bill SD-196, for the relief of Llui-Amoy Wheatley Fraser.—Mr. McCleave.

Bill SD-197, for the relief of Phyllis Pamela Allen Ashburner-Collins.—Mr. McCleave.

Bill SD-198, for the relief of Albert Reginald Bissonnette.—Mr. McCleave.

Bill SD-199, for the relief of Alexander Abraham Hendy.—Mr. McCleave.

Bill SD-200, for the relief of Winifred Martin Collier.—Mr. McCleave.

Bill SD-201, for the relief of Jeannine Aimie Alice Mercier Mahaut.—Mr. McCleave.

Bill SD-202, for the relief of Claude Desroches.—Mr. McCleave.

Bill SD-203, for the relief of Mildred May Eunice Charron Roblee.—Mr. McCleave.

Bill SD-204, for the relief of Pierre Joseph Gabriel Sorba.—Mr. McCleave.

Bill SD-205, for the relief of Gaston Vadnais.—Mr. McCleave.

IMMIGRATION ACT

AMENDMENT RESPECTING RIGHT OF APPEAL OF DEPORTATION ORDER

Mr. L. D. Crestohl (Cartier) moved the second reading of Bill No. C-20, to amend the Immigration Act (jurisdiction of courts).

He said: Mr. Speaker, this is a measure which I feel should have the unanimous approval of every member in the house who is concerned with the right of people to have appropriate recourse when they feel themselves aggrieved. I think this is a principle which has long been approved and supported in our system of government and in our system of justice. I find that section 39 of the Immigration Act denies that full right, that full freedom, for people who feel themselves aggrieved and wish to seek redress. In order to follow the argument logically I should like to invite hon. members to look at section 39. Let me read it:

> No court and no judge or officer thereof has jurisdiction to review, quash, reverse, restrain or otherwise interfere with any proceeding, decision or order of the minister, deputy minister, director, immigration appeal board, special inquiry officer or immigration officer had, made or given under the authority and in accordance with the provisions of this act relating to the detention or deportation of any person, upon any ground whatsoever, unless such person is a Canadian citizen or has Canadian domicile.

The wording of the section is certainly all-inclusive and aims, as the wording clearly indicates, to prevent any court, any judge or officer thereof from dealing with any decision made in connection with a deportation, as set forth in this section; not only does this concern a decision of the minister but also a decision of the deputy minister, a director or immigration officer, meaning almost any immigration official, whether he is in the upper echelons of the department or not, who deals with a matter of this kind.

[Mr. Speaker.]

He makes the decision and the person aggrieved has absolutely no recourse. He must accept it as though it were the decision of the highest court in the land. I feel, Mr. Speaker, that a section in an act which is so restrictive as to prevent a person from seeking redress is not a section which should form part of the law of this country.

Hon. members may be surprised to know that I was a member of the committee in 1953 which adopted this section of the act. Of course, one could properly say, "did you speak up at that time in protest against the inclusion of this section"? I want to draw to hon. member's attention the fact that I did, and I now quote from the minutes of the committee meetings when they considered Bill No. 305 respecting immigration in 1952 and 1953. I shall now quote from page 75:

> Section 39: Jurisdiction of courts.
>
> Mr. Crestohl: I suggest that section 39 merits a little attention. I think that the minister, like human beings, or departmental officials, or boards of inquiry, is human and is prone to misjudge a situation. I do not think they should assume the responsibility, and it is a difficult responsibility of rendering a final judgment which is almost equivalent to the highest court in the land. I think we should allow the man who feels aggrieved by the decision which the minister or the department or the board of inquiry might make, to be permitted to have his day in court; and I think we should work out some machinery to allow a person ordered deported to address himself to the courts.
>
> Mr. Gauthier: Judges are human!
>
> Mr. Crestohl: That is true, but they are not interested persons; they are not accusers, prosecutors, and judges at the same time. While the department in the very best of faith unfortunately can be in that position, the courts are not.

Lower down the minister made this observation:

> As I understand Mr. Crestohl he believes that the evidence taken by an inquiry should form the basis of a court proceeding which would pass through the hands of the minister and go to a judge of some kind in a provincial court. I am free to confess that such a proceeding would probably relieve the department of some work and would relieve the minister of exercising his discretion; but if adopted it would introduce entirely new procedures into the immigration proceedings.

Hon. members will see that in 1952, when the government of which I was a follower and supporter dealt with this legislation, I opposed it then. I merely point this out to prove that I am consistent in my opposition. At that time the minister stated that what this would do would be to alter the proceedings in the department of immigration and introduce new procedures. On the question of modifying existing regulations or changing the act, I say respectfully that if the reasons advanced then are the only ones why justice should not be preserved for an aggrieved person, they are not sufficient. One is entitled to have a grievance heard by a tribunal so that he may obtain justice.

In the debate a few minutes ago the Minister of Finance (Mr. Fleming) pointed out that so far as tariff matters are concerned a person who feels himself aggrieved because of a tariff decision has a right of appeal first to the minister; if he is still unhappy about the decision he also has a right of appeal to the tariff board; he then has a right of appeal to the Exchequer Court of Canada, and finally he has a right of appeal to the Supreme Court of Canada. This was clearly explained by the Minister of Finance a few minutes ago. One is really shocked and appalled to find that when dealing with matters of dollars and cents, with tariff questions, there are four stages of appeal in order to seek redress and justice but under the Immigration Act, which deals with human liberty and human rights, there is no right of appeal. It is really incongruous.

An immigration official in the very best of faith talks to an immigant and makes a decision. "I, immigration official, decide that you are to be deported." That decision is as formidable as a judgment of the Supreme Court of Canada. I respectfully submit that such a situation is inconsistent with the reasoning of every member of the house and inconsistent with our basis of justice.

On very many occasions the Prime Minister (Mr. Diefenbaker) has condemned the arbitrary decisions that the immigration department has been able to make and he promised that if he were given the opportunity he would alter the situation. I should like to quote a statement he made as found in the Toronto *Star* of April 26, 1957. Among other things he said that he would—

> —end the "bureaucratic" interpretations of the Immigration Act and ensure that humanitarianism would be considered more often in handling immigration applications.

What could be more humane, what could fall more within the scope of the Prime Minister's statement than to say to a person who has been told by an immigration official that he is to be deported that he has a right of appeal. The official may have made a mistake in the very best of faith but unfortunately once he has made his decision the door is closed and the person is deported. In all justice and to be consistent with the Prime Minister's statement that humanitarianism will be applied in dealing with immigration regulations, I respectfully submit that the proposed amendment to modify section 39 in order to grant the right of appeal under certain conditions should be adopted. We do not want frivolous appeals, we do not want appeals for the purpose of delay, but if a person is serious enough to make a deposit as security for costs, as I have suggested in the amendment, and if he complies with the other conditions he certainly should be entitled to have his day in court. I should also like to quote another statement of the Prime Minister found in the *Globe and Mail* of April 27, 1957, which report reads as follows:

> The Conservatives, he continued, will end the arbitrary and unjust interpretation of immigration regulations which . . . have constituted a denial and veto of immigration legislation.

These two statements of the Prime Minister were both very lofty in principle and in their sense of justice, and I know that he was serious when he made them. I am prepared to accept them and certainly the country will accept them. One way of giving some meaning to the statements of the Prime Minister is to remedy what I and many others consider to be an evil in the present regulations. To deny a human being justice if a minor immigration official should make a mistake by not permitting a right of appeal certainly is beyond every concept of justice as we understand it in Canada.

I have therefore introduced the bill now before us. I had hoped that the Minister of Citizenship and Immigration (Mrs. Fairclough) would have taken up the bill. I am prepared to withdraw my bill if she will make a statement to the house that section 39 will be remedied. I am not particularly concerned whether it becomes law through a measure presented by me or one presented by the minister as long as it becomes law and human beings are permitted to have their day in court when they are aggrieved so that they may be able to receive justice. I do not want to delay the house in discussing this matter. One could certainly enter into a long debate on the principles of justice but I think that would be elementary and unnecessary. I have presented the situation as I see it and I respectfully submit to the house that the bill should be favourably considered.

Mr. F. J. Bigg (Athabasca): Mr. Speaker, Bill No. C-20 purports to make drastic changes in the Immigration Act. I have heard the hon. member who has just taken his seat trot out the horrors. He referred to the Prime Minister (Mr. Diefenbaker) and his pending bill of rights and suggested that we are neglecting the rights of those who intend to become citizens.

Apparently the criticism of the present section of the act is that these persons are not allowed their day in court. However, if one reads the whole act one comes to section 31, and I would direct the attention of all hon. members to that section which sets out in some detail in four subsections the rights of appeal. It is true that if you read section

39 as it now stands carelessly you might be led to believe that there is no appeal.

But section 31 of the act, and similar provisions, have been used in hundreds of cases before the courts of Canada. I might say that at present there are six rather important cases before the courts. I am, naturally, not able to name them because they are still before the courts. But if you go to the Canadian abridgement you will see dozens and dozens of cases listed in which appeals have been made from decisions of minor officials and of the minister himself.

The suggested amendment in Bill No. C-20, far from enlarging the rights of applicants for citizenship, brings in one or two restrictions. If you go to appeal under this Immigration Act now there is no necessity for putting up a bond, certainly in the first stage of the appeal. If a man got off a ship and an order was made for his deportation, the machinery for appeal is plainly here for all to see. If hon. members are trotting out the horrors, as I said, and trying to pretend that these persons are not getting their rights before the courts of Canada, then I say that is just not true.

There is another amendment which I noticed in this bill which suggests that 30 days of grace be allowed in which to launch this appeal. There is no time limit, Mr. Speaker, under the present administration of this act so I feel if you insert a 30-day period of grace you are not going to assist these people who are allegedly being neglected by our Canadian laws.

I return again to the monetary angle. It would seem to me that if we asked a penniless stowaway to put up $300 before he can have his case heard we would be imposing a serious restriction on his rights.

The amendment also suggests that there would be some difficulty concerning domicile, and I think again this is the result of a careless reading of section 39. A great many of the hundreds of cases reported refer to persons who are neither Canadian citizens nor do they pretend to be. The rights which we extend to these persons are the same rights which we give to Canadian citizens. Although section 39 as it now stands reads awkwardly, if any criticism should be directed toward this section I think it should be directed toward the administration of it. Let us suppose that the minister, having reviewed a case brought to her under section 31, makes what the aggrieved person feels to be an injudicious decision. This person still has recourse to all the historical writs.

I refer again to the reported cases. They are so numerous that I will not bore the house by listing them, but if you look at these cases you will see that they have been instituted, in the final analysis, by writs. These are writs of certiorari, prohibition and habeas corpus. They all have the same effect, and that is bringing in the back door something which cannot be brought in the front door. Even when a man is under detention awaiting deportation, a writ of habeas corpus might still be issued and he would be brought before the court. I fail to see, Mr. Speaker, how the rights of these persons are in any way withheld under the present act. I can only say that the amendments suggested by Bill No. C-20 would restrict those rights to an even greater degree.

In the last sentence of section 39 of the act we find the phrase, "unless such person is a Canadian citizen or has Canadian domicile". I agree that that is a suggestion that the act does not cover these cases but I say again that the act, as it is administered, gives these applicants the full protection of British law.

Mr. Crestohl: May I ask the hon. member a question?

Mr. Bigg: Yes.

Mr. Crestohl: Is the hon. member aware that within the past three months applications were made by way of writs of certiorari before the courts in Montreal and judgments were rendered not allowing the writs to be issued because the applicant was denied the right by section 39 of the act? This was mentioned.

Mr. Bigg: I am not aware of these decisions, but I refer again to the Canadian abridgement in which the law is plain. I have no doubt that the higher courts in Canada have had other reasons for quashing these writs, but there is no doubt that the machinery is there or that the section of the act as it now reads does not restrain any applicant. If you read the section carefully, as I suggested, you will find it says:

> No court and no judge or officer thereof has jurisdiction to review, quash, reverse, restrain or otherwise interfere with any poceeding, decision or order of the minister, deputy minister, director, immigration appeal board, special inquiry officer or immigration officer had, made or given under the authority and in accordance with the provisions of this act—

We must presume, therefore, that ministers of the crown act within their jurisdiction justly, fairly, with patience and with discrimination.

Mr. Crestohl: And infallibly?

Mr. Bigg: No, that is why we have the writs. There is no person infallible. We have these writs of the crown which have been used on numerous occasions. I presume they will continue to be used. If there is any

point in passing Bill No. C-20 and amending the act, I have not seen it. All the rights for which the hon. member is asking in this bill are already in the act. As I pointed out, I think conclusively, quite contrary to helping any applicant, these restrictions imposed by the $300 deposit and the 30-day time limit, would cut down his right of appeal.

Mr. M. J. A. Lambert (Edmonton West): As a fellow practitioner in the law of the hon. member who proposed this bill, I was almost ready at first sight to stand beside him and say "three cheers". However, my own experience points out the wisdom of having not only one look at these amendments but possibly a second and third look. At first glance the proposition seems to be very clear. In other words, the proposition is that in all cases where a deportation or detention order is made under the Immigration Act the subject of that order shall have the right to go to the court and have his case put before a superior court of the jurisdiction defined in the proposed section.

However, let us look first of all at just what is the ambit, who are the people that are to be protected. I cannot fully subscribe to being an admirer of the present act. Certainly I do not feel that the question of Canadian domicile as such is consistent with other principles of law when we are considering domicile. But the person who has been a landed immigrant over five years by section 4, in material cases has assumed Canadian domicile. However, this leaves the person who has been a well-behaved citizen for four years and six months or four years and nine months and then runs afoul of the law subject to deportation procedures. He has not yet acquired his Canadian domicile unless he lodges his appeal. There is a period there, but it actually covers those people who have not yet acquired Canadian domicile. Whether a person being a Canadian citizen could be deported is a matter of question; I do not think so. I think you would have to strip him of his citizenship first and therefore he would not be called a Canadian citizen. I do not think you can deport a Canadian citizen.

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

Mr. Lambert: Yes.

Mr. Herridge: I am very much interested in these words "Canadian domicile". Can the hon. member give an explanation of what that expression really means?

Mr. Lambert: The only thing I can do is refer the hon. member to section 4 of the Immigration Act. If we go to the definition clause, which is subsection 2, we find that subsection (c) states:

> "Canadian domicile" means Canadian domicile acquired and held in accordance with section 4;

Then we go to section 4 and we see this:

> 4(1) Canadian domicile is acquired for the purposes of this act by a person having his place of domicile—

Repetition again.

> —for at least five years in Canada after having been landed in Canada.

Then there are restrictions on that, such as if he has been confined to a penitentiary or an asylum and resides in Canada under a permit or has gone out of the country under certain circumstances. But I personally feel that there are certain difficulties in the wording of the act. However, that is not the principle behind the hon. member's proposal here this afternoon.

Let us consider what he is doing. He is singling out a particular group of people, namely potential deportees and he says, "They must have a right of appeal to the court". But what of the person who has applied for citizenship and is not subject to deportation? Under section 14 of the Citizenship Act the minister may deny that applicant's request for citizenship and there is no appeal.

Mr. Crestohl: There should be.

Mr. Lambert: I will deal with that matter in a moment. But there is still no appeal. What about all these proposed immigrants who cannot meet medical requirements? They have not the right of appeal.

Mr. Crestohl: They have not yet been ordered deported.

Mr. Lambert: It is the question of equality that I think the hon. member is trying to get at: these people are human beings; they are residents of this country and therefore they should be equal before the courts.

Mr. Crestohl: If they have been ordered deported.

Mr. Lambert: That may be so. But, as I say, he feels that they have no right of appeal, that they are being denied an appeal beyond that of section 31. After all, there is an appeal procedure under section 31. It is taken up with the minister or a special inquiry board. But the hon. member wants to go beyond that. He wants to have an open court. I say then that there are a number of other instances where a person is aggrieved under the act—and a potential deportee is a person aggrieved under the act—and such people surely must have a right of appeal. Let us consider these

particular points. If we refer to section 5, the medical section, in subsections (a), (b) and (s), there is no right of appeal on a refusal of admittance under a medical certificate. Nor is there under section 19 subclause (1), paragraph (d), which deals with convictions under the Opium and Narcotic Drug Act. There is absolutely no right of appeal. I might cite again section 7, subsection (5), of the present act. You would have to amend the act. As a matter of fact, if we amended section 39 as requested by the hon. member, we would have to go and amend section 7, subsection (5), because you would have a clear inconsistency. May I cite section 7, subsection (5):

(5) The minister may make a deportation order against a person referred to in subsection (4) and such person has no right of appeal from the deportation order and shall be deported as soon as practicable.

If you amend it in one place, I submit you must amend it in another. With all due respect, I would rather think that the point which the hon. member is getting at is this subsection here and not section 39 because I would submit that section 39 allows a certain class of people to have recourse to the courts.

A few moments ago I mentioned section 14 of the Citizenship Act. We have gone a stage further. As to a person who is otherwise qualified as a landed immigrant in this country and applies for citizenship, the court in its examination of the applicant may agree but the minister has the full right to refuse and the applicant has no appeal. Let us say, for the sake or argument, that there should be a right of appeal. I would place these people in the same category as the ones about which the hon. member speaks. We may speak of an absolute right to be heard. But I would ask the hon. gentleman whether there are any such things today as absolute rights. I do not believe there are such things for the individual. In today's international relations and in our relationships one with another there comes a time when perhaps the common good may override the right of the individual. We certainly see it in wartime.

Let us consider but one aspect. I do not say that this is the sole aspect that determines the matter or serves as the basis for this section and section 14 in the Citizenship Act. And, my hon. friend would fully recognize the impossible position in which we would be put. I am speaking here of where there are certain fields where the common good must override any suggestion of an absolute right of the individual. For purposes of security I do not have to dot the "i's" and cross the "t's" for the hon. member to indicate precisely what would happen if a potential deportee had an order against him because of his background and connections, which posed in the eyes of the laws of this country a threat to the security of the country. He can come forward in court and say, "Prove your case against me." It is a most difficult question and I do not think that the hon. member or I can come down with a 100 per cent answer.

As I indicated initially, I too was bothered as a lawyer about this denial of the right of appeal, and I will say that perhaps I can go a long way towards the point of view expressed by the hon. member. But I am just wondering how far we can go. After all, as the hon. member for Athabasca (Mr. Bigg) indicated, there are a number of cases presently before the courts where the applicant, the deportee, does not allege that he is a Canadian citizen or that he has acquired domicile. But he is being heard in court. I do not think we can go quite as far as the hon. member would like. In any event, Mr. Speaker, I think I have indicated that he is perhaps applying a patch in a very doubtful area. I think he would find himself in almost as difficult a spot under section 7, subsection 5. At best you would have a blatant inconsistency in the act. At the moment it is not there. Bearing in mind that the hon. minister has indicated that immigration policy would be subject to review, I do not honestly think that now would be the time to apply what I consider a somewhat dubious patch to this act.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I must say that I wish there had been some members of the Conservative party before the election of 1957 who had taken the same judicial view of the administration of the act and the act itself as the hon. member for Edmonton West (Mr. Lambert) and the hon. member for Athabasca (Mr. Bigg) have taken this afternoon. Because the kind of things which used to be said on this side of the house when I was administering the Immigration Act are very much out of accord with the very moderate and judicial statements they have made.

Mr. Lambert: Mr. Speaker, I must rise on a question of privilege. If the hon. member looks through my remarks, I doubt if he could find the type of white brush he is trying to ascribe to me.

Mr. Pickersgill: The hon. gentleman has just argued his case, so perhaps he will let me now argue mine. I was accused of denying people the right of access to the courts, which I never did at any time. I was accused by the Prime Minister (Mr. Diefenbaker) of all sorts of arbitrary activity, of which the hon. member for Cartier has given a couple of examples. I will not repeat them by

putting them on the record, but I must say that after administering the Immigration Act from July 1, 1954 until June 21, 1957, a period of almost three years, I came to a conclusion which leads me to support the bill moved by the hon. member for Cartier (Mr. Crestohl) today.

I would like to tell hon. members why I reached that conclusion. I think the hon. member for Athabasca is largely right in what he said, that any person with an ingenious enough lawyer and a sympathetic judge can get his case before the court, and in some provinces this is much easier than in others. There are other provinces where because there is a stricter interpretation of the act it is not so easy. I will not reflect in any way on the bar in any province, but I know there were gross discrepancies. My experience was that all the most dubious cases and all the cases which I thought deserved the least consideration always got into the courts, and a great many cases where the persons were not so persistent or ingenious, or perhaps not so anxious to beat the laws of Canada, never did get to the courts.

As hon. members who interested themselves in this subject know, I did take the responsibility of recommending to my colleagues the setting up of an appeal board against deportation orders made against landed immigrants. That appeal board went as far as the Immigration Act itself allowed, because the Immigration Act says the appeal in the ultimate resort is to the minister. I gave every applicant a choice between appealing to the minister or appealing to the board, and I said that if they chose to appeal to the board and indicated that in their appeal I would not interfere with the judgment of the board. If on the other hand they preferred to appeal to the minister, I would then seek the advice of the board but would have to take my responsibility under the act and make the final decision. From the day that board was set up until I ceased to be minister, and as far as I know I have never heard of any difficulties since although perhaps the hon. lady may know of some, I do not think there has been any trouble about appeals from landed immigrants. I have never heard of any case where it was alleged there was any injustice.

These difficulties all arise in the case of persons who are visitors to Canada, either voluntary visitors or, in some cases as far as the country is concerned, involuntary visitors. No doubt the hon. lady remembers one celebrated case, as would the hon. member for Vancouver-Burrard (Mr. Taylor) if he were here. These people are not citizens or landed immigrants and have, strictly speaking, no rights except human rights. I came to the conclusion—and this is the reason I am standing here and saying I have completely changed my mind about this—that it would be preferable, and certainly preferable for the minister involved as well as for the reputation of the country, that instead of having to use a backdoor method which has to be used now in many of these cases we could provide in the law for a regular procedure whereby these cases could be taken directly into the courts under appropriate circumstances.

I think the hon. member for Edmonton West has pointed to a difficulty in respect of section 7. Section 7 is very rarely used and there is some question about whether it really serves very much purpose in the act at all. But I think the hon. member is probably right in saying that if section 7 were left as it is and the bill proposed by the hon. member for Cartier were adopted there would be an inconsistency in the act. That is the kind of inconsistency which could easily be fixed up in committee and I do not think it would constitute an insuperable difficulty, or indeed any real difficulty at all to the enactment of this legislation if parliament were so minded.

There is something, too, in what the hon. member for Edmonton West has said about the fact that the hon. lady has promised us in the near future a revision, I took it not merely of the regulations, but also of the act itself.

My hon. friend from Cartier has indicated that if the hon. lady were to say she was considering favourably this proposal of his for inclusion in her general amendments, he would be glad to drop his bill, since he would feel it had served its purpose. I do think the principle of this bill is, on the whole, a sound one. That does not mean that every appeal is going to be successful. I would, in fact, expect that so long as the general ideas prevail which seemed to have prevailed in this country over the years, and which have been reflected in the Immigration Act over the years, most of these appeals would not be successful.

However, there is no doubt that this procedure would remove from the minds of many people the feeling that the administrative officers or the minister were acting both as judge and as an interested party in these cases. While this was not a proper statement of the facts, if it is widely believed to be a proper statement of the facts and if it creates in people's minds a sense of injustice, I can see a very great advantage in the course suggested, a course which would enable these misgivings to be

removed by legislation which would enable people to go to the courts and have their cases considered by a tribunal which is independent and which obviously has no axe to grind.

I am not at all impressed by the observations of the hon. member for Edmonton West about the Citizenship Act. It is a separate act of parliament. It stands on its own feet, and whether or not it should be amended is an entirely separate question. There is no reason whatever why we should not fill in a pothole on Wellington street just because there is one on Sparks street, and there is no reason why we should not amend the Immigration Act just because the Citizenship Act may require amendment. The hon. member guessed, if he did not know, why that provision was in the Citizenship Act. It was put in there on security grounds. Having administered that act for some time, I am not sure that it is not a rather blunt instrument. I hope that next session when the hon. lady sets up this committee on the Citizenship Act which she promised, this matter will be looked into.

An hon. Member: When did she promise that?

Mr. Pickersgill: During the estimates.

Mrs. Fairclough: The Immigration Act.

Mr. Pickersgill: No, the Citizenship Act. If the hon. lady will look back to the time her estimates were being discussed she will see that that is so. As a matter of fact, I think that in many ways the Citizenship Act is in even more urgent need of revision than the Immigration Act, if I may express out of order a personal opinion.

But I do not wish to detain the house any longer. I merely wish to make this confession, that if I had been asked in 1955, or up until quite late in 1956, to support the bill which the hon. member has introduced, I would not have done so. But sometime during the period in which I was minister, I turned increasingly to the view that for the good administration of the act, and for the good name of the country this was a requirement that should be met, and I confess, since I am making a lot of confessions, that I had rather hoped that I might preside over this change. However, the electors decided otherwise, and I hope the hon. lady will do so.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I fear I shall not have time to complete the remarks I had intended to make, but I will begin, and attempt to make my position clear.

At the outset, I should like to say that as a matter of principle I am in favour of the right to appeal from the decision of an administrative board or tribunal wherever that course is humanly possible. In my opinion a bureaucratic decision or a decision made by a department has elements in it which are unfavourable. I think that in principle we should not tend to move toward making decisions by a government department final, and to that extent I agree with the principle of this bill.

Having said that, however, I should like to look at the measure more closely and point out what I believe to be its shortcomings. I had some other remarks to make, but having regard to the time available I will come immediately to my main point. There are always a number of cases where the security of the country is involved. I feel that to the very point where this is so, the right of appeal should be given. However, the hon. member's bill does seem to have this shortcoming—that no exception is made to cover such circumstances. I believe that had the bill stated that a right of appeal would be granted in any case except where the minister declared that the national interest must override the right of appeal, one of the major objections to his measure would have been removed. But there is no exception made in terms of this bill.

It is very difficult to decide at exactly what point the basic right of an individual to appeal to the courts and have his case heard in public ends, and where the national interest begins. However, it has been the practice for many years in this country that a statement by a minister who has the facts before him that the national interest would not be served by a certain case coming into open court has been accepted. We know many cases where the courts in Canada have gone a long way in this respect. We know of cases where mounted policemen who have been engaged in investigation work—men who have, perhaps, completed many years of investigation into certain cases—have been obliged to come before the courts in order to give their evidence, and immediately, at that point, having been identified, their usefulness as investigators and agents has ceased. That, to my mind, is an indication of the length to which we should go in protecting the rights of the people to appeal to the courts and to have their cases heard.

I see, Mr. Speaker, that it is six o'clock.

WAYS AND MEANS

The house in committee of ways and means, Mr. Rea in the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

The Deputy Chairman: Order. When the committee rose at five o'clock we were dealing with the Customs Tariff, item 427(6). The hon. member for Humber-St. George's.

Mr. Batten: Mr. Chairman, when the committee rose at five o'clock I was asking some questions relative to tariff item 427(6). If this item is passed as it now is amended, what effect will this have on appeals that are now before the tariff board or before the courts?

Mr. Fleming (Eglinton): These changes will come into effect as provided in the budget resolution on April 10 of this year. That is provided in resolution No. 5.

Mr. Batten: Would it have any effect on the appeals that are now before the tariff board?

Mr. Fleming (Eglinton): It would not affect the terms of importation of particular goods at the time of their import, which were the subject of appeals prior to the budget.

Mr. Batten: Under this new legislation would it be possible to appeal a ruling respecting an item as to whether or not it is of a class or kind made in Canada, if the item comes under 427?

Mr. Fleming (Eglinton): No; if the item comes under 427(6) it, from this point on, is dealt with and fully governed by item 427(6). You see, item 427(6) does not use the words, "of a class or kind made in Canada", and it then becomes a matter of ordinary interpretation of item 427(6). But the question whether it is of a class or kind made in Canada does not arise on the interpretation of 427(6) in this form.

Mr. Batten: Are the items under 427 items which are covered by GATT? If so, was any negotiation entered into with other countries in making these changes? What were the concessions and what were the countries?

Mr. Fleming (Eglinton): These are bound by GATT, but no negotiation was required because there is no change in the rates.

Mr. Benidickson: On item 427(6), Mr. Chairman, if the paper machine was not one that previously would have been deemed to have been made in Canada what would the most-favoured-nation tariff import rate be?

Mr. Fleming (Eglinton): It would have been 7½ per cent; but I remind the hon. member that all of these items were ruled to be of a class or kind made in Canada before this item was introduced—

Mr. Batten: The point I am trying to get at—

Mr. Fleming (Eglinton): —and were never regarded in any other way.

Mr. Batten: I quite agree with the minister, Mr. Chairman, that before this they were ruled as a class or kind made in Canada. If this legislation is passed will they be ruled as a class or kind made in Canada because of this legislation?

Mr. Fleming (Eglinton): That question cannot arise. The formula as to class or kind made in Canada does not apply to 427 (6).

Mr. Batten: It does appear to me that some of the items of the legislation, if they were considered as a class or kind not made in Canada and were brought in under the British preferential tariff, would be free. If they were brought in under the most-favoured-nation tariff, the tariff rate would be 7½ per cent. It now appears to me that the rate will be 10 per cent under the British preferential tariff and 22½ per cent for most of those items except those under 427 (2), which is at 15 per cent. All the others will be 22½ per cent. I will agree that trying to decide whether an item brought into this country is or is not of a class or kind made in Canada does set up a very difficult administrative problem. It does appear to me that what this legislation is trying to do is to avoid this administrative difficulty. In my view it is an attempt to do exactly that. For example, under 427 (3) they talk about "fork-lift" trucks.

Mr. Fleming (Eglinton): We have passed that.

Mr. Batten: We have here a class of truck ranging from 4,000 pounds to 16,000 pounds. What would happen in the case of a truck of 4,000 pounds or 5,000 pounds, I am not sure. I am not sure that a truck of that capacity, 4,000 or 5,000 pounds, is made in Canada. If such a truck is not made in Canada and it was imported into Canada I do not see by what reasoning such a truck could be considered as a class or kind made in Canada.

The Deputy Chairman: I will have to ask the hon. member to come back to 427 (6).

Mr. Batten: Yes, Mr. Chairman, I will come back to 427 (6). In this item we have this tariff increase on paper machines, even though the type of paper machine that could be bought in Canada may not be the type

that is required by any paper-making company, and may not be of the speed that is required by any paper-making company.

Item 427 (6) refers to parts thereof. What would happen in the case of a paper-making company that had imported a paper-making machine four, five or ten years ago, and now has to import parts for that machine which are not made in Canada? I do not understand the reasoning behind saying that these parts should be deemed as a class or kind made in Canada. This seems to me to be an increase in the rate of tariff on equipment used in the paper-making industry at a time when even though the paper-making industry forms a very important segment of the economy of this country, yet I think we are entering into a period when we can see that in the years that lie ahead—I do not think it is going to happen tomorrow—the Canadian paper-making industry is going to face keener competition than it has ever known before.

For example, in 1957 the Canadian production of newsprint was something over 6 million tons, 43 per cent of the total world production. Canada used only 3.3 per cent of the world production. Over 5 million tons were shipped to the United States. On the other hand, the United States produced something over 2 million tons, only 14 per cent of the total world production, and yet they used 48.8 per cent of the total world production. Now, it seems to me it would be economically sound if the United States were to begin to produce to fill some of this great demand for paper which they have. Of course, if they had the raw materials to produce that paper it would be a sound business venture. Not too long ago we can remember that in order to make newsprint the best of black spruce was required, and in every batch of pulp a large percentage was black spruce. Then, only a few years ago we got to the point where a fairly large percentage of balsam fir could be used. We now have the situation that in the southern states newsprint is being made from southern pine. We have the same sort of situation in France, and having in mind the progress that is being made in the chemistry of paper-making I think we can feel sure that within a few years paper will be made not only from southern pine in the southern states but also from hardwoods.

Russia is not included in the ten great newsprint producing countries of the world but I believe that within the next few years we will find that Russia will not only invade the papermaking industry but will also invade the paper markets. Therefore it is my opinion that within the not too distant future Canada is going to face very keen competition in the paper industry, and it is for that reason that I believe that any tendency to increase the tariff on machines being brought in by the paper industry is most inopportune at this time.

Mr. Benidickson: In connection with the previous resolutions, particularly those affecting vegetables and fruits, the minister indicated that since his intentions with respect to tariff changes were announced on April 9 he had received no complaints. Has he received any complaints with respect to this particular item and the changes proposed?

Mr. Fleming (Eglinton): There have been representations but none has taken objection to this action. Most of the representations called for some kind of interpretation as to the effect of the proposed change but I am informed that none expressed opposition.

Item agreed to.

Items 427 (7), 427 (8) and 437b agreed to.

Customs tariff—438b. Bearings, ball or roller;
Bearings, clutch release, with or without collar attached;
Bearings, graphite;
Bearings, steel or bronze backed, with non-ferrous metal lining, parts and materials therefor;
Bearings, steering knuckle thrust;
Bushings or sleeve bearings of bronze or powdered metal;
Bushings, graphited or oil impregnated;
Ceramic insulator spark plug cores not further manufactured than burned and glazed, printed or decorated or not, without fittings;
Collars, crankshaft thrust;
Compressors and parts thereof, air;
Commutator copper segments; commutator insulating end rings;
Tapered discs of hot-rolled steel, with or without centre hole, for disc wheels;
Diaphragms for fuel and vacuum pumps;
Distributor rotors and cam assemblies;
Door bumper shoes;
Electric wiring terminals, sockets, fittings and connectors and parts and combinations thereof, including brackets and fittings permanently attached thereto, but not to include battery terminals;
Gaskets of any material except cork or felt, composite or not, parts and materials therefor;
Ignition contact points;
Keys for shafting;
Auxiliary driving control kits, designed for attachment to motor vehicles to facilitate their operation by physically disabled persons, and parts thereof;
Laminated composition plastic timing gear blanks;
Lenses of glass for motor vehicle lamps and for light reflectors;
Lock washers;
Magnetic plugs;
Metal frames for convertible soft tops;
Permanent mould pistons for brake master cylinders;
Piston ring castings in the rough, with or without gates and fins removed;
Propeller shaft tubes of steel bonded by rubber;
Rails of lock seam section, corners, locks and catches, unplated ventilators and parts thereof, the foregoing being of metal other than aluminum, for the manufacture of window sashes for bus bodies;

Shift control, electric, for two speed rear axles;
Steel bolts, studs, plugs, rivets or nuts, capped with stainless steel, and parts thereof;
Switches, relays, circuit breakers and solenoids and combinations and parts thereof, including starter switch assemblies;
Synchronizing cones or blocking rings for transmissions;
Vacuum, hydraulic or air control assemblies and parts thereof;
Vulcanized fibre in sheets, rods, strips and tubings;
Parts of all the foregoing;
All of the foregoing for use in the manufacture or repair of goods enumerated in tariff items 410a (iii), 411a, 424 and 438a, or for use in the manufacture of parts therefor:
1. When of a class or kind not made in Canada: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 30 per cent.
2. When of a class or kind made in Canada: British preferential tariff, free; most-favoured-nation tariff, 17½ per cent; general tariff, 30 per cent.

Mr. Fleming (Eglinton): On 438b there is an amendment which will result a little farther down, if it is approved, in the insertion of item 438f. I would ask my colleague, the Minister of Veterans Affairs, to move the following amendment:

That resolution No. 4 of the budget resolutions relating to the customs tariff be amended by deleting from tariff item 438b the words "bearings, ball or roller".

Mr. Brooks: I so move.

Mr. Fleming (Eglinton): That will delete the first line in this particular item.

Amendment agreed to.

Mr. Martin (Essex East): Mr. Chairman, several times I have asked the Minister of Labour if he could tell us what progress the government had made with regard to the representations made several weeks ago by a delegation of the united automobile workers in which they had suggested, among other things, that the government might use its good offices to ascertain, by way of a conference with automobile manufacturers, the latter's intentions as to the making of small cars in Canada. On April 20 last a brief was presented to the Prime Minister and members of the cabinet entitled "Small Car Problem as it Affects Canadian Auto Workers." In the third paragraph on page four of the brief it is represented that what is needed is for the government to find out what the intentions of the automobile manufacturers are regarding small car production in Canada, whether they intend to make small cars first in the United States and then, when market conditions warrant, or some other such excuse, get into Canadian production.

On page five the last paragraph states:

The first step, we believe, is for management to take the government and the union into its confidence on this small car issue. To that end we are asking you . . . to call a conference of government, management and the union at the earliest possible moment.

Mr. Fleming (Eglinton): Mr. Chairman, there is nothing in this item relating to the manufacture of small cars. This is an item relating to the tariff on automobile parts and the only changes in it, as will be seen on page 26, concern metal frames for convertible soft tops and permanent mould pistons for brake master cylinders. There is nothing here that concerns the manufacture of small cars in Canada. There may be an opportunity at some other time for the hon. gentleman to ask his question but it obviously does not relate to the matter before us now.

Mr. Martin (Essex East): I can well understand that that kind of observation would be made by the Minister of Finance who obviously does not drive an automobile and is not aware that the ignition, for instance, is a very important instrument in an automobile; that magnetic plugs, lenses and articles of that sort are important constituents not only in small but in large cars. It would seem to me that my hon. friend is asking me to restrict myself when it is quite obvious that these items alone warrant reference to the small car problem.

Mr. Fleming (Eglinton): I am only asking the hon. gentleman to adhere to the rule of relevancy. There is nothing here about the manufacture of small cars. That is an entirely different issue not related to the importation of these parts. I am not prepared to discuss the issue as to the manufacture of small cars in Canada.

Mr. Martin (Essex East): If my hon. friend will tell me how you can have a small car or a large car for that matter that does not include a control kit designed for attachment to motor vehicles to facilitate their operation, etc. I should like to have that explanation. The Minister of Finance is resourceful in finding ways and means of restricting discussion but surely he has resorted to a most unusual argument tonight. The fact is that these are important constituents in a vehicle of this kind and, as the hon. member for Bonavista-Twillingate obviously understands, these are important constituents as well. What I rose to point out to the Minister of Finance is that possibly he would give the Minister of Labour an opportunity to indicate to the house what progress he and his colleagues have made.

The Deputy Chairman: Order. I must call the hon. member for Essex East to order. I am sure that somewhere in the tariff there is something pertaining to cars that are completed ready to bring in but, as the hon.

member knows, this item only refers to various parts and accessories of cars. I cannot see how we can go into a full discussion on the importation of cars.

Mr. Martin (Essex East): I am not easily subdued, Mr. Chairman. I am inclined to pursue my position very strongly but if you can indicate to me where I would be in order in discussing this problem I would be glad to give careful consideration to the view Your Honour presents. Surely to discuss the parts that go into an automobile does not preclude one from discussing the problem arising out of the completed article of which these are parts. It has always been within the rules of debate in this house that on an item like this one can discuss this kind of question provided there is some application of the articles under consideration, and these are all articles that have to do with automobiles.

The Deputy Chairman: I realize what the hon. member is getting at. I see that apparently there is no item covering completed cars but if his argument were allowed to prevail hon. members could pick out any item that might go into a completed article and enter into a discussion on that basis. We would not have any control of the discussion at all.

Mr. Martin (Essex East): That is my very point. If you can point to one article then you can carry on the kind of argument in which I am now engaged.

The Deputy Chairman: The hon. member cannot convince the Chair that he can take an ignition contact point and make an automobile out of it.

Mr. Benidickson: I think the minister is splitting hairs here. After all, this resolution is being considered in its entirety and the minister is protesting with respect to 438b. If the Chairman will look at 438c, and the following paragraphs, he will see we are discussing, in essence, the automobile manufacturing industry in respect to the tariff. Certainly, the point that is brought up by the hon. member for Essex East that some new phase in popularity with respect to public demand which involves the import of this article could be discussed on these items because they relate very definitely—438c relates very definitely—to all those items that go into a passenger automobile.

The Deputy Chairman: I realize what the hon. member is saying, but what we are discussing is 438b. Shall 438b carry?

Item agreed to.

[The Deputy Chairman.]

438c. Ammeters;

Arm rests and wheel housing lining of indurated fibre, pressed to shape;

Axle housings, one piece welded, machined or not, including parts welded thereto;

Carburetors;

Chassis frames and steel shapes for the manufacture thereof;

Cigar and cigarette lighters, whether in combination with a cigarette holder or not, including base;

Composite frame and floor structure of metal in the rough;

Control ventilator gear box;

Cylinder lock barrels, with or without sleeves and keys therefor;

Dash heat indicators;

Engine speed governor units;

External ornaments unplated, including name plates, letters and numerals, but not including finish or decorative mouldings;

Fluid couplings with or without drive plate assemblies;

Gauges, gasoline, oil or air;

Grilles not plated, polished or not before assembly, and parts thereof not plated or polished after final forming, casting or piercing, not including added finish or decorative mouldings;

Hinges, finished or not, for bodies;

Horns;

Instrument bezel assemblies; instrument board lamps; instrument panel, glove compartment, luggage compartment, hood compartment and door step lamps and wire assemblies;

Instrument board panels of moulded or laminated glass fibres and plastic;

Locks, electric ignition, steering gear, transmission, or combinations of such locks;

Mouldings of metal, with nails or prongs set in position, lead filled or not;

438c. Oil filter parts, namely: perforated filter refill oil board bodies, refill end discs, and roll-seam perforated tubes;

Ornaments and identification plates of metal, unplated, not including finished or decorative mouldings;

Pipe lines of tubing, rigid, covered or not, with or without fittings, and tubing therefor;

Purifiers for gasoline, including brackets and fittings therefor;

Radiator shutter assemblies, automatic;

Radiator water gauges;

Radiator shells not plated nor metal finished in any degree;

Shackles, bearing spring;

Speedometers;

Spring covers of metal and closing strips or shapes therefor;

Stampings, body, cowl, fender, front end, hood, instrument board, shields and baffles, of plain or coated metal, in the rough, trimmed or not, whether or not welded in any manner before final forming or piercing, but not metal finished in any degree, including such stampings incorporating pierce or clinch nuts;

Steering wheels, rims and spiders therefor;

Sun visor blanks of gypsum weatherboard;

Tachometers, with or without tachographs, both electric and gear driven;

Thermostatic controls;

Throttle, spark, choke, and hood lock release assemblies, including buttons therefor;

Torque convertors;

Auxiliary transmission overdrive units and controls therefor;

Universal joint ball assemblies;

Windshield and window wipers;

Parts of all the foregoing, including brackets, fittings and connections therefor;

All of the foregoing when for use in the manufacture or repair of the goods enumerated in tariff items 410a(iii), 411a, 424 and 438a, or for use in the manufacture of parts therefor: British preferential tariff, free; most-favoured-nation tariff, 17½ p.c.; general tariff, 30 p.c.

(1) If the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity for not more than ten persons each) enumerated in tariff item 438a, whose total factory output, during the year in which importation is sought, does not exceed ten thousand such complete passenger automobiles, and if not less than forty per cent of the factory cost of production of such automobiles, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be: British preferential tariff, free; most favoured nation tariff, free; general tariff, 25 p.c.

(2) If the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity for not more than ten persons each) enumerated in tariff item 438a, whose total factory output, during the year in which importation is sought, exceeds ten thousand, but does not exceed twenty thousand such complete passenger automobiles, and if not less than fifty per cent of the factory cost of production of such automobiles, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 25 p.c.

(3) If the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity for not more than ten persons each) enumerated in tariff item 438a, whose total factory output, during the year in which importation is sought, exceeds twenty thousand such complete passenger automobiles, and if not less than sixty per cent of the factory cost of production of such automobiles, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 25 p.c.

(4) If the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, motor ambulances, and hearses, or chassis for same, as enumerated in tariff items 410a(iii), 411a, 424 and 438a, whose total factory output of such vehicles during the year in which importation is sought, does not exceed ten thousand such vehicles, and if not less than forty per cent of the factory cost of production of such vehicles, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 25 p.c.

(5) If the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, motor ambulances and hearses, or chassis for same, as enumerated in tariff items 410a(iii), 411a, 424 and 438a, whose total factory output of such vehicles during the year in which importation is sought, exceeds ten thousand units, and if not less than fifty per cent of the factory cost of production of such vehicles, not including duties and taxes, is incurred in the British commonwealth, the rates of duty under this item shall be: British preferential tariff, free; most favoured nation tariff, free; general tariff, 25 p.c.

(6) If the above articles are of a class or kind not made in Canada, and are for use in the repair of the goods enumerated in tariff items 410a(iii), 411a, 424 and 438a, or are for use in the manufacture of repair parts therefor, the rates of duty under this item shall be: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 25 p.c.

The governor in council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.

Mr. Martin (Essex East): I thank you, Mr. Chairman, for the opportunity of putting forward the point of view of so many people who are out of work. One of the reasons that they are out of work is that they feel this particular situation contributes greatly to the problem with which I am sure the Minister of Labour is familiar. Now, the government did see this delegation on two occasions. I asked the Minister of Labour what progress he had been able to make in trying to comply with at least some of the requests made in this brief. If the Minister of Finance is not in a position to reply, and I would understand that he is not, perhaps he would allow the Minister of Labour to give the committee some indication of the progress the government has made toward implementing the assurance it gave to the united automobile workers several weeks ago on this very matter.

Mr. Fleming (Eglinton): The progress we are interested in making is with respect to the business before the committee which is tariff item 438c. This item does not give rise to any issue or any question of the manufacture of small cars. There will be a place and a time in the course of this session when, I presume, it will be relevant for the hon. gentleman to raise that issue. This is not one of them.

Mr. Martin (Essex East): The Minister of Finance must not arrogate to himself the authority which belongs to the Chair. The Chair said this was the item under which I might pursue this topic. The Minister of Finance says, no. I would remind him he is the Minister of Finance and not the chairman of the committee. Until the Chair tells me I am out of order, I intend to pursue this matter.

The Deputy Chairman: The Chair said that the item 438c contained parts that went into the manufacture of an automobile and the subject could be discussed that way.

Mr. Martin (Essex East): I thank you, Mr. Chairman, for confirming what I had told the Minister of Finance. The minister says that he is interested in making progress on this item. I can understand that. I should

like to tell him what we in this committee are interested in is what progress the government has made toward implementing the assurance it gave the delegation when the government stated it was going to ascertain what the possibilities were of making these small cars in Canada, thereby creating an opportunity for many people to acquire gainful employment.

That is the question I ask the Minister of Finance. If he cannot answer the question, he might give the Minister of Labour an opportunity of making a reply of some sort to indicate some progress, which I believe he is now prepared to do.

Item agreed to.

Items 438d, 438e agreed to.

Mr. Fleming (Eglinton): Mr. Chairman, following item 438e, may I submit now the other amendment which involves the insertion of 438f which provides a further amendment to schedule A by striking out tariff item 438f (1), the enumeration of goods and the rates of duty of customs set opposite the said item and by inserting the following item, enumeration and rates of duty in the said schedule A:

438f (1) Parts, n.o.p., electroplated or not, whether finished or not, for automobiles, motor vehicles, electric trackless trolley buses, fire fighting vehicles, ambulances and hearses, or chassis enumerated in tariff items 424 and 438a, including engines, but not to include ball or roller bearings, wireless receiving sets, die castings of zinc, electric storage batteries, parts of wood, tires and tubes or parts of which the component material of chief value is rubber; British preferential tariff, free; most-favoured-nation tariff, 25 per cent; general tariff, 35 per cent.

I would ask my colleague the Minister of Veterans Affairs to move the amendment.

Mr. Brooks: I so move.

The Deputy Chairman: Shall the amendment carry?

Amendment agreed to.

Items 440c, 440k, 446e, 462d, 462i, 479, 502, 502c 505a 611a 682 691 696a agreed to.

Resolution agreed to.

The Deputy Chairman: I believe the next resolution will be No. 3?

Mr. Fleming (Eglinton): We might as well take No. 5.

The Deputy Chairman: Resolution No. 5?

5. Resolved,—That any enactment founded upon the foregoing resolutions shall be deemed to have come into force on the 10th day of April, 1959, and to have applied to all goods mentioned in the said resolutions imported or taken out of warehouse for consumption on or after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

[Mr. Martin (Essex East).]

The Deputy Chairman: Shall the resolution carry?

Resolution agreed to.

The Deputy Chairman: Resolution No. 3, item No. 160.

3. Resolved,—That schedule A to the Customs Tariff be amended by striking out tariff items 160, 162(b), 163(3), 307a and 554b, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

160 Alcoholic perfumes:

(a) When in bottles or flasks containing not more than four ounces each: British preferential tariff, 22½ p.c.; most-favoured-nation tariff, 22½ p.c.; general tariff, 90 p.c.

(b) When in bottles, flasks or other packages, containing more than four ounces each, per gallon: British preferential tariff, $4.00; most-favoured-nation tariff, $4.00; general tariff, $5.00; and most-favoured-nation tariff, 22½ p.c.; general tariff, 40 p.c.

Mr. Pickersgill: I wonder, Mr. Chairman, if I might be permitted to make an observation or two about the whole resolution because it is my understanding that this resolution does, in fact, contain those concessions that were made by the government in some of the commodities that were to be admitted to Canada at the lower rate of duty in exchange for a release under GATT in order to enable the government to increase the protective tariff on wool and woollen fabrics. I am informed that the principal country with which we had to negotiate was not, as I would have thought, Italy, but France. I do not profess to have any great knowledge about that. Perhaps in reply the minister could indicate whether or not that is so.

The minister will no doubt recall that when we were discussing the Customs Tariff on August 13 last year, at the time the tariff on British woollens was to be increased, I was able to make some observations, with some difficulty, about this prospective increase that the minister mentioned last year. I said that, strong though my objections were to the increase in the tariff on British woollens, as a member for a fishing constituency I took even stronger objection to what the government was planning to do this year in trying to discourage imports into Canada from one of the few good customers for the higher quality salt codfish that we have for sale, and incidentally also a country that is one of the good customers for Canadian wheat. It did seem to me an extraordinarily unwise policy to be discouraging imports from a country to which we sold more than we bought, and to thereby take the risk of discouraging the sale of Canadian primary products for which the market was none too good anyway.

There is one thing I should like to know from the minister, and that is whether the

concessions that we gave to Italy were considered by the Italians to be completely satisfactory or whether I am correctly informed and France was the country with which we mainly negotiated and Italy just got the residue of these concessions. I must say that I do not know enough about the technique of these matters to speak with any confidence about them, but I know this. Unless the Italian commercial interests and the Italian government were completely satisfied by the bargain that was made, we are further imperilling our exports by this increase in duties on a growing import from Italy of a kind of commodity which is used to a great extent by the very primary producers in Canada who are apt to be injured in the export market. It seems to me that it is unfair anyway to be increasing the cost of living to these primary producers in this way by this increase in the tariff on the woollens.

Speaking for myself, I am opposed to it on that ground. But I am equally opposed to it on the ground that there is the peril, by discouraging Italian imports, of discouraging an export market. I should be much interested to hear what the minister has to say. Of course, he is obviously determined to increase the tariff in order to increase the protection but I would at least hope that he could give us some reassurance that we were not imperilling the market in Italy for these vital exports.

Mr. Fleming (Eglinton): There is no reason at all to think that we are imperilling our market in Italy for fish, wheat, or anything under GATT; it was bound to France. But Italy was the chief supplier of the particular goods that are affected here by the most-favoured-nation rate. Under the provisions of GATT it is necessary in such cases for this country to negotiate with that country which is the principal supplier as well as the country, namely France, in whose favour the item was bound. This change has been the subject of negotiations which have proceeded since the item was amended last summer so far as the British preferential rate was concerned. We have completed the negotiations with France to the satisfaction of France. We have completed the negotiations with Italy. They have been tentatively approved. It is simply a matter now of awaiting confirmation which we expect at any time.

Mr. Pickersgill: I can assure the minister that whatever his friends in his constituency may think of reducing the tariff on vermouth and wines, this reduction will not be much comfort to the fishermen and other primary producers who would rather get their woollen goods, which are necessities, more cheaply. But I should like to be assured that the Italians were completely satisfied that they would be able to sell us enough more vermouth and other wines and manufactures of marble—I do not suppose the Italians supply us with much in the way of alcoholic perfumes; I assume they come from France—to make up completely for what they are going to lose in the woollen market. I would be rather surprised if this would turn out to be the case. I must say that it is hard not to be very apprehensive about the market for salt fish in Europe in any case.

As the minister is doubtless aware, France has become an increasingly important competitor of Canada in world markets for salt cod, even in the West Indies; and with the establishment of the common market by the six countries in Europe, there is a real danger that we may be imperilling our market from that angle by itself. I am not at all satisfied by the explanation the minister has so far given that any real effort has been made to safeguard our market in Italy. If the minister can give us an estimate of the expectations of increased imports of these commodities on which we are reducing the tariff and his expectations as to the decline in the imports of woollens in dollars, I think it might be reassuring.

Mr. Fleming (Eglinton): There is no estimate as to what this is going to mean in terms of importations. The committee will recall that the changes made in the tariff items affecting woollens and worsteds were of the most modest nature. The effect of the increase would amount to 15 cents on a suit of clothes and 25 cents on a winter overcoat. I can only repeat that we have negotiated with France and with Italy and the negotiations have been concluded. France has indicated her satisfaction with this package arrangement embodied in resolution No. 3. The negotiations with Italy have been completed on this basis and all that is awaited is confirmation.

Mr. Pickersgill: As a matter of fact, the minister talks about the increase being modest. But the extent to which the increases will accomplish the purpose the minister presumably has in mind in disturbing the tariff is the extent to which they will keep goods out. If they do not keep goods out, the amount of revenue is so small that there is no point in them whatsoever. The minister never asserted that they had any other purpose except the protective purpose. He indicated last year that although the first instalment was against British woollens, he was mainly anxious to keep out Italian woollens. That is what he told us last year.

Mr. Fleming (Eglinton): No; I did not tell you that.

Mr. Pickersgill: The minister can look up the record. He will find that is the impression he left.

Mr. Fleming (Eglinton): No; that is not what I said.

Mr. Pickersgill: I should like the minister to tell us then whether he expects that the main protective effect of this tariff will be against British woollens or against Italian woollens. Does he expect it is going to discourage imports from Britain more or imports from Italy more? How much effect does he think it is going to have in discouraging imports from Italy? Before we are asked to approve this increase, surely we are entitled to that information. Information of that kind must be in the possession of the government. Some kind of estimate must have been made.

Mr. Fleming (Eglinton): I think all hon. members, with the exception of my hon. friend, are aware that in this resolution there is nothing that affects the British preferential rate. We made that change last year. But as I stated last year, we propose to move in due course to restore the margin of the British preference. What this present resolution does is to move the most-favoured-nation rate up simply to the extent—and a very slight extent it is—by which the rate under the British preferential tariff was moved up last year. The effect therefore is to restore the margin of preference to what it was prior to the 1958 changes in the tariff.

Mr. Pickersgill: The minister seems to think that by iterating and reiterating things we already know he is answering questions about things which we do not know. Every member of the committee knows perfectly well that first they raised the tariff against the British in order to keep British goods out. Now they are increasing the margin of preference in order to keep Italian and other imports out. The minister can surely tell us what effect the increase last year has had in keeping out British goods. Perhaps from there we can form some impression ourselves as to how much damage this is going to do to Italian exporters to Canada who are earning money to buy Canadian wheat and codfish. I think the committee is entitled to that information.

Mr. Fleming (Eglinton): As I said, Mr. Chairman, there is no estimate.

Mr. Pickersgill: Has the minister no estimate whatsoever of the effect on imports of the change we made last year?

Mr. Fleming (Eglinton): No, Mr. Chairman.

[Mr. Pickersgill.]

Mr. Pickersgill: It is an extraordinary policy, Mr. Chairman. At least in the days when the government raised tariffs openly and boasted about it, the last time we had a Tory government the prime minister of that day came into the house and told people what he expected to achieve by these things. This government which brings in these tariff changes by stealth, after a year does not have the faintest idea what effect they have had. Maybe the effect is so small that the minister is ashamed to mention it; or maybe it has discouraged so much British trade that, remembering the famous 15 per cent diversion, the minister is ashamed to tell us.

Some hon. Members: Oh, oh.

Mr. Pickersgill: I hear some of the hon. gentlemen from western Canada in the background, but they are not making much effort to preserve our markets.

An hon. Member: You mean Gaspe.

Mr. Pickersgill: Well, if he came from Gaspe he is not doing much to preserve the market for fish. It seems to me, sir, that this change in the tariff, which is a threat to one of our important markets for some of our greatest prime exports, is something which deserves more consideration than it seems to be getting from the ministry.

Items 162, 163, 307a, 554b, 554g agreed to.

Resolution agreed to.

Resolutions reported and concurred in.

UNEMPLOYMENT INSURANCE ACT

AMENDMENTS TO INCREASE RATES OF REMUNERATION AND CONTRIBUTIONS, ETC.

Hon. Michael Starr (Minister of Labour) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Unemployment Insurance Act to raise the rate of remuneration of insurable employment; to increase the rates of contributions to be paid on behalf of insured persons and employers; to add new grounds for extension of the qualifying periods; to provide a new schedule of rates of benefits consequential on the new table of contributions; to provide that the maximum benefits, under the heading "duration of benefit", will be increased from thirty-six times to fifty-two times the weekly benefit rate; to establish a new schedule of allowable earnings; and to provide for other related matters.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

Mr. Starr: Mr. Chairman, I do not intend at this time to go into detail on the contents of the bill which will follow this resolution. I shall do that on second reading and when

the bill is before the house. At this stage, Mr. Chairman, I shall confine myself to outlining in a general way the provisions which will be forthcoming in the bill.

In brief, the resolution proposes to increase contributions to the unemployment insurance fund by government, by management and by those who will be benefiting under the act. The reason for this is to maintain the fund in a situation of stability over the next few years. During the past two years of recession which we have experienced there has been a pretty heavy drain on this fund. In my opinion it is not anticipated that such a drain will occur again next year. Nevertheless I feel it is good business to place the fund on a sound actuarial basis. It is also my opinion that the government's responsibility is such that it should see that the fund will be able to meet whatever eventualities may arise. At the same time I would like to make it clear, Mr. Chairman, that it is not the government's intention to adopt an inflexible attitude in this regard. I hope the situation will be reviewed from time to time in the light of the requirements of the fund, and should it be possible, as an example, a year from now to look at the situation and find it is possible to reduce the rates, then most certainly that action would be taken.

In these amendments we are establishing two new classes; that is, one class of $33 per week and one of $36. We are also raising the ceiling from $4,800 to $5,460. The purpose of that is to bring back under the act those who were included originally. They were a foreman or his equivalent, but because of the rise in wages over the period of time some 80,000 have been excluded from the act. It is our intention, by raising the ceiling to $5,460, to bring back those 80,000 as contributors to the fund who would enjoy the coverage of the act. Allowable earnings are being increased to the extent of 50 per cent of the benefits. We are also taking care of prison inmates. That is something the hon. member for Vancouver East has propagated, as also have other societies in Canada who are interested in the rehabilitation of prisoners after they have served their term.

In general the purpose of the amendment is to give stability to the fund, to extend coverage to a number of persons who do not now have it, and also to increase the benefit period from 36 weeks to 52 weeks, which brings it back to the status which was in existence prior to the amendments of 1955. This last provision, I might say, has been one which has been requested by a great many organizations, and is one of the promises made by this government during the last two campaigns. There are other amendments to correct existing anomalies of minor nature under the act at the present time.

After the second reading it is my wish to refer these amendments to the standing committee on industrial relations so that the members of that committee may go into detail on all of these amendments now proposed to the Unemployment Insurance Act.

Mr. Martin (Essex East): Mr. Chairman, I am sure we have all listened with interest to what the Minister of Labour has had to say in his brief statement on this important resolution, a resolution which my hon. friend will remember we urged early in the session should be brought forward at the earliest possible moment. We did so because, in the face of the serious unemployment problem, it was wondered whether or not this measure would provide any kind of relief, by way of maintenance, to many out of work. But it is clear from the account given by the minister a few moments ago that, meritorious as these amendments may be, generally they are not calculated to contribute in any way to the problem of unemployment that now prevails.

As I listened to the minister and as I read the resolution, I assume that the main purpose of the bill which will be founded on this resolution is to raise the rate of remuneration of insurable employment, to increase the rates of contributions to be paid on behalf of insured persons and employers, to add new grounds for extensions of the qualifying periods, to provide a new schedule of rates of benefits consequential on the new table of contributions, and to provide the maximum benefits under the heading "Duration of Benefit", which I imagine will be increased. All we can assume is that the stories which have appeared in the newspapers give correct indications of what is to occur. Then it is proposed to establish a new schedule of allowable earnings and to provide for other related matters.

The minister was frank in saying that one of the reasons for the introduction of this measure was to maintain the integrity of the fund, a fund which has been very seriously invaded during the past 18 months; so seriously, in fact, that if we have a level of unemployment next fall and next winter comparable to the level last winter and last fall there might not be enough money in the fund to take care of the needs contracted for by employers and employees, together with the more modest contribution made by the government of Canada.

As I said, the minister mentioned that one of the purposes of this bill was to guarantee the integrity of the fund, and in this connection it is interesting to recall his own

words which will be found in *Hansard* for 1955 at page 4760 when he said, among other things:

> If we look at the fund from 1942 to 1955 we find that at no time was it seriously impaired. We see that it has increased gradually at the rate of about $70 million a year, with one exception when in one year it increased only to the extent of $30 million. To my mind, therefore, there is no danger of serious impairment of the fund, even if the maximum period of 51 weeks were placed in the act.

So in 1955 when the hon. gentleman was on this side of the house he was not concerned about the integrity of the fund. Indeed, he had no reason to be. That is not the situation today, as he himself has acknowledged. The minister was confirmed in the confidence he showed in the past, by the Minister of Citizenship and Immigration who, also in 1955, as reported in *Hansard* at pages 4626 and 4627 said:

> I am not worried about the condition of the fund. Not a bit. It is my opinion that after these new provisions have been in effect for a year the fund will be even healthier than it is today. I base that opinion on the fact that from the actuary's own calculations there is every expectation of a net profit.

Later on in my remarks I propose to deal with the figures which indicate what the situation was then, and what the situation is now. I simply wanted to deal with this aspect of the question in a general way at the outset, because the minister himself said that one of the reasons for bringing forward this resolution was to see that the integrity of the fund was maintained. I think we ought to begin by putting first things first.

This particular amendment, like other amendments brought in by the administration in the course of the last year and a half, is an amendment which is being proposed with respect to an act brought in by a Liberal administration, an act which in this period of heavy unemployment has served the people of Canada, and particularly the unemployed, in a most gratifying manner. When we think of the serious problems and vicissitudes which have affected the unemployed population of Canada, for the last year and a half in particular, we can all be grateful that we had an Unemployment Insurance Act in being and that there was available for its operation a large fund to which contributions had been made by three bodies and, particularly, by two—the workers and management—thereby bringing to the unemployed, as a matter of right, assistance which in this period of unemployment was so essential to them.

[Mr. Martin (Essex East).]

But before dealing with the merits of the resolution I think there is one piece of unfinished business to be done, and that concerns a matter which was referred to yesterday in answer to questions put by the hon. member for Assiniboia and by the Leader of the Opposition. One of the posts on the unemployment insurance commission had become vacant. Mr. R. J. Tallon, the former secretary treasurer of the trades and labour congress, has resigned, or his term of office has come to an end. I think I am expressing the views of every member of this house and, certainly, the views of all of those who have had anything to do with this matter, when I say that Mr. Tallon has earned our warmest gratitude for his services as the labour representative on the unemployment insurance commission for a long period. He should know in his period of retirement that he has done a useful job and that the workers, the employers and all of us in this country are grateful to him for his services. He was appointed by the former government, as I am sure the Minister of Labour would agree, in accordance with the requirements of the act, after consultation with the labour organizations of Canada. The issue which is immediately before us is that the replacement which the government has announced is not, it would seem, fully in accordance with the requirements of the act. Certainly it would seem that the new appointment has been made in such a way as not to encourage a measure of cooperation between the government and the representatives of labour.

The points of difference between labour and government are, inevitably, great. Oftentimes the relationship is complicated and no opportunity should be lost to encourage wherever possible the greatest measure of co-operation between the government on the one hand and labour on the other. I am afraid that the government in this instance, whatever may be its defence, has created a situation which in spite of the statement made by the Minister of Labour yesterday will not be regarded as fully satisfactory.

Mr. Starr: By whom?

Mr. Martin (Essex East): The hon. gentleman asks: by whom? He will find out as I go along. I may say that I was not in the house yesterday, but I read his statement and it certainly has not satisfied me. For instance, the Leader of the Opposition addressed to the Minister of Labour this question as reported in *Hansard* on page 3276:

> Perhaps I could ask a supplementary question arising out of the minister's statement. Would the minister comment on the following words which appear in the letter from Mr. Jodoin to the minister:

And then the Leader of the Opposition goes on to quote the words:

> Even before you wrote me on February 5, even before you asked the congress to submit its nominees, you had advised me of your intention to recommend the appointment of Mr. A. F. MacArthur.

In that sentence is to be found the validity or the invalidity of the argument made by the president of the congress of labour.

What was the reply given to that question put by the Leader of the Opposition? The Minister of Labour did not answer the question at all. He simply spoke of the high qualifications of Mr. MacArthur. No one questions the qualifications of Mr. MacArthur. His politics have nothing to do with the matter. Mr. MacArthur is quoted as saying that he is politically neutral. I am not particularly concerned with that aspect of the problem. The question is: did the government comply with the act. The act is clear as to what the obligations of the government are by statute. One commissioner other than the chief commissioner is to be appointed after consultation with the representatives of organized workers, and the other after consultation with organizations representative of employers. That does not mean that the Minister of Labour has complied with this requirement of a statute passed by this parliament if he has simply told the president of the congress that the government regards a particular individual as being qualified for this particular post and that it intends to appoint him. It does not merely consist in telling the representatives of labour that this is the man the government intends to appoint. This section, if it means anything, means that the government must actually consult the labour organizations, ascertain their opinions but not give the impression that the government has made up its mind and is saying, this is the man we want; we are telling you about it and because we are telling you about it we feel that we are complying with the act. That is all that the minister said in reply to the Leader of the Opposition.

Mr. McGee: Will the hon. member permit a question? I wonder whether he would explain his definition of "really consult".

Mr. Martin (Essex East): It certainly is not to do what the Minister of Labour seemingly has done, merely to inform. I say the evidence before us, the statements of the president of the congress, the reply of the Minister of Labour yesterday, do not indicate any more than that all he did was to inform the labour organizations and, by the way, we do not know what labour organizations were informed. We understand that the "syndicats Catholiques" were informed. Were the railroad brotherhoods informed? Were other national labour organizations informed? After all, the act does not specify that it must be only the organization headed by Mr. Jodoin. Were they called in and asked to recommend someone?

I am not suggesting that the minister was wrong yesterday in saying that the decision must be made by the government.

Mr. MacInnis: Will the hon. member permit a question?

Mr. Martin (Essex East): Of course, the decision must be made by the government. I will be very glad to permit a question when I finish. I agree with my hon. friend that government in this country, or in any other country where government seeks to be effective, must be carried on by government. The cabinet must make the decisions; but that is not the point at issue. The point at issue is whether or not the labour organizations of this country, in accordance with the statute, have been consulted by the Minister of Labour and my argument is that that does not seem to be the case.

Mr. Starr: May I at this point—I think it would be in order since the hon. member posed a question whether other organizations had been consulted or not—answer the question asked by the hon. member. I have a telegram here. It is addressed to me and it reads as follows:

> The national legislative committee of the railway transportation brotherhoods the recognized central body of railway labour was consulted—

I am answering the question.

Mr. Regier: It is not the Canadian Labour Congress?

Mr. Starr: I continue:

> —and did submit a nominee to the Minister of Labour for the vacancy on the unemployment insurance commission. While the Canadian Labour Congress states the congress consulted with the Canadian and Catholic Confederation of Labour which endorsed the congress' nominees the congress did not consult with the railway transportation brotherhoods. These brotherhoods have no quarrel with the government in respect of its appointment of A. F. MacArthur as commissioner of the unemployment insurance commission and accordingly our representative on the unemployment insurance advisory committee will not be resigning.
>
> A. H. Balch chairman
> H. E. Campbell secretary
> national legislative committee
> international railway brotherhoods

Mr. Martin (Essex East): I thank the minister for giving that information.

Mr. MacInnis: Will the hon. member permit a question now? In the last few minutes the

hon. member has been belabouring the differences and implying that this government made this appointment somewhat differently, I take it, from the way appointments were made by the previous administration.

Some hon. Members: Question.

The Chairman: Order. I must remind the hon. member that he asked permission to ask a question. He should ask his question.

Mr. MacInnis: I ask the hon. member whether the former administration followed the recommendations of the Canadian labour congress in respect of those appointments?

Mr. Martin (Essex East): I can say to my hon. friend that I do not know of one instance where the government of which I was a member failed to comply with the requirements of the statute in this context.

Some hon. Members: Answer the question.

Mr. Martin (Essex East): I know of very few instances where there was not the fullest co-operation between the government and labour. I want to come back—

Some hon. Members: Answer the question.

Mr. Martin (Essex East): I want to come back to the statement made by the Minister of Labour. What the Minister of Labour has said now is valuable information but it does not address itself to this question at all. The point in the act is clear. The government has no right, under this act, to make up its mind whom it wants for the job until it has fully consulted labour. What my hon. friend did, according to the evidence, according to the letter of Mr. Jodoin, was to call him in and say, "We intend to appoint Mr. MacArthur; what do you think of him? Do you think he is a good man?" What my hon. friend should have done was to say, "We have an appointment to make. Have you any recommendations to make?" Then, as those recommendations were given, the government, exercising its executive responsibility and after carefully assessing the situation, would make the decision; but to appoint a particular individual in the circumstances in which this individual was appointed is not to comply with the Unemployment Insurance Act.

I ask my hon. friend to look up the correspondence having to do with the appointment of Mr. Tallon and see what the various labour organizations in Canada said to the government of that day about the way in which they had carried out the obligations of consultation under this act.

As a matter of fact, Mr. Tallon was one of those names recommended by the former labour congress. He was one of the three nominees put forward and that, incidentally, answers the question put forward to me by the hon. member. The former government accepted the recommendation of labour, but it was the government of the day that made the appointment and not the labour organization.

Mr. MacInnis: Will the hon. member answer a question?

Mr. Martin (Essex East): My hon. friend regards this as a special situation. This is not an ordinary body serving government and made up of a representative of labour and of management. This is a body that is called upon not only to administer, by way of formulation of policy, matters having to do with unemployment insurance, but this commission actually is a trustee of many millions of dollars contributed not only by the employers but by the workers of this country. At one time there was almost a billion dollars in the fund.

Does the Minister of Labour deny that the labour organizations of this country have the right, in view of the contributions made by their constituents, the trade unionists of this country, to make a suggestion, based upon consultation as conceived by this act, as to who shall be their spokesman? The unemployment insurance commission is an important body. What we have now is the initiation of the new term by a worthy individual, namely Mr. MacArthur, I am sure, but under a cloud, a cloud described by the head of the largest labour organization in this country, representing more trade unionists than any other national body.

My hon. friend may find, as I did myself, that some of the officers of that organization may belong to another political party, but what has that to do with the problem? In the statement my hon. friend made yesterday, as reported at page 3277 of *Hansard*, he said:

> Over the week end I received and accepted, as a consequence of this appointment, the resignations of Mr. George Burt, Mr. A. Andras and Mr. Jean Marchand from the unemployment insurance advisory committee. Mr. Burt is head of the united automobile workers; Mr. Andras is chief of the legislation department of the congress; and Mr. Marchand is secretary general of the Canadian and Catholic Confederation of Labour.

Then the minister went on to say, and I am sure he will regret these words:

> Like Mr. Jodoin's three nominees for this appointment, all have a record of close affiliation with a political group—not the Progressive Conservative party.

Does that mean that one of the qualifications in the minds of the government of the day for replacement and holding office on the unemployment insurance advisory committee is that the nominee must belong to the Progressive Conservative party?

Some hon. Members: No, no.

Some hon. Members: Shame.

Mr. Lambert: Read on.

Mr. Martin (Essex East): What interpretation can one place on the words of my hon. friend? He said:

> Like Mr. Jodoin's three nominees for this appointment, all have a record of close affiliation with a political group—not the Progressive Conservative party.

Mr. Lambert: Read on.

Mr. Martin (Essex East): Somebody says "read on". I will be very glad to do that.

> I say that political considerations were not absent in these resignations.

That may be the case but that has nothing to do with the point in issue.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): Hon. members laugh. This is a serious matter. The Minister of Labour of this country has said—

Mr. Pallett: Stop smiling then.

Mr. Martin (Essex East): —and I repeat:

> Like Mr. Jodoin's three nominees for this appointment, all have a record of close affiliation with a political group—not the Progressive Conservative party.

I know, as the Minister of Labour knows, that some members of the congress do not support his party. Some of them do not support the party to which I belong but what have their political qualifications got to do—

An hon. Member: Nothing.

Mr. Martin (Essex East): —with their right and fitness and qualifications to hold this particular appointment? I say that under the act the Minister of Labour has the responsibility of ascertaining, first whether the person suggested is a suitable person, whether he is capable of carrying out administrative responsibilities as a member of the commission and, second, whether he is one who is acceptable to the widest group of labour people in this country. Having satisfied himself about those particular qualifications, the Minister of Labour should have left out of his considerations the fact that the recommended persons did not belong to the political group which he so staunchly supports. That I think was a regrettable position for the Minister of Labour to take.

Then my hon. friend says: we are co-operating with labour. No one can contest that we have endeavoured at every point to co-operate with labour in this matter; I called Mr. Jodoin in; I told him to put in a certain number of names in addition to the name that finally emerged as my appointment and the appointment of the government; we have always co-operated with labour. Let us see from the minister's own statement if that is really the situation. After all, whether we like the politics of a particular individual who happens to be a high officer, indeed, the president of the largest labour organization in Canada, he does represent an important segment of the population of this country. He wanted to see the Prime Minister. He was not satisfied with the action taken by the Minister of Labour. The Leader of the Opposition put a supplementary question to the Minister of Labour which was in these words:

> Mr. Speaker, might I ask a further supplementary question. Did the president of the Canadian Labour Congress ask, by telegrams dated March 24 and April 29, for an interview with the Prime Minister and the ministry to discuss this appointment? Was any reply sent to the telegrams and, if so, what was its nature?

Here is the reply of the Minister of Labour to the president of the congress, not to the head of a small union but to the head of all the unions that belong to this largest labour organization:

> I did receive such a telegram from Mr. Jodoin. I am quoting from memory now, but he did ask at the end of the telegram for an appointment with the Prime Minister, which I did not consider to be necessary.

The hon. gentleman is by nature not an arrogant man but by that statement he certainly is guilty of an arrogant act. What right did he have to decide whether in this particular situation the Prime Minister should or should not carry on further consultations with the president of the Canadian Labour Congress? I say to the minister that he acted regrettably.

Mr. Walker: Oh, oh.

Mr. Martin (Essex East): Someone laughs. My friend, Mr. Walker—

Some hon. Members: Order.

Mr. Martin (Essex East): —the hon. member for Rosedale, who is recognized as a great champion of labour, laughs, but let me tell him that the labouring people of this country are not laughing tonight. They regret very much—

Mr. Walker: They are laughing at my hon. friend.

Mr. Martin (Essex East): My hon. friend may be assured that his party, which has talked so fervently in the last two years about its relations with labour, the farmers and so on, has made a false step in this particular situation, has revealed its true colours and has indicated the extent to which

in the pinch it really is prepared to co-operate with a properly established democratic organization representing an important segment of the people of our country. Look at Mr. Jodoin's letter. The hon. member for Peel is enjoying the laughter. I would tell him that he comes from a constituency where very many trade unionists will not support the stand of the Minister of Labour who has failed to carry out proper consultations with them prior to the appointment of their representative on the unemployment insurance commission.

Mr. Pallett: Make your speech on the 12th of June with a different tone.

Mr. Martin (Essex East): The Minister of Labour will likely have something to say by way of comment on what I have said tonight.

Mr. Starr: No.

Mr. Martin (Essex East): I take it then that my case has been substantiated.

Mr. Starr: In your own mind.

Mr. Martin (Essex East): My hon. friend, I know, does not propose to say anything because there is no reply. I want to say to the minister that all the events of Friday last had a doubtful character. It was generally known on Friday that the Minister of Labour was going to introduce his estimates after those of the Minister of Agriculture had been considered. However, the Minister of Agriculture did not finish in time to enable the Minister of Labour to initiate discussion of his estimates but he was ready, as he well knows. With respect to an important appointment of this kind and having regard to the fact that the house was sitting and the labour estimates were about to be discussed, I should have thought that the Minister of Labour would have announced the appointment in the house instead of issuing a press release.

I do not know whether the reason for that particular procedure was to avoid interrogation that day with regard to this appointment or whether it was to ease the embarrassment in which my hon. friend unwittingly has been plunged. In any event, I should have thought that if he was going to make an announcement concerning the appointment of a representative of labour on the unemployment insurance commission he would have taken the house into his confidence in accordance with our practices and traditions and told the house of the government's intention. But, of course, this government that has such a high regard for the rights of parliament—

Some hon. Members: Hear, hear.

[Mr. Martin (Essex East).]

Mr. Martin (Essex East): Hon. members say "hear, hear". This government that has such a high regard for the rights of parliament prefers, while parliament is sitting, to make such an announcement by way of a release outside of parliament. Sometimes they are not even issued by the minister concerned, but by the Prime Minister. I can only say to the minister that it may be doubtful as to whether this appointment can stand the test of legality if there has not been proper consultation.

Mr. McGee: What is proper consultation?

Mr. Martin (Essex East): There is my hon. friend, the solon from Scarborough, asking me what is proper consultation. I can tell him that proper consultation under this act is not the kind of consultation pursued by the Minister of Labour in this particular situation. Let me read the section again.

Mr. McGee: Will the hon. member permit a question?

Mr. Martin (Essex East): The section reads:

> One commissioner, other than the chief commissioner, shall be appointed after consultation with organizations representative of workers and the other after consultation with organizations representative of employers.

I say that under this particular clause there was not pursued the kind of consultation required and which labour as one of the important contributing sources to the unemployment insurance fund, has the right to ask of this government.

Now, the minister dealt at the outset with the question of the integrity of the fund.

Mr. McCleave: Now we know what Martin B.S. really means.

Mr. Martin (Essex East): Someone made a very useful observation?

Mr. McCleave: I said now we are aware of what Martin B.S. really means.

Mr. Martin (Essex East): My hon. friend is obviously well trained in parliamentary language. I compliment him upon the succinctness and adaptability of his language to this very important situation.

My hon. friend mentioned the integrity of the fund. The fund has now reached the figure of $496 million. At one time the fund, of course, was just a little under a billion dollars. Is it to be assumed that one of the reasons for the introduction of this resolution is so that the government will be able to take steps to replenish the fund and not be confronted with a situation such as I indicated a few minutes ago might eventuate in the fall of 1959 and the winter of 1960 if we have a comparable level of unemployment over again? If we are faced with such a situation, the fund will be

close to complete depletion, and that is a serious matter. Undoubtedly, it is a matter that concerns the minister.

The government is somewhat responsible for the depletion of this fund to its present level. On several occasions the government brought in amendments to the Unemployment Insurance Act to provide for additional supplementary payments. These particular amendments were supported, and widely received throughout this house, but those in the opposition associated their acceptance of these amendments with the suggestion that the government should at once replenish the fund; that the moneys paid out by way of supplementary benefits should not be replenished entirely, as they have been, by the employer and employee groups. This is the responsibility, as we said, of the people of Canada, and consequently the fund should have been replenished on two occasions by over a hundred million dollars out of the consolidated revenue fund, thereby very materially reducing the obligation which my hon. friend is going to impose upon the workers and employers by way of increased contributions for further benefits.

During the time we were in office we did introduce some supplementary benefits. As a matter of fact, the first supplementary benefit was introduced when Mr. Mitchell was minister of labour. Every time the fund was invaded for that purpose or any other, on three different occasions, it was replenished out of the consolidated fund. The full obligation for the abnormal situation, covered by the supplementary payments, was thereby borne by the people of Canada as a whole, as it should be, and not imposed on two particular groups in the national community, the employers and employees.

I say that if the minister is worried about the integrity of the fund the government, by failing to replenish the fund out of the consolidated revenues of the government of Canada, is materially responsible for this situation. Of course, it is responsible in another way. It is responsible because it has not taken the vigorous measures which it said it would take to try to alleviate the problem of unemployment in tihs country. I know hon. gentlemen do not like to be reminded of this, but lest any member think this is an idle boast I have something here in which the hon. member for Cape Breton South may be interested. I have here a hand bill which was used on behalf of the Conservative candidate, the hon. member for Pictou, in the last federal election. The bill reads:

> I promise you this: As long as I am Prime Minister, no man or woman will ever be allowed to suffer, deficit or no deficit, and as long as I am Prime Minister the welfare of the average Canadian will never be forgotten.

Some hon. Members: Hear, hear.

Mr. Martin (Essex East): I hope hon. members will applaud what I am now going to read from the bill:

> There you have it! Those are the words of John Diefenbaker, speaking at Sydney, February 28. He is in effect telling you that as long as there is a dollar left in the Canadian treasury you will not want...
>
> Russell MacEwan agrees with him 100 per cent.

I now ask hon. members to applaud that statement.

Some hon. Members: Hear, hear.

Mr. Martin (Essex East): Hon. gentlemen are now applauding the statement that as long as there is anything left in the treasury, the unemployed shall not want. Now, what are we doing tonight? We are putting more money into the unemployent insurance fund, and we are calling upon the workers of Canada and the employers of Canada to pay another 30 per cent contribution so that they can get the benefits proposed. Hon. gentlemen are now confronted with their promise. They are confronted with a fait accompli. They are confronted with a fund that has been depleted very seriously, and they are now bringing in legislation to add new categories, impose new contributions, so that the fund will not be completely empty.

Let us look at the picture. In 1954—I am using round figures—the fund contained $881 million; in 1955, $840 million; in 1956, $854 million; in 1957, $874 million; in 1958, $744 million; and this year, 1959, $496 million. If the Minister of Labour did not come forward with this legislation he would be confronted with a situation next fall and winter, assuming a serious unemployment condition, in which there might perhaps not be sufficient money to pay to the workers the benefits which, by their own contributions, they have a right to receive from this fund for assistance for themselves and their families. I ask hon. gentlemen to applaud that statement.

An hon. Member: That is your own statement.

Mr. McGregor: There is no applause over there.

The Chairman: Order.

Mr. Martin (Essex East): Mr. Chairman, hon. gentlemen opposite will be confronted shortly with the details of this bill. We will be told specifically what the income ceilings will be. We will be told what the rates of benefit will be.

The Chairman: Order. I regret having to interrupt the hon. member but his time has expired.

Some hon. Members: Go ahead.

An hon. Member: It is very entertaining. Let him carry on.

Mr. Ricard: Carry on. He has not said anything yet.

The Chairman: It is the pleasure of the committee that the hon. member be permitted to continue.

Some hon. Members: Agreed.

Mr. Martin (Essex East): Mr. Chairman, the committee is in a generous mood. The committee has been co-operative. The committee tonight has agreed with everything I have said.

An hon. Member: You have not said anything.

Mr. Martin (Essex East): On that account I would be taking unfair advantage if I kept driving home something that I know is of greatest consequence and which disturbs the Minister of Labour and the government.

Mr. Starr: It does not disturb me at all.

Mr. Martin (Essex East): The minister said that I do not disturb him. I know the Minister of Labour too well. I know he does not mean that, because there is nothing that disturbs him more.

Mr. Starr: You have not said anything tonight that rang with sincerity.

Mr. Martin (Essex East): What did he say?

Mr. Starr: I said that you have not said anything tonight that rang with sincerity.

Mr. Martin (Essex East): I could, through you, Mr. Chairman, ask the hon. gentleman to withdraw that remark but I am not going to ask him to withdraw it because he knows perfectly well that no one is more sincere in this matter than I am. No one has fought harder in this house for these measures than the man who is now speaking. Long before the Minister of Labour was around in this house I was doing my utmost as a private member in this house and later as a member of the government, as the hon. member for York-Sunbury knows, for the improvement of the social and welfare conditions of the people of Canada. I will take second place to none in that regard.

The Minister of Labour should not be offended when I point out to him, as is our duty in the opposition, the seriousness of the state of the fund. The failure of the government to take steps 18 months ago to replenish it, the regrettable decision of the government to use moneys out of the fund that should have been taken from the consolidated revenue fund. The Minister of Labour should not object if I also point out, as I take my seat, that as a result of the financial policy of the government of Canada the unemployment insurance fund lost further by way of a diminution of its securities over $10 million as a result of the ill-conceived bond conversion plan of the Minister of Finance.

Mr. Martin (Timmins): Mr. Chairman,—

Mr. MacInnis: Mr. Chairman,—

The Chairman: The hon. member for Timmins has the floor.

Mr. McGee: If I may, Mr. Chairman, I should like to remind you that the hon. member who has just taken his seat after professing himself to be the greatest hero in a long time in this country, indicated that at the conclusion of his remarks he would be willing to answer certain simple questions put to him by the hon. member for Cape Breton South and myself.

Mr. Martin (Essex East): That is all right. I should be glad to do so.

Mr. McGee: He has not done so. Will he take advantage of the generous mood of the committee and answer those questions?

Mr. Robichaud: Is it a recommendation for membership on the coal board?

The Chairman: Order. Is the hon. member for Timmins willing to permit these questions to be asked of the hon. member who has taken his seat?

Mr. Martin (Timmins): I have no objection to being further entertained, Mr. Chairman.

The Chairman: Then I will give the floor to the hon. member for Cape Breton South.

Mr. MacInnis: I should like to ask the hon. member for Essex East to explain, since he is so verbal in his explanation of the ways these appointments are made, to the committee what procedure was followed when Hal Banks, a non-Canadian citizen, was appointed by his administration while he was a member of the government to attend the conference in Geneva.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): I should be glad to answer that question. I understand that Mr. Banks was appointed by the workers as their delegate; and the government of the day respected the wishes of the workers of the country.

Mr. Pearson: Are there any more questions?

Mr. Robichaud: What about a recommendation to the coal board?

Mr. McGee: I am grateful to the hon. member for permitting this great privilege. During the course of his remarks he used the words "real consultation" on several occasions. Upon four separate occasions I asked him to define that term and then he proceeded to tell me what it was not. I wonder if he would tell me what it is.

Mr. Martin (Essex East): I am sure that if my hon. friend had had the responsibilities of the Minister of Labour, he would have consulted labour before he made up his mind.

Mr. Pearson: Are there any more questions?

The Chairman: Order. I must remind hon. members that the procedure being followed at the present time is not in accordance with the rules and must be stopped by the Chair. I therefore give the floor to the hon. member for Timmins.

Mr. Martin (Timmins): Mr. Chairman, if this particular item that is being discussed at the present time was not of such a serious nature I can assure you that both I and my colleagues would be very much amused with the display we have witnessed for the last while. As the hon. member for Essex East promoted himself or proposed himself as the undying champion of labour, I could not help recalling that at the convention of the Canadian Labour Congress held out in Winnipeg last year I do not recall that the party he represents received any more favourable consideration than did the party that he was castigating at this time. In my opinion, the labour movement of this country, as represented by their Winnipeg convention last year, has written off both parties.

Mr. Chairman, the very point that was expounded so well by the hon. member for Essex East has to do with the fact that the government is now faced with the necessity of increasing the contributions to the unemployment insurance fund. I think he skipped lightly over the basic reasons for this action. If we look back to the time when this unemployment insurance fund was first created I think we will find that it was created for a specific purpose, namely to deal with seasonal unemployment that occurs in this country as a result of climatic conditions. In other words, even if you have full employment in the summer time, owing to climatic conditions during certain seasons of the year certain workers are unemployed. As a result of this situation, this unemployment insurance fund was set up.

This condition has gone on for the past two years and we are no longer faced with this problem which the fund was set up to meet. Instead of having seasonal unemployment during the winter months owing to severe weather conditions, we are faced with almost chronic unemployment of roughly half a million workers in this country. The fund which was set up just cannot cope with this. By increasing the contributions of people who are still working we will not cure the cancer in our society which we have today. I think this government must realize that if we are going to condone the fact that we must have chronic unemployment in this country, we had better find a new cure for it, because increasing the unemployment fund to meet seasonal unemployment will not cure the problem with which we are faced today. Certainly you will have to increase contributions if you are going to make the unemployment insurance fund do the job it was intended to do some time ago, because either through the actions of this government or through its lack of action the cost of living is going up in a straight climb, and the contributions which would suffice some time ago just will not suffice today. In addition to that, if we are going to be faced with 500,000 unemployed workers in this country, then you will have to find a new cure for the problem.

Now, Mr. Chairman, there is another point I would like to deal with. This matter has attracted much attention in the newspapers of this country, and I think I am fairly well qualified to speak on this subject. For eight years I was president of a T.L.C. local and for seven years vice-president of the provincial federation of the T.L.C., so I have lived for many years in the domain of the Trades and Labour Congress. We all know that there has been a new appointment to the unemployment insurance commission. I have met this gentleman many times at conventions in the past and I know him very well. I have a lot of respect for him and know the kind of job he has done. He has served for a long period in his capacity as executive officer of the Trades and Labour Congress in Ontario.

I think hon. members must realize, however, that there has been a steady change in the thinking of the labour movement in this country. I also recall other prominent leaders in the old T.L.C. for whom I have great respect. Mr. Chairman, if I may be permitted I would like to name two: Gordon Cushings and Bill Jenoveese. Both these gentlemen were devoted for many years to the trade union movement. Both these gentlemen belonged to the same line of thinking and the same old traditions as Mr. MacArthur. They subscribed to the same line

of thought. But here is one difference, Mr. Chairman. Brother Cushing and Brother Jenoveese were trade unionists first and Conservatives second. They fought their battles at conventions and meetings wherever they were held, and in accordance with the democratic traditions of the trade union movement. If they lost their fight then they accepted the majority vote. Brother MacArthur did not follow these traditions, possibly not by his own choice. He was more or less pushed aside by the new thought in the trade union movement.

I recall that at the last convention of the Ontario T.L.C. the subject of political education came up. It was split right down the middle 50-50, and the chairman had to cast the deciding vote. But each year there had been a marked difference in the trend of thought of the members of the trade union movement belonging to the T.L.C. in the province of Ontario. Next year who knows what would have happened. The next year there was a merger and the T.L.C. and the C.L.C. joined together. However, I would still like to pay my respects to Brother MacArthur for the outstanding work he has done in the past.

Some hon. Members: Hear, hear.

Mr. Martin (Timmins): But the fact still remains, whether he agreed or not, the trade union movement did not see fit to carry him along in the new movement which is going on in future. This is really what we come down to. If the government sees fit to appoint Brother MacArthur to this new job, then that is their right. I personally do not think that the trade union movement in this country will be too badly off with his appointment. But the fact still remains that he was not the choice of or acceptable to labour today for this position.

Mr. Bell (Carleton): You mean he was not Stanley Knowles' choice.

Mr. Martin (Timmins): The government has appointed Mr. MacArthur to the unemployment insurance commission. If they had appointed him as a government representative, that would be fine as they are entitled to do so, but they have appointed him as the labour representative of this province when in fact he no longer represents labour in this province. So the result is, assessing all the aspects of this question, that this government is trying to ram down a political appointment as a labour representative of this province by appointing him to the unemployment insurance commission.

Mr. Starr: Mr. Chairman, if I may be permitted to say to the hon. member for Timmins, I understand he is still a member of the federation of Ontario professional firefighters. I want to read to him two telegrams. Here is the context of one:

> Your appointment of MacArthur shows exceptionally good judgment.
>
> Walter Childs, President, Provincial Federation of Ontario Professional Firefighters.

Another telegram reads:

> Congratulations on your appointment of MacArthur.
>
> R. A. Gilbert, Secretary Treasurer, Provincial Federation of Ontario Professional Firefighters.

Mr. Chairman, I just thought he might be interested in knowing that his union supports this appointment.

Mr. Martin (Timmins): Mr. Chairman, I would be glad to answer the hon. minister if I may. For eight years I belonged to the old T.L.C., the union which would not allow politics to enter the door. The fact is they would not let it in the front door but they had no objections to letting it slither under the back door. I recall the convention in 1955 of the Ontario firefighters in Fort William. I ran for president of the Ontario firefighters and a group headed by the Toronto local caucused against me on this sole question: How can we keep Martin out of the chair, because he is a C.C.F'er? when we have a Conservative government in Queens Park. Now if that is not politics what is? I submit, Mr. Chairman, that politics were every bit as active in the old T.L.C. as they are today in the C.L.C., but instead of bringing them in the front door, they were always slithered under the back door.

Resolution reported and concurred in.

Mr. Starr thereupon moved for leave to introduce Bill No. C-43, to amend the Unemployment Insurance Act.

Motion agreed to and bill read the first time.

VETERANS REHABILITATION ACT

AMENDMENTS REPEALING AND REPLACING ALLOWANCE PROVISIONS, ETC.

Hon. A. J. Brooks (Minister of Veterans Affairs) moved that the house go into committee to consider Bill No. C-31 to amend the Veterans Rehabilitation Act.

Motion agreed to and the house went into committee, Mr. Sevigny in the chair.

Mr. Brooks: The resolution introducing this bill was before the house on March 4. At that time I gave a review of the substance of the bill. It was sent to the committee on veterans affairs where it was given careful study, and it is again before the house at this time.

It is not my intention to make any lengthy remarks on this occasion but I am prepared to answer any questions on individual clauses.

On clause 1—*Paragraph (f) of section 2 of the Veterans Rehabilitation Act repealed.*

Mr. Herridge: I do wish to say briefly that this bill was of interest to veterans generally and particularly to the representatives of the Canadian Legion who appeared before the committee on veterans affairs. In dealing with this measure, some doubts were expressed and in this connection I wish to quote from page 198 of the minutes of the committee. These were the comments of Mr. Burgess, dominion president of the Canadian Legion:

> Having carefully considered the terms of Bill C-31, we believe that none of the proposals contained therein tend in any way to reduce or abolish any benefits which are now or are likely to become available to veterans. The bill appears only to delete those sections of the veterans rehabilitation act which are either no longer applicable or which are provided for in other legislation or regulations.

The Chairman: Since the messenger from the other place has arrived, shall I rise, report progress and request leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

Progress reported.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod as follows:

> Mr. Speaker, the Right Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

Royal Assent

An act for the relief of Esther Mendelson Levy.

An act for the relief of Joseph Louis Charles Gabriel Gascon.

An act for the relief of Gerald Leblanc.

An act for the relief of Morris Gordon.

An act for the relief of Rita Lucia Palmieri Bellefleur.

An act for the relief of Alex Groot.

An act for the relief of Wauneta Langill Bourque.

An act for the relief of Pierrette Bertrand Suchereault, otherwise known as Pierrette Bertrand Chussereault.

An act for the relief of Yolande Bosse Murhpy.

An act for the relief of Joseph Rolland Wright.

An act for the relief of Rosalie Jakes Reisinger.

An act for the relief of Jacqueline Ann Rosenfeld Bernstein.

An act for the relief of Margit Elizabeth Mary Temke Malcolm.

An act for the relief of Celia Claire Kanisberg Dickman.

An act for the relief of Constantin Deacur.

An act for the relief of Bernard Fourcade.

An act for the relief of Sylvia Mary Mefrige Makad.

An act for the relief of Marjorie Seymour Hammond Pearson.

An act for the relief of Helene Dagenais Roy.

An act for the relief of Violet Winnifred Kean Newton Armstrong.

An act for the relief of Marlene Marle Korn.

An act for the relief of Elaine Shirley Dorfman Moscovitch.

An act for the relief of Eric Alexander McConnell.

An act for the relief of Etta Rose Palevsky Lerman.

An act for the relief of Edward Bruce Bonneville.

An act for the relief of Pamela Margaret Clark Creber.

An act for the relief of June Bernice Rath O'Hanley.

An act for the relief of Michael Zuk.

An act for the relief of George Frederick Davies.

An act for the relief of Jan Roberti.

An act for the relief of Marie Marguerite Louise Leclerc Andrews.

An act for the relief of Lorlotte Juliane Selma Wilhelmine Gude Hirtreiter.

An act for the relief of Mary Alice Hadley Hutchison.

An act for the relief of Flore Crevier Plamondon.

An act for the relief of Karl Efraim Hill.

An act for the relief of Ina Charlotte Charleson Hyde.

An act for the relief of Gisela Antonie Anita Popp Sainitzer.

An act for the relief of Alfred Laliberte.

An act for the relief of Lawrence Crites.

An act for the relief of Marie Jeanne Madeleine Saint-Pierre Pare.

An act for the relief of Marie Louise Marguerite Therese Bernaquez Aubin.

An act for the relief of Jean Scott Bain Kunst.

An act for the relief of Josef Libich.

An act for the relief of Roger Desjardins.

An act for the relief of James Alfred Keelty.

An act for the relief of Agnes Forget Haymond.

An act for the relief of Maurice William Bell.

An act for the relief of Robert William Stamp.

An act for the relief of Tanya Burstein Yerzy.

An act for the relief of Yvonne Catherine Marie Vrancken Bruggemans.

An act for the relief of Mary Friedman Nussenbaum.

An act for the relief of Paul Rewoski.

An act for the relief of Tibor Kadar.

An act for the relief of Daniel Myer Glovinsky.

An act to incorporate The Evangelical Mennonite Conference.

An act to incorporate Foothills Pipe Lines Ltd.

An act respecting The Canadian General Council of The Boy Scouts Association.

An act respecting Co-operative Fire and Casualty Company.

An act to incorporate British Pacific Life Insurance Company.

An act to incorporate the Congregation of the Sisters of the Holy Family of Bordeaux in Canada.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the acting house leader what the business will be for tomorrow and perhaps he could indicate as well what the business will be for Thursday and Friday?

Mr. Brooks: Mr. Speaker, the intention tomorrow is to carry on with Bills Nos. C-31 and C-32 in the name of the Minister of Veterans Affairs, and the items as set out by the house leader last evening. We will continue those. On Thursday we will take up the estimates of the Department of Labour. Should we finish the Department of Labour we will go on with the Department of National Defence.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

USE OF FEDERAL PROPERTY, ST. JEAN, QUE.

Question No. 321—**Mr. Dupuis:**

1. Have any requests been received by the government from individuals, associations or corporations to purchase or use a parcel of government owned land on the west bank of the Richelieu river at St. Jean, south of the Canadian National Railway bridge between St. Jean and Iberville?
2. If so, from whom, and for what purpose?
3. What action is being taken by the government?

Answer by: **Hon. Henri Courtemanche (Secretary of State):**

Department of Transport:

1. Yes.

2. Messrs. Robert and Bernard Goineau—for the installation of gasoline pumps and a repair shop for motor boats.

3. A lease has been offered to the applicants who have not yet indicated acceptance of the offer.

Department of Public Works.

1. Yes.

2. Victoria Hosiery Mills Ltd., St. Jean, P.Q., is interested in acquiring this land for plant expansion.

3. The matter is receiving consideration.

UNEMPLOYMENT REGISTRATIONS, PORT ARTHUR-FORT WILLIAM

Question No. 365—**Mr. Fisher:**

1. How many people were registered with the unemployment insurance commission in Port Arthur and in Fort William as seeking employment in the first week of the months from August to May, in the years 1957-58 and 1958-59?

Questions

2. For each of these months what was the estimated total of the labour force at each of these offices?

3. For the above-named months and periods, what were the unemployed figures for the dominion bureau of statistics labour force survey in the areas covered by these offices or, alternately in the electoral districts of Port Arthur and Fort William?

Answer by: **Hon. Michael Starr (Minister of Labour):**

1. The number of persons registered at national employment service offices in Fort William and Port Arthur on the first Thursday of the month is as follows:

1957-1958	Fort William	Port Arthur
August	544	665
September	774	897
October	827	1,577
November	1,196	2,787
December	2,075	4,286
January	2,975	5,106
February	3,297	4,974
March	3,639	6,094
April	3,727	7,014
May	2,961	5,865
1958-1959		
August	1,340	2,041
September	1,453	2,156
October	1,577	2,385
November	2,157	3,310
December	2,545	4,224
January	3,636	5,502
February	3,836	5,662
March	3,822	6,085
April	3,882	6,128
May	N/A	N/A

2 and 3. Monthly estimates of the labour force, and labour force components, are not available for areas of this size.

HOUSE OF COMMONS

Wednesday, May 6, 1959

The house met at 2.30 p.m.

NATIONAL DEFENCE

NORAD—ANNOUNCEMENT OF APPOINTMENT OF NEW COMMANDER IN CHIEF

Hon. G. R. Pearkes (Minister of National Defence): With the leave of the house, Mr. Speaker, I wish to announce that the President of the United States, with the concurrence of the Canadian government, has appointed General Laurence S. Kuter to replace General Earle E. Partridge as commander in chief, North American air defence command, effective upon the retirement of General Partridge on July 31, General Partridge having reached by that date the statutory age limit for his rank. Air Marshal C. R. Slemon, of the Royal Canadian Air Force, will continue in the appointment of deputy commander, North American air defence command. An announcement of this change of command is being made at this time in Washington.

Hon. Paul Hellyer (Trinity): Mr. Speaker, I am sure that all of us in this house are sorry to learn of General Partridge's retirement. He has been indeed a very great strength to NORAD. He is an outstanding airman and an outstanding public servant. We all wish him well in his retirement. I think at the same time, Mr. Speaker, we would like to pay tribute to Air Marshal Slemon, the deputy commander, for the long and excellent service he has given to this country and for the continued contribution he is making in this position. He is an airman's airman, and an officer of whom this country can be proud.

The airmen under NORAD are carrying on an important task under very difficult circumstances, and to them we owe our support and our appreciation. We congratulate the new commander upon his appointment. We wish him every success in this new, very difficult and demanding role. We hope the government of Canada will give him every possible support in the carrying out of his responsibilities and we would suggest, Mr. Speaker, that they pay greater attention to his advice than they have paid to that of the retiring chief.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, we have all noted with interest the statement by the Minister of National Defence relative to the retirement of the United States commander of NORAD, and the information that a Canadian still holds the position of second in command. We also wish the retiring commander a very long, happy and pleasurable retirement.

In view of the fact that the change in command, as illustrated by the statement of the Minister of National Defence, is strictly because General Partridge has now reached the retirement age in the rank he holds, we certainly hope that a full discussion in this House of Commons will be allowed, perhaps led by the Minister of National Defence, of the entire issue of NORAD because of the fact that both the retiring commander of NORAD and the Canadian who is second in command have both publicly questioned the position or the status, the responsibility and the methods of air defence of North America.

[*Later:*]

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Minister of National Defence. Was Air Marshal Slemon considered as a possible appointee to the chief job in NORAD?

Hon. G. R. Pearkes (Minister of National Defence): No, Mr. Speaker.

Mr. Hellyer: Would it be possible at any time for a Canadian officer to be appointed to that position?

Mr. Speaker: I think the hon. member is asking for an interpretation of arrangements which can scarcely be given off the cuff.

Mr. Hellyer: On the contrary, Mr. Speaker, with deference I suggest that I am really exploring the arrangements, not the interpretation of the arrangements.

Mr. Pearkes: As I stated the day before yesterday, the appointments of commander and deputy commander of NORAD are by arrangement between the government of the United States and the government of Canada.

STARRED QUESTIONS

TELEVISION NEWS BROADCAST, SPEECH BY PREMIER SMALLWOOD

Question No. 64—**Mr. Aiken:**

1. Who were the cameraman and the film editor involved in a television news broadcast by the Canadian Broadcasting Corporation showing the Leader of the Opposition applauding Premier Smallwood at the Canadian club, Ottawa, on April 8, 1959?

Starred Questions

2. On what date was formal complaint concerning this broadcast first made to the Canadian Broadcasting Corporation, and by whom?
3. Is the film still available?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the answer to question No. 1 is "C.B.C. employees".

The answer to question No. 2 is "A letter containing the complaint was received on April 15, 1959, from H. E. Kidd, secretary, national Liberal federation of Canada".

The answer to the third question is "yes".

BROADCASTING AND TELECASTING REGULATIONS

Question No. 70—**Mr. Fisher:**

1. Has the board of broadcast governors issued any regulations for broadcasting and telecasting?
2. If so, what changes, if any, were made from the Canadian Broadcasting Corporation regulations which these regulations replaced insofar as political broadcasting and telecasting are concerned?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the answer to the first question is as follows. The board of broadcast governors has issued regulations for sound radio broadcasting. These are to be the subject of representations at public hearings on May 14, and may be amended by the board following the hearings. In connection with these regulations, the board has indicated that they will apply to telecasting until such time as the board announces regulations specifically for television.

The answer to the second question is as follows. The regulations as announced by the board of broadcast governors make the following changes in the section referring to political broadcasting and telecasting. There follows a page and a half of technical definitions and changes which are of a minor nature. With the permission of the house, Mr. Speaker, rather than read it here I could give it to the reporter and have him insert it in *Hansard*.

Mr. Speaker: Has the minister leave to insert at this point the answer which he has indicated?

Some hon. Members: Agreed.

[*Editor's note: The portion of the answer referred to above follows.*]

6. (1) delete "Each station shall allocate time for political broadcasts as fairly as possible among all parties or candidates desiring to purchase or obtain time for such broadcasts."

replace by

"Each station shall assign time for the broadcasting of programs, advertisements, or announcements of a partisan political character on an equitable basis to all parties and rival candidates."

(2) delete "The identity of the speaker or speakers on any political broadcast and the names of the sponsor or sponsors or the political party, if any, upon whose behalf the broadcast is made shall be anounced at the beginning and end thereof, but such announcement may, with the previous consent of a representative of the corporation, be dispensed with in the case of a political spot or flash announcement."

substitute new subsection (2) by

"For the purposes of this regulation, 'any day that an election is held' shall be deemed to mean an ordinary polling day, not the day or days of an advance poll."

(3) delete "For the purposes of this regulation, a broadcast in respect of any by-law which is the subject of municipal balloting or any plebiscite or referendum which is the subject of national, provincial or municipal balloting is deemed to be a political broadcast."

Note. Substitute the wording of section 17 of The Broadcasting Act, 1958, for the wording of section 21 of The Canadian Broadcasting Act, R.S.C. 1952.

TENDERS FOR MOTEL AND CABINS, FUNDY NATIONAL PARK

Question No. 71—**Mr. Robichaud:**

1. Were tenders called for a concession to operate a motel and cabins on Hastings hill, Fundy national park?
2. If so, what were the names of the persons or firms submitting tenders and what was the amount of each tender?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the answer to the first part of the question is yes. In answer to the second question there is quite a long list of tenders, and information about the tenders, and I would ask permission of the house to have this part of the answer printed in *Hansard*.

Mr. Speaker: Has the minister leave to have the rest of the answer printed at this point in *Hansard*?

Some hon. Members: Agreed.

[*Editor's note: The portion of the answer referred to above follows.*]

Bungalow cabins concession: G. A. Sommerville, E. A. Ryder, Ghislaine and J. A. Tanguay, W. S. McQuaid, F. W. & E. J. Pettis, R. J. M. Hickey, R. R. Friars, I. D. Smith, H. Stevenson The Riviera Restaurant Ltd., George E. Marks and Evelyn J. Marks, Wm. V. Spencer and Hallie I. Spencer, R. E. Davis, C. H. Snow, R. S. Humphrey and son Manager Green Gables Bungalow Court, P. E. Lister, C. H. Llewellyn, President Wandlyn Motels Limited.

Motel concession: G. A. Somerville, Wm. V. Spencer and Hallie I. Spencer, R. E. Davis, W. S. McQuaid, R. R. Friars, R. J. M. Hickey, W. H. Randall and Mrs. Anne Randall, H. Stevenson The Riviera Restaurant Ltd., George E. Marks and Evelyne J. Marks, E. A. Ryder, C. H. Snow, Ghislaine and J. A. Tanguay, R. S. Humphrey and Son Manager Green Gables Bungalow Court, J. D. Inches, P. E. Lister, C. H. Llewellyn President Wandlyn Motels Ltd.

It would be misleading to quote a simple amount on tenders of this kind without mentioning the other important factors that must be considered in the awarding of a concession. One factor that must be taken into account is the percentage of gross receipts

from the rental of accommodation returned to the crown. Equally important is the rates charged to members of the public making use of the accommodation. Other factors that must be taken into account include the previous experience of the tenderer in operating this type of accommodation, his financial capacity and evidence of his ability to operate the concession efficiently and in a manner in which the public will be well served. In addition, due consideration is given to selecting concessionaires whose permanent place of residence is close to the park and who, by reason of close proximity and more immediate interest, could be expected to give greater attention to the entire operation. The decision as to which tender is the most favourable must be taken in the light of these many important factors and not only on the basis of the percentage of gross receipts that will be paid to the department.

SHOPPING CENTRE, SHANNON PARK

Question No. 72—**Mr. Hellyer:**

1. Has the Department of National Defence approved the sale of land for the construction of a shopping centre at the naval housing project known as Shannon park?
2. If so, were tenders called for the sale of this land?
3. How many acres of land were involved?
4. What was the total price received?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, the answer to the first part is yes. The answer to the second part is that in May, 1954 and in February, 1955 business interests in the Halifax-Dartmouth area were invited to bid on a shopping centre scheme whereby this land—that is, the portion of land in Shannon park—would be made available at a small rental and the buildings and operation of the business would be provided and conducted by the successful bidder. No bids were received.

In September 1958 a company came forward with a proposal to erect a shopping centre on this land. After consideration of the merits of leasing as opposed to selling this property, it was decided to recommend the sale of the land on the understanding that it would be used solely for the development of a shopping centre and that construction be commenced within one year. This sale was authorized in December, 1958.

The answer to part 3 is, 4.8 acres.

The answer to part 4 is, $8,500.

[*Later:*]

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Minister of National Defence based on his answer to my question No. 72 on today's order paper. I do not think the minister understood the second part of the question as it was intended, so may I put the question again. When the land for the construction of a shopping centre at the naval housing project known as Shannon park was sold, were tenders called for the sale of that land?

Hon. G. R. Pearkes (Minister of National Defence): No, Mr. Speaker.

OIL AND MINERAL DEVELOPMENT APPLICATIONS, NORTHERN CANADA

Question No. 73—**Mr. Hardie:**

1. How many of the applications for oil and mineral development in northern Canada listed on page 3149 of *Hansard* are from companies or individuals now engaged in the production of oil or minerals?
2. How many of the applicants are actively engaged in exploration for oil and minerals elsewhere?
3. Are any of the applicants not at present engaged in the business of exploration or production? If so, which ones?
4. Are any of the applicants acting as agents for other persons or corporations?
5. If so, who are these applicants and for whom are they acting?
6. How many exploratory licences have actually been issued to date; to whom, on what date and for what acreage in each case?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the first five of these questions deal with applications for oil and mineral development in northern Canada, listed on page 3149 of *Hansard,* and I intend to answer the first five questions together. The answer to the first five questions is as follows. These companies simply requested priority to obtain oil and gas permits when the revised oil and gas regulations are promulgated. They are not required to provide the information requested in these questions. Therefore the information is not known to us in all cases.

The answer to the sixth question is that oil and gas exploratory licences were issued to:

Dominion Explorers Limited (J. D. Bateman)
Texaco Exploration Company
David Rosen
The California Standard Company.

The licences issued do not cover a specific acreage but are designed for general geological exploration anywhere in the Northwest Territories and Yukon Territory, including the Arctic islands.

QUESTIONS PASSED AS ORDERS FOR RETURNS

I.L.O. CONVENTIONS—FEDERAL RATIFICATION

Question No. 278—**Mr. Howard:**

1. Have any conventions of the international labour organization not been ratified by the Canadian government?

2. If so, which conventions by number and title have not been ratified, and what is the reason in each case?

NEWFOUNDLAND—PAYMENTS TO AND REVENUE FROM

Question No. 337—**Mr. Regier:**

1. For the fiscal year ended March 31, 1958, what were the total payments by the federal government to individuals, institutions, corporations, municipalities, and government, of the province of Newfoundland?
2. In the same year, what were the total payments made by the federal government elsewhere than in Newfoundland on behalf of this province?
3. What is the estimated amount of revenue received in the fiscal year mentioned by the government of Canada out of the province of Newfoundland?
4. For the fiscal year ended March 31, 1958, what were the payments paid to the residents of Newfoundland by way of (a) family allowances; (b) the Old Age Security Act; (c) the Old Age Assistance Act; (d) Disabled Persons Act; (e) Blind Persons Act?
5. At the end of that year, how many people in Newfoundland were reported as being in receipt of (a) unemployment insurance; (b) social welfare or relief?
6. What was the estimated population of Newfoundland on March 31, 1958?

POST OFFICE DEPARTMENT—DISMISSALS OF NON-CIVIL SERVICE EMPLOYEES

Question No. 355—**Mr. McWilliam:**

1. Have any postmasters and/or postmistresses, non-civil service, been dismissed from service during the period June 1, 1957, to date?
2. If so, what are the names of those dismissed and what post offices, respectively, were affected?
3. What were the reasons, in each case, for dismissal?

MOTION FOR PAPERS

ST. JOHN'S HOUSING AUTHORITY—FEDERAL NOMINEES

Motion No. 100—**Mr. Argue:**

For a copy of any letter or letters exchanged since January 1, 1958 between the Minister without Portfolio from Newfoundland and the minister of municipal affairs of Newfoundland, regarding the appointment of federal nominees to the St. John's housing authority.

Mr. Speaker: If the house will permit me, I would like to say something about this notice of motion. In view of the discussion which has taken place earlier about questions to and returns by ministers without portfolio, may I say that normally a motion for production of papers is directed to a minister who has responsibility for a department, and in this case, as the subject matter appears to be a housing authority, I assume it would be the Minister of Public Works. And so I asked myself whether in the circumstances any part of this motion could be within the competence of the house and in accord with the practice in respect to the production of papers.

[Mr. Howard.]

I considered the matter in consultation with the Clerk of the house. I could not say definitely that the notice of motion was necessarily beyond the competence of the house in all respects, and in the circumstances I felt that I should not deprive the house of the opportunity of deciding for itself whether or not it could call for the production of these papers after I had indicated to the house the considerations which had prompted me to raise the question.

Briefly they are as follows. There are two cases where the house calls for the production of documents. One is for public papers from a department of government, and the other is for communications made by the government as a whole. In this particular case the minister named in the motion has no department of government and is therefore excluded from the responsibility of producing documents from a department. On the other hand he is a privy councillor, a minister of the crown and a member of the government, and therefore in respect of acts in his official capacity as a member of the government he is presumably amenable to the jurisdiction of the house with regard to the production of documents, subject to the limitations of public policy and so on, which pass through him in that capacity.

I therefore came to the conclusion that the order, if it were issued, would have to be read as though it limited itself to communications made on behalf of the government. In other words it would have to be considered as reading this way:

—for a copy of any letter or letters exchanged since January 1, 1958, between the Minister without Portfolio from Newfoundland on behalf of the government and the minister of municipal affairs of Newfoundland regarding the appointment of federal nominees to the St. John's housing authority.

It would be possible to put the question as it stands with that necessary qualification being understood, but I think it would be better if I directed that the motion be amended by inserting those words before it is put to the house, as I have authority to do in accordance with the precedents as cited in Beauchesne, fourth edition, citation 199.

Before making any move, however, since this is a matter of some interest, I would be happy to hear, within reason, what any hon. members wish to say. May I first give you the authorities for the views I have expressed. May, in his sixteenth edition, at page 273, indicates:

(a) that returns may be moved relating to any public matter in which the house or the crown has jurisdiction;

(b) that these documents may be obtained from all public offices and from corporations, bodies, or offices constituted for public purposes, by acts of parliament or otherwise; and

(c) that the papers and correspondence sought from government departments should be of a public and official character and not private or confidential.

Campion, to the same effect, in his Introduction to the Procedure of the House of Commons, third edition, says:

Returns are of two kinds, either to an order of the house, or to an address to the crown. This distinction, which corresponds to the constitutional origin of the departments, is still rigorously observed. It amounts to this—that information which is wanted from a department which originally grew out of the royal prerogative, such as a department of a secretary of state, is prayed for by an humble address to the crown, whereas information required from a financial department or from a department constituted under statute is demanded by an order of the house.

There is one further reference. In his book Parliament, Its History, Constitution and Practice, Sir Courtenay Ilbert, former clerk of the British house of commons, explains at page 114 that the asking of questions is not the only mode by which the house can obtain information from or through the government, and he then adds:

It can, on the motion of any member, obtain returns supplying such information on matters of public importance as is obtainable through departments of the government.

I might also point out that Beauchesne in his fourth edition under citation 209 has something to say on the subject. What I proposed to suggest to the house was to insert those words and allow the house to decide whether these documents should be produced.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, as far as the insertion of the words "on behalf of the government" is concerned I would suggest that in essence this really should not restrict the motion, because the letters in question that have been referred to publicly were written to a minister of the crown of the province of Newfoundland. Since they were written by a federal cabinet minister to a provincial cabinet minister about federal appointees to a housing authority, the housing authority itself having been the subject of an agreement between the government of Canada and the government of Newfoundland, I would say this is definitely a public matter and this is an official communication and therefore should be produced.

You have said that motions such as this are ordinarily directed to the minister who has authority over the department concerned. I would point out to Your Honour that there have been a number of motions passed in this house on previous occasions when we have had ministers without portfolio. The motions have been passed in general terms and I would suggest in such terms as to make it necessary to divulge the kind of correspondence to which this motion is directed.

I would refer Your Honour to a motion moved on May 11, 1931, when in fact there were ministers without portfolio. It reads:

A copy of all petitions, resolutions, recommendations, letters, telegrams, documents, reports, as well as an epitome of all verbal representations addressed or communicated to the prime minister, the minister of agriculture, or any other minister, recommending the pegging of wheat or grain prices from any farmers' organizations, pool selling agency or unit thereof, municipality, board of trade, service club, community association and individual or collection of individuals, from the North Battleford federal constituency since July 28 last, and the respective replies thereto.

A second motion of a similar character was moved and passed on July 20, 1931, and reads as follows:

A copy of all letters, telegrams and representations made by any person, party or organization in Canada to any minister of the crown in connection with the duty on potatoes coming into Canada and their valuation for duty purposes; also a copy of all orders in council passed in connection with same, since August, 1930.

In the return that was produced each minister, including ministers without portfolio, had been canvassed as to whether or not they had any correspondence in this field.

Mr. Diefenbaker: Would the hon. member permit a question? Who were the ministers without portfolio?

Mr. Argue: I am sorry, but I do not have that information. However, there were ministers without portfolio at that time.

Mr. Fleming (Eglinton): Were there any at that time?

Mr. Argue: Another motion falling in the same category was moved and passed on March 13, 1939. It reads:

A copy of all correspondence, papers, letters, telegrams and other documents exchanged between the Minister of Trade and Commerce or any member of the government and any member of the Winnipeg grain exchange with respect to the wheat board's operating and selling policy and the distribution of the board's business among members of the Winnipeg grain exchange.

A fourth motion, more up to date, was moved on July 28, 1958. It reads:

A copy of all correspondence exchanged since June 21, 1957, between any member of the provincial governments and any member of the federal government concerning the federal-provincial tax-sharing agreements.

I would submit that since these motions have been moved and passed, and since a cabinet minister is a member of the government—I do not think there is any question about that—this motion is proper. Even if

the words are added to the motion as suggested, the papers to which this motion refers, if they are in the category outlined in the press report, should be produced.

Mr. Winch: Mr. Speaker—

Mr. Speaker: I think it unnecessary to hear two representations from the same group.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, there is just one very brief observation I wish to make about the ruling, with which I completely agree, I may say. There are communications which are addressed to ministers from time to time about general matters of public policy and general matters affecting the government as a whole rather than a particular department. It would seem to me that the ruling Your Honour has made would apply equally to such communications if they were asked for, even though the prime responsibility for that particular aspect of policy, on its administrative side, might fall within the purview of a particular minister.

Mr. Winch: Mr. Speaker, do I understand that you will not hear two speakers from the same party?

Mr. Speaker: I do not want to muzzle anyone, but the leader of the group with which the hon. member is connected has expressed his views and I take it that he does not dissent from what I have said, except possibly that he feels the motion is correct as it stands without inserting the additional words. Does the hon. member have another point of view to express?

Mr. Winch: No, sir.

Mr. Speaker: With respect to what has been said by the hon. member for Assiniboia, my thought is that with these words limiting the order of the house for the production of documents passing through the hands of the Minister without Portfolio to those which passed through his hands on behalf of the government, it is quite clear that private papers should not be called for by the house. The Minister without Portfolio, or any minister for that matter, can and does have private communications which would not fall within the purview of the motion. Perhaps in the past these things have been understood, but in view of the interest that has been taken in this matter in connection with oral questions I thought it should be clear that the house is not asking the minister to produce private papers, and that is the answer to what the hon. member says. Therefore I will put the motion.

[Mr. Argue.]

Mr. Diefenbaker: Mr. Speaker, in view of the interpretation you place on your own interpretation the motion is accepted.

Mr. Speaker: Mr. Argue, seconded by Mr. Herridge, moves:

> That an humble address be presented to His Excellency the Governor General praying that he will cause to be laid before the house a copy of any letter or letters exchanged since January 1, 1958 between the Minister without Portfolio from Newfoundland on behalf of the government and the minister of municipal affairs of Newfoundland, regarding the appointment of federal nominees to the St. John's housing authority.

I do not know whether the leader of the house would like to suggest a limitation.

Mr. Brooks: I should like this motion to stand until the Minister of Public Works is here. He is not directly interested but he is interested indirectly.

Mr. Speaker: Is the mover of the motion prepared to let it stand until the Minister of Public Works is here?

Mr. Argue: Mr. Speaker, I have no objection to waiting for the minister to return. I do not see what it has to do with the question, because after some discussion the house is now in agreement, but I have no objection.

Mr. Speaker: The Clerk reminds me that I have put the question with the amendment which I have directed to be made, and it will appear in that form on the order paper when it comes up again.

Motion stands.

SHIPPING

INQUIRY AS TO CONSULTATIONS WITH U.S. ON PILOTAGE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport. Is the minister now able to report to the house on the result of the negotiations which took place between his officers and those of the United States concerning the subject of pilotage on the great lakes?

Hon. George H. Hees (Minister of Transport): I cannot give any further report than I did when I returned from Washington. Very satisfactory consultations took place between the officers mentioned, but I have nothing further of a definite nature to report at this time.

Mr. Chevrier: May I ask a supplementary question. Is the minister aware that Vice Admiral Richmond, the commandant of the coastguard, stated before the committee on marine and fisheries of the House of Representatives that consultations had taken place

on Monday and Tuesday, April 20 and 21 —that is after the minister was there—attended by representatives of the Canadian government, and that the discussions had proved abortive?

Mr. Hees: I am not aware of that statement. I am advised by my officials who were at the meeting that although Vice Admiral Richmond still maintained somewhat the position he had formerly, in our belief satisfactory progress was made.

Mr. Chevrier: The discussion appears in public document K-107 of April 22.

COAL

DOMINION COAL COMPANY—REQUEST FOR RECONSIDERATION OF LOAN APPLICATION

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): I wish to direct a question to the Minister of Mines and Technical Surveys. In view of the numerous and recent representations originating from all parts of Cape Breton and Nova Scotia asking the government to revise its unfavourable decision on the Dosco application for a loan for a coal wash plant, can the minister advise the house if this request is at present being reconsidered with a view to giving a more favourable decision in the very near future?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, I thank the hon. member for giving me notice of this question. The Dominion Coal Company has not yet presented its revised submission for a coal wash plant that would be of a more realistic size and cost.

COMBINES INVESTIGATION ACT

SUGAR—PROSECUTION OF B.C. SUGAR REFINING COMPANY

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Justice, and I regret not having been able to give him notice until a few minutes before the house opened. Is the minister in a position to report to the house on whether he has received an opinion from Mr. F. O. Meighen, Q.C., regarding possible prosecution of the B.C. Sugar Refining Company? If so, what was that opinion and what legal action is contemplated?

Hon. E. D. Fulton (Minister of Justice): I received the hon. gentleman's notice just before coming into the house, and in reply I should like to advise him that, as he is aware, it is not the custom to inform the house in detail of legal opinions received from counsel. In this case, however, I had already informed the house, in answer to earlier questions, that the matter had been referred to counsel with instructions for prosecution, and I think I can go so far as to say that Mr. Meighen is preparing the case accordingly.

FINANCE

ARRANGEMENTS FOR REPORTING BANK LOANS OF OVER $1 MILLION

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Finance. Will the minister table the documents recording the arrangements covering individual loans of over $1 million, as requested by the Leader of the Opposition some time ago?

Hon. Donald M. Fleming (Minister of Finance): I have no recollection of the particular request to which the hon. gentleman refers. Will he indicate what it is?

Mr. Chevrier: These are loans reported to the Bank of Canada.

Mr. Fleming (Eglinton): Oh, this goes back some time. This matter has been under consideration. I do not believe the Leader of the Opposition requested a report to the house on the individual loans. He put this question some weeks ago, Mr. Speaker, and asked whether a newspaper report indicating that the inspector general of banks was calling upon the chartered banks for certain returns indicated a departure from past practice in this respect. My answer was that it was not a departure from past practice, and that the matter was under discussion.

The matter has been discussed between the inspector general of banks and some of the banks in the meantime. There was no change made at that time in the existing practice. I pointed out that the newspaper article was erroneous.

Mr. Chevrier: I have not *Hansard* before me, but was there not some indication by the minister that he would give to the house the arrangement made between the banks and the Bank of Canada covering these loans?

Mr. Fleming (Eglinton): It is not a matter of arrangement between the chartered banks and the Bank of Canada. This matter arose in the course of the discharge of his duties by the inspector general of banks. Under the act he has a right to call upon the chartered banks for certain returns, and the

returns that were referred to in this connection were the returns that he was asking the chartered banks to make.

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask a supplementary question. Did the minister not indicate to the Leader of the Opposition—like the hon. member for Laurier I have not looked up *Hansard*—that he would table the record of the arrangement, perhaps "procedure" would be a better description, that the inspector general of banks has laid down for the banks?

Mr. Fleming (Eglinton): I think the hon. gentleman refers to some suggestion that was made about a change in the existing arrangement. If there was, I was asked if that would be reported to the house. In this regard the inspector general of banks is simply discharging the duties and exercising the powers conferred upon him by the Bank Act. Returns are made to his office from time to time by the chartered banks. There has been a discussion as to the form of these returns, but there are no new arrangements that could be reported to the house.

CANADIAN NATIONAL RAILWAYS

NORTH SYDNEY, N.S.—ALLEGED DIVERSION OF CERTAIN VESSELS

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): I should like to direct a question to the Minister of Transport, notice of which was sent to his office early this morning. Has there been a diversion of Canadian National Railways vessels from the port of North Sydney within the past 10 days? This question concerns vessels which normally carry freight from North Sydney to Newfoundland. If there has been, why?

Has the Canadian National any plans to use any other port in preference to the port of North Sydney, now or at any time in the foreseeable future?

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for having given me notice of his intention to ask this question. The management of Canadian National Railways advise that throughout the past winter, and also in previous years, due to ice conditions there has been certain use made of the port of Mulgrave. Currently there are two small charter ships operating between this port and Argentia in order to clean up an accumulation of cars which built up during the period when there were ice difficulties. The management states that North Sydney is the regular port of handling for Newfoundland traffic.

[Mr. Fleming (Eglinton).]

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO CALLING OF CONFERENCE ON FISCAL MATTERS

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): I wish to direct a question to the Minister of Finance. In view of Premier Frost's announcement that within the next two months a dominion-provincial conference will be held to initiate a study of Canada's entire tax structure, can the minister advise the house if a definite date has been set for this conference?

Hon. Donald M. Fleming (Minister of Finance): I was not aware that Premier Frost had made any announcement on this subject. The matter of arranging a date for a conference between provincial treasurers and ministers of finance and the federal Minister of Finance has been under discussion for some time. As a matter of fact we have been endeavouring to arrange a date. Now, the date has not been finally arranged, but I wrote a letter yesterday to the provincial treasurers and provincial ministers of finance proposing that the meeting should be held in Ottawa commencing on July 6. I have a copy of the letters here and I could read from one or table them, as the house may wish.

Mr. Winch: Why does the announcement come from Premier Frost instead of from you?

Mr. Fleming (Eglinton): So far as I am aware there has been no announcement made by anyone, because the date has not been settled yet. I wrote the letters yesterday to propose a date. I presume the letters have arrived in the hands of some if not all of the provincial treasurers by now.

Mr. Speaker: Would it be satisfactory if the minister tabled the letter?

Some hon. Members: Agreed.

Mr. Robichaud: Does the Minister of Finance expect to preside at this meeting?

Mr. Fleming (Eglinton): In the ordinary course, Mr. Speaker, the Minister of Finance of Canada would probably be expected to preside at this meeting of ministers from the federal and provincial governments.

Mr. Hazen Argue (Assiniboia): May I ask a supplementary question of the Minister of Finance regarding the federal-provincial conference. Has it been brought to the minister's attention that the announcement of a forthcoming federal-provincial conference was contained in Premier Frost's election manifesto issued yesterday?

Mr. Fleming (Eglinton): Mr. Speaker, whatever statement was issued by Mr. Frost yesterday did not and could not contain any reference to this particular date for the conference. The date has been a matter of discussion. We have been trying to arrange this matter with the provinces in order to find a date that was mutually convenient. It has been known to this house and to every member of this house and known throughout the country for some time that there was to be such a conference.

There is nothing new about the intention to hold a conference. That intention was announced in this house early in the present session. We have been directing our efforts to the arrangement of a suitable date, and such discussions as we have been able to hold have culminated in the letter I wrote yesterday proposing July 6 as the date for the commencement of the conference. It is expected that the ministers will be meeting for probably the first two days of that week and that then the officials, the continuing committee, will meet for the balance of the week. That is the proposal. We are now awaiting the response from the various provincial treasurers and ministers of finance to this proposed date.

ST. LAWRENCE SEAWAY

WELLAND CANAL—REPORTED TRAFFIC JAM

On the orders of the day:

Mr. J. E. Knowles (Norfolk): I should like to direct a question to the Minister of Transport. I wonder if his department is considering any changes to the Welland ship canal section of the seaway which, according to today's *Globe and Mail*, is causing a major traffic jam?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the heavy concentration of upbound shipping off Port Weller, where some 37 vessels are waiting to enter the Welland ship canal, is largely the result of the unusual number of ships on hand for the opening of the St. Lawrence seaway.

There have been a series of unrelated and diverse delays on the Welland canal, involving both inland and ocean shipping, due partly to high winds and partly to the fact that the mariners are beginning a new season and are more prone to accidents. The ocean-going masters particularly are proceeding cautiously through the locks during this initial period. In spite of these delays an average of 32 ships a day, 20 upbound and 12 downbound, have passed during the last week and with normal operating conditions the backlog of shipping at Port Weller should be cleared in a few days.

I may say, Mr. Speaker, I think it is clear that the reason for this delay is simply this. We have built a good seaway, we have a fair toll structure and we are attracting a great deal of shipping. We are simply suffering from overpopularity at the moment.

Mr. W. H. McMillan (Welland): Mr. Speaker, I should like to direct a question to the Minister of Transport. Can the Minister of Transport say what proportion of these ships going through the St. Lawrence seaway or the Welland canal are foreign ships or other than Canadian and American owned ships?

Mr. Hees: No, Mr. Speaker; I do not have that information available.

IMMIGRATION

SANDOR SZILAGYI—REQUEST FOR SYMPATHETIC CONSIDERATION BY MINISTER

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Minister of Citizenship and Immigration. Has the minister received representations on behalf of Sandor Szilagyi?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Yes, Mr. Speaker.

Mr. Hellyer: Will the minister give her most sympathetic consideration to the plight of this young refugee, who has suffered so much for so long?

Mrs. Fairclough: I am sure I do not need to assure the hon. member of that. I always give sympathetic consideration.

AGRICULTURE

TURKEYS—REPORTED INTENTION TO REDUCE FLOOR PRICE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): In the absence of the Minister of Agriculture I should like to direct a question to the acting minister arising out of reports that the agricultural stabilization board have contacted the Canadian turkey federation suggesting that the present floor price for turkeys of 25 cents per pound be reduced to 20 cents. Can the minister comment on this report and can he assure the house that the government is not considering this further reduction in still another agricultural product?

Hon. J. A. MacLean (Acting Minister of Agriculture): Mr. Speaker, I will bring the hon. member's question to the attention of the Minister of Agriculture so he can deal with it on his return.

Inquiries of the Ministry

PARLIAMENT HILL

REQUEST FOR BENCHES ON SUN DECK

On the orders of the day:

Mr. F. E. Lennard (Wentworth): Mr. Speaker, I should like to direct a question to the Acting Minister of Public Works. I should like to know why the sun deck in front of the parliament buildings has not as yet this year been furnished with the usual benches.

ADMINISTRATION OF JUSTICE

NEWFOUNDLAND—INQUIRY AS TO APPOINTMENT OF CHIEF JUSTICE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the Prime Minister, since three weeks or a little more have elapsed since he told us we could expect the announcement of the filling of the vacancy in the supreme court of Newfoundland very shortly, I should like to ask the Prime Minister whether he now hopes it will be made in the next day or two.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as I think I said on the last occasion when the question was asked by the hon. gentleman, one of my major regrets was the fact that he was as yet a law student and could not be included among those who might be appointed.

Mr. Pickersgill: I have a supplementary question. May I ask the Prime Minister if he is waiting to make this appointment until I become a member of the bar?

FISHERIES

INQUIRY AS TO TRANSFER OF COLD STORAGE SUBSIDY ARRANGEMENTS

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of Fisheries. Now that the Minister of Fisheries is also Acting Minister of Agriculture, I wonder whether any consultation has taken place between the two ministers with respect to transferring the cold storage arrangements from the Department of Agriculture to the Department of Fisheries?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, some preliminary consideration has been given to this proposal, but no decision has been made.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I have a supplementary question. May I ask the minister whether, while he is in the enviable position in which he now is, he would make a submission to council transferring this function to himself in his capacity as Minister of Fisheries?

Mr. MacLean (Queens): Mr. Speaker, I do not think that question requires an answer. In any event, I think any such plan would not materialize because I expect the Minister of Agriculture (Mr. Harkness) to be back very shortly.

Mr. Pickersgill: May I ask a further supplementary question. Does the Minister of Fisheries expect to be the next secretary of state for external affairs?

Mr. Speaker: Order. The ministers are not allowed to talk to themselves in this house.

VETERANS REHABILITATION ACT

AMENDMENTS REPEALING AND REPLACING ALLOWANCE PROVISIONS, ETC.

The house resumed from Tuesday, May 5, consideration in committee of Bill No. C-31, to amend the Veterans Rehabilitation Act—Mr. Brooks—Mr. Rea in the chair.

On clause 1—*Paragraph (f) of section 2 of the Veterans Rehabilitation Act repealed.*

Mr. Herridge: Mr. Chairman, my advance in my discussion of this bill was halted last night by a cross-fire of other events. As I had done so little talking I will start at the parapet again. This bill was not only considered by the house on second reading before being sent to the committee and later sent to the committee, but was well considered by the Canadian Legion, as usual, with other veterans legislation. I should like to quote briefly from the Legion brief in this respect, but apparently I have lost the page.

In any event, some concern was felt by the Legion with respect to the effect of this bill on certain veterans. After Mr. Burgess, the dominion chairman of the Legion, had mentioned this concern in a brief presented to the committee, at page 366 of the minutes of proceedings of the standing committee I find the following:

> Clauses 6 to 10 inclusive agreed to.
>
> The Chairman: Gentlemen, before we consider the preamble, there was one query from the Legion. It was a recommendation presented more in the form of a query than a recommendation. The Legion is wondering about the position of the veterans who have spent a long period in hospital, and whether they will be covered by the terms of this act upon their discharge from hospital.

To that statement by the chairman Colonel Lalonde, the deputy minister, replied. I might say, Mr. Chairman, that the first colonel I ever met tried to put me in the jug. In fairness to the deputy minister, Colonel Lalonde, I

must say that ever since I have known him he has tried to bail me out of my problems as presented to me by my constituents. Anyway, Colonel Lalonde stated as follows:

Mr. Lalonde: Under present policy, Mr. Chairman, I can give the Legion the assurance that these cases are covered. I cannot speak for future governments or ministers, but I know that at the moment these cases are all covered.

On account of the assurance from the deputy minister the committee felt satisfied that the concern of the Legion was covered. That is all I have to say on this bill at this time. That was the one point that had concerned the Legion before the committee.

Mr. Brooks: I might explain to the hon. member that he will find in section 4 of Bill C-31, at page 3, that it is covered. When we come to clause 4, perhaps we can go into it a little more thoroughly. That point is covered.

Clause agreed to.

Clauses 2 and 3 agreed to.

On clause 4—*Additional time where veteran receiving treatment.*

Mr. Brooks: This is the clause to which I was referring. If the hon. member wants to look into it he can see that the point he raised is covered.

Clause agreed to.

Clauses 5 to 10 inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

WAR SERVICE GRANTS ACT

AMENDMENTS RESPECTING DEFINITIONS, RE-ESTABLISHMENT CREDITS, ETC.

Hon. A. J. Brooks (Minister of Veterans Affairs) moved that the house go into committee to consider Bill No. C-32, to amend the War Service Grants Act.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

Mr. Brooks: Mr. Chairman, the resolution introducing this bill and the bill itself were before the house on March 4, when the principle of the bill was quite thoroughly explained. It was also before the committee on veterans affairs and has been given very thorough study by that committee. If there are any questions on the different clauses I shall be happy to answer them.

Clauses 1 to 13 inclusive agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Rea): When shall the said bill be read a third time?

Hon. A. J. Brooks (Minister of Veterans Affairs): I am sorry, Mr. Speaker; there is an amendment to this bill. I would move that the house again go into committee on this bill.

The Acting Speaker (Mr. Rea): Will hon. members give unanimous consent to revert back to committee of the whole to consider this amendment?

Some hon. Members: Agreed.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

On clause 5—*Member eligible for re-establishment credit mentally infirm.*

Mr. Fleming (Eglinton): I move:

That clause 5 of Bill C-32, an act to amend the War Service Grants Act, be amended by adding thereto, after line 5 on page 3, the following provision:

"9B. Notwithstanding anything in this act, where a member of the forces who is unmarried has, because of a mental infirmity that confined him to hospital, been unable to use all the re-establishment credit for which he is eligible under this act before the expiration of the period within which that credit may be made available to him, the minister may, on application by that member within one year of the date of his discharge from hospital, make available to him any unused portion of his re-establishment credit."

Mr. Herridge: Mr. Chairman, may I say that I am very pleased to see this amendment, as I was checking through the bill just prior to the minister making the announcement that he intended to introduce it. This was one question which was pretty thoroughly discussed in the committee, as the result of representations made by Mr. Thompson, in particular, of the Canadian Legion. I judge from reading the amendment now that it does meet the fears expressed by Mr. Thompson on behalf of the Legion and expressed by members of all parties in the committee when they were discussing the representations made by Mr. Thompson. I would like to say we are very happy to support this amendment.

Mr. Brooks: Mr. Chairman, on this clause may I just make this remark. As the hon. member has just stated, this point was brought up in the committee by a representative of the Legion, and more particularly by some of our own members on the committee especially the hon. member for Wetaskiwin (Mr. Speakman). It is a point that was very well taken and it shows the great value of having a veterans committee studying veterans legislation. The purpose of the clause as it reads is to extend the availability of re-establishment credit to the dependants

of those veterans who are mentally infirm. It enables the credit to be used for the benefit of the veteran's household on application to the minister within one year of the date of his discharge from hospital, and he would be entitled to any unused portion of his credit. The act at present makes no provision for such contingencies.

The recommendation made by the committee was to the effect that a single veteran mentally infirm should not be deprived of his re-establishment credit, and then suggested that when his condition had improved to the extent that he could manage his affairs and such improvement had not taken place until the expiration of the normal time limit during which he was able to use that credit, such veteran should have a period of one year within which to use his credit. There would admittedly not be very many cases to which this clause would apply. I am very pleased indeed to get this recommendation from the committee, and we are very pleased to make this amendment.

Mr. Forgie: Mr. Chairman, at the meeting of the committee this matter was decided by the committee. As a matter of fact the resolution was drawn up by one of the members, and I think some credit should be given to him. This matter has been reviewed on many occasions and discussed for the last five or six years, and finally we have resolved it into a piece of legislation today which is entirely satisfactory, I would suggest, to every veteran in the country.

Mr. McMillan: I did not see the amendment. Does it refer to a veteran after he is discharged from hospital? A veteran might be mentally deranged and still not be in the hospital. In fact, I know of one such case now, and I do not think he would be capable of applying for it.

Mr. Brooks: There is a cut-off date, 1962. That is the time limit, but if a man is in a mental institution and is discharged from that institution later than that date, this arranges that he may apply for the rehabilitation grant, and he has a year in which to do so after he is discharged.

Mr. McMillan: Does it not state that it is one year after he is in hospital?

Mr. Brooks: It is one year after his discharge.

Mr. Carter: I think the point which the hon. member for Welland was trying to clarify was this: if the man is not in hospital, but is still in such a mental condition that he cannot take advantage of these benefits, is there any provision by means of which he may take advantage of them later when his condition improves?

Mr. Brooks: My understanding is that if a man is not in a mental condition to look after the matter himself he would have a year in which to do after improvement.

Mr. Forgie: If a man is mentally ill, in Ontario at least, a trustee could be provided. This rehabilitation grant could be transferred to the public trustee and held in trust until such time as the man was capable of managing his own affairs. I do not think the point which the hon. member for Welland has raised has yet been brought to the attention of the committee, and I do not think the criticism levelled at the minister has been met by this amendment introduced at the present time.

Mr. Brooks: We have investigated this matter in the department. There would be very few cases at the present time of the kind the hon. member has in mind. We do not know of any. However, I am satisfied, that this amendment, in the light of the attitude the department takes, will prove sufficient.

Mr. Forgie: I quite agree. I think the matter could be held in abeyance until the meetings of the committee on veterans affairs are held next year. But I would point out that the criticism made by the hon. member for Welland has not been met by this amendment.

Bill reported.

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

Mr. Pickersgill: By leave.

Some hon. Members: Now.

Mr. Brooks moved third reading of the bill.

Mr. C. W. Carter (Burin-Burgeo): Before third reading is agreed to, I just want to take one minute to call the minister's attention to the fact that when this bill was before the committee, the committee did receive a delegation on behalf of the Canadian overseas firefighters association which felt that the services of its members had not been sufficiently recognized, and that because of this they had not been able to take advantage of benefits which other veterans have obtained under the act.

Although many of these benefits have now gone out of existence, I think, as a member of the committee, that the firefighters had a fairly good case and that there had been some injustice with respect to their organization. I would therefore ask the minister and

his colleagues if he would give some consideration to the appeal made by the delegation from that organization to review their services and see what can be done in the future with respect to what may have been an oversight.

Mr. H. W. Herridge (Kootenay West): I should just like to support the remarks made by the hon. member for Burin-Burgeo. We all know where the minister's heart lies; I think it is largely a matter of persuading his colleagues in some of these matters. I urge that every consideration be given to the representations of this organization. We have felt for many years that these men suffered some injustice. They are few in numbers, and I do not think it would cost this country a great deal to remedy the injustices which affect them.

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

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS ACT

FURTHER EXTENSION OF INCOME TAX RATE

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-41 to amend the Federal-Provincial Tax-Sharing Arrangements Act.

Mr. Pickersgill: Is the minister not going to say anything on second reading?

Mr. Fleming (Eglinton): I think anything I might say now would be quite superfluous. This is a very short bill. It contains only one clause, and we had a somewhat extended debate, I may say, on the resolution. The resolution gave full information as to the contents of the bill, and I think, therefore, the discussion on the resolution stage covered all the ground that would be relevant in a debate on the second reading of the bill.

I might just point out to hon. members that until this bill is passed we have no authority to make the payments to the provinces with respect to the additional 3 per cent of the yield from the personal income tax, and that the provinces are waiting for this; some of them have indicated that they are counting on it and hoping to receive it very soon.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, notwithstanding the heart-rending appeal which the Minister of Finance (Mr. Fleming) made in concluding his observations, it seems to me that there is not only a great deal to say but that there is need for much to be said about this bill.

It may be recalled that a bill similar in all respects was introduced into this parliament a year ago, and also into the previous parliament a little more than a year ago. This is the third round of the same old thing. It seems to me that this business of bringing in this measure for one year at a time and holding out a kind of carrot to the provinces indicating that something is going to be done on some future occasion is a most inefficient way of using the time of parliament and of carrying on the affairs of this country.

When my friend, the hon. member for Humber-St. George's (Mr. Batten) spoke during our discussion of this matter on the resolution stage, he described this as the annual reprieve of the government from its pre-election promises, and I suggested, speaking after him, that the government would continue to proceed in this way from year to year until at least 1962 which seems, if I may make a brief allusion to the bill which we were discussing just before this one, to be the final cut-off date favoured by this government.

Now the minister indicates that the government has no authority to pay this money. It seems to me that there is no need whatever for this situation to have arisen. The minister well knew, when he brought a similar bill before the house in the previous session that this government had no intention whatsoever of making any different provision this year, and there is no reason on earth why the bill of last year should not have applied for two years, or three years, or four years.

This government has not the faintest intention of doing anything more for the provinces at all. Hon. members of this government simply are not willing to get up and say so, however. That is what I said last August in the debate on the previous bill. I said that at most the provinces might receive telegrams but probably this year they would not even receive telegrams; the matter would be just presented to this house and that would be all there would be to it. I also said it would be done at the last possible moment in an endeavour to make a squeeze play—I did not use that phrase, but that is what it amounts to—on the House of Commons.

This is no way to treat parliament. This government that was going to be so respectful of parliament is simply using up the time of parliament in making these annual appropriations in exactly the same form when it knows perfectly well it does not intend to do anything different although, as I suggested the other day, there will probably be a deathbed repentance just before the next election

which I have no doubt is already being planned. I hope hon. members opposite will mark those words because like previous predictions that have been made in this field, I think my words will be borne out by the facts as they will unfold.

There is another thing that needs to be said about this particular bill. This bill is an amendment to the Federal-Provincial Tax-Sharing Arrangements Act. It is an enactment of a new scheme for federal-provincial tax-sharing that was devised very largely by the former prime minister, Mr. St. Laurent, and the former minister of finance, Mr. Harris, with the very competent assistance of the able officers of the Department of Finance and other relevant branches of the public service. It was a vast improvement in two respects on any previous arrangements there had been in this field. It was an improvement financially in that, in the good times which we had three years ago, the federal government of that day showed a disposition to share the tax advantages to a much larger extent with the provinces than the present government has been willing to do.

In the second place, it was a much better arrangement because it did remove the last vestige of anything that could conceivably be described as a disability upon provinces which did not want to impose their taxes in exactly the same way as the federal taxes were imposed. In other words, if there was any suggestion—and I never thought there was much to it—that the old tax rental system in any way limited provincial autonomy, the new tax-sharing arrangement removed that suggestion. That is no doubt the reason why the premier of Quebec is now taking the money, which, of course, he did not do under the old tax rental arrangement. It should not be forgotten that it is a very handsome sum, indeed, that he is taking nor should it be forgotten that the people of Quebec would be very much worse off as far as provincial services are concerned or as far as provincial taxation is concerned, or more likely both, if it had not been for the constructive and statesmanlike efforts of Mr. St. Laurent and Mr. Harris and the present leader of the Liberal party in the province of Quebec, Mr. Jean Lesage—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —than whom no hon. member of this house understood these problems better, in my experience in these matters, with one possible exception and that one possible exception was Mr. St. Laurent himself.

Mr. Ricard: That is a tough one to swallow.

[Mr. Pickersgill.]

Mr. Pickersgill: It happens to be the truth and I am sure the truth is very unusual in the experience of some hon. gentlemen who have been fed a mixture of myth and camouflage for so long that it has become difficult for them even to recognize the truth when they hear it.

Mr. Cardiff: Why not stick to it?

Mr. Ricard: The people of Quebec do not share your view.

Mr. Pickersgill: The minister, of course, is bringing in a bill one year at a time just for the sake of attempting to kid the troops, and I shall not proceed very long in my remarks before I shall be able to show that that is exactly why it is being done. This method is already wearing pretty thin.

Why do we not have a bill that will run for the same period of time as the Federal-Provincial Tax-Sharing Arrangements Act, until 1962? I will tell you why, sir, and I will tell the minister too although he knows it perfectly well. The reason we are not doing it is because there are provincial elections this year in Manitoba and Ontario. My hon. friends opposite, ably assisted by the party's chief of staff, are trying to win those elections by, among other things, giving the impression that something is going to be done about this in the very near future. The hon. member for Assiniboia (Mr. Argue) attempted to elicit some information from the Minister of Finance on the orders of the day, with the usual success we have in these matters.

I have here a quotation from one of the leading newspapers in this province, a newspaper very dear to the heart of the Minister of Finance. I refer to the Toronto *Star* of the day before yesterday, May 4. That issue carried an article in which the newspaper quotes the manifesto of the premier of Ontario in these words:

> In the manifesto, Premier Frost disclosed there would be a federal-provincial conference "within the next month or two"—

That was before he got the minister's letter. He was jumping the gun a little, apparently. I continue:

> —to initiate a study of Canada's entire structure of taxation and the expenditure and debt trends of each level of government.

A direct quotation then follows in these words:

> "There is no doubt," he went on, "that this intensive and dispassionate study—

I like that word "dispassionate" study. There was nothing very dispassionate about those tear-jerking speeches the premier of Ontario was making a couple of years ago when he was appearing on the same platform

with the Prime Minister (Mr. Diefenbaker) and was saying, "That is the man who is going to give us $100 million." There was no dispassionate study at that time and apparently the $100 million is now being devoted to a dispassionate study. Certainly it is not in the provincial treasury.

Returning to the article, the premier then went on to say:

"There is no doubt—that this intensive and dispassionate study will produce far-reaching fiscal reforms best calculated to render effective the great principles of our Canadian constitution."

It is obvious from that kind of language that there is an election impending.

The Minister of Finance and the premier of Ontario are engaged in this joint enterprise of trying to fool the people of Ontario once more into thinking that something is really going to be done about this matter, but we know perfectly well that this study group the minister has organized is little more than a pale reflection of the kind of conferences which were promised before the last federal election. Oh, I know that the minister is going to get up and say that this promise was made in the election campaign prior to the last election campaign, and so it does not count any more. The minister might be interested in knowing, however, that there are many people in this country who take public men—or at least some public men—at their word.

As I am going to be saying a great deal about federal-provincial conferences and as I know how sensitive the Minister of Finance is on this subject, I think I might anticipate the objection I expect he will raise whenever he thinks that anything I am saying is somewhat effective, by recalling to Your Honour's mind the fact that we did have a debate on a very small aspect of this subject which began with a motion moved by the hon. member for Essex East (Mr. Martin) on February 9. That motion read:

This house is of the opinion the government should call a federal-provincial conference at once to deal with serious problems of common concern such as unemployment and fiscal relations.

The words of the motion may be found at page 826 of *Hansard* of February 9. I can assure Your Honour that I am not going to argue that the federal government should call a federal-provincial conference at once. I understand the rules of the house and I know that the Tory majority in this house decided there should not be a federal-provincial conference at once even if Mr. Frost wants one and in spite of the fact that Mr. Roblin wants one, or pretends he does. The Tory majority in the house put a steam roller over that motion. They would not allow it to pass. Therefore it is a decision of the house and I am not going to transgress the rules of the house.

But I do think that when the minister replies he should tell us when this conference is going to be held, and I do not mean this pale imitation conference of bureaucrats who cannot decide anything and who, of course, should not be allowed to decide anything; but when a real, proper conference of heads of government is going to be held, or whether the government has any kind of intention of holding one at all, which I do not think they have. As a matter of fact, Mr. Speaker, I think there has been a complete change in the attitude of the government since they came into office.

In the last parliament we were told very authoritatively by the Solicitor General (Mr. Balcer) what the situation was. On October 18, 1957 he was asked a question by Mr. Breton, the then very distinguished member for Joliette-L'Assomption-Montcalm, whom all of us in this house miss, at least all of us in this party, and who, I predict, will be back. I read from the English translation as found on page 129 of *Hansard:*

Mr. Breton: Mr. Speaker, may I ask the hon. Solicitor General a question? When sitting in the opposition the hon. Solicitor General has, on various occasions, given expression to the well-known thought that federal subsidies are unconstitutional. The opinion which he voiced then was shared in every way by the government of the province of Quebec. In view of the proposed federal-provincial meeting on fiscal matters—

That was the one in November, the shadow meeting.

—could he tell us now if he would oppose the subsidies which his government seems to be preparing at this time?

Here is the answer by the Solicitor General:

Mr. Speaker, I would like to tell my hon. friend that I am still opposed to subsidies such as were proposed by the former government.

"I am still opposed." These subsidies so-called are still being paid. A slight increase has been made by the present government, but surely if a thing is wrong, to do a little more of it is even more wrong. Yet the Solicitor General, despite his capacity as a law officer, is now compounding this wrong. At that time, it was suggested by an hon. member that the question was a political one, and the Solicitor General went on:

And a political one, yes.

Since when has it become improper to ask political questions in a political assembly?

I want to tell him that the proposals of the federal government are not yet known—

How right he was! They are not yet known, and heaven knows when they will be known!

—but I am convinced—

Though nobody knew what they were.

—that they will be made on a very different basis from those of the former government.

Then we got, of course, a small instalment precisely on the scheme of the former government. The questioning was pursued but I will not take up the time of the committee to read all that intervened. It is very interesting and can be found on pages 129 and 130 if hon. members want to read it. But I intervened—perhaps it will not surprise some of the newer members to hear this—and addressed a question to the acting prime minister, the Minister of Public Works (Mr. Green). The question I asked him was this:

I ask the leader of the government, is there any intention whatsoever on the part of the federal government to substitute something else for the equalization grants?

This was the reply of the Minister of Public Works:

Well, now, Mr. Speaker—

We all know the way the Minister of Public Works speaks.

—I suggest that the hon. member for Twillingate-Bonavista—

Mr. Pickersgill: Bonavista-Twillingate.

Mr. Green: Oh, Bonavista-Twillingate—he is all twisted up anyway.

That, I thought, was a remarkable contribution to the debate.

I suggest that he has already had his answer from the Solicitor General and he should know better than anybody else in this house that announcements of policy will be made in due course by the government.

We know that all announcements by this government are going to be made in due course, and "in due course" is coming to be more and more and more like eternity. The Solicitor General, having told us that on no account would this government continue payments to the provinces on the same basis as the Liberal government we had, of course, the events we all remember in January of 1958 when the Minister of Finance got his arithmetic all wrong and allowed all of the provinces to expect more than they got and some of them to expect more than, after a bad week end, even the Minister of Finance thought they were likely to get.

From that day until this, we have never had the faintest hint of what was in the mind of the government until the speech made by one hon. member from the province of Quebec who last Thursday was preaching for a call. The hon. gentleman, who made a very bright and intelligent speech, is already rumoured as likely to be, if not the next minister of finance, at least the parliamentary secretary to the next minister of finance. I am sure that considering the limitations on the choice of the government that choice would be welcomed in some quarters at any rate. The hon. gentleman had this to say, as found on page 3197 of *Hansard* of April 30:

[Mr. Pickersgill.]

(Translation):

When the central government convened the provincial representatives in 1957, it listened to their proposals, but soon realized that there were such differences of opinion between them that it became necessary to go very deeply into that problem.

(Text):

A very profound study would have to be made of this matter, a very profound study going on at least until 1962 and maybe beyond that. That is not what we were told before the election before the last. Before the election before the last, when the hon. gentlemen now occupying the treasury benches were going about the country preaching for a call, they had no doubt that they had the solution right up their sleeves.

(Translation):

Mr. Tremblay: You said that last week.

Mr. Pickersgill: I see that the Tremblay is trembling.

(Text):

They had the solution. The solution was all there. There was no problem at all. There was no profound study needed. All the people needed to do was to elect the Conservative party and this problem would be solved forthwith.

We all remember that touching scene in Toronto on April 25, 1957, when Mr. Frost and the Prime Minister appeared together on the same platform to open the campaign and Mr. Frost appealed to the people and said—it must have been very touching indeed—"Don't let them work you to death, John. We need you." They may have needed him, but they have not got much out of him. I could go on reading this sob story. I do not think the meeting was quite what was expected, because Mr. Frost spoke so long that the Prime Minister, according to the Canadian Press, had to cut three-quarters of his own speech and even then it went on until nearly midnight. But there were some things said on that occasion that I think are perhaps worth recalling today. For example, the *Globe and Mail* reported as follows:

Mr. Frost, whose appearance on the platform with Mr. Diefenbaker gave the rally a significant air of party solidarity, hit hard at the tax-sharing deal which the Liberal government offered the provinces . . . "I say that the solution lies in a realistic division of tax sources in the direct tax field which belongs equally to the provinces and the federal government. It is not a matter of the federal government giving Ontario or the provinces anything. That is the patronizing attitude of Ottawa.

Now they do not even give!

All we ask is a reasonable part of our own, a part which is commensurate with the size of the job we have to do, and upon the accomplishment of which much of Canada's future depends."

Then, the present Prime Minister, who was then leader of the opposition, had this to say at that same meeting and I think the hon. member for Quebec South (Mr. Flynn) should listen to what his leader said on this occasion because it is very different from what has happened.

We believe there can be no national unity in this nation—

Imagine, sir, saying that after Mr. St. Laurent had been prime minister of this country for nine years and when there was a greater degree of unity than there had ever been before or than there has been at any time since.

We believe there can be no national unity in this nation until there is a realization that the federal-provincial matters have handcuffed the provinces of this nation; have denied the municipalities adequate sources of revenue;—

What amount extra have they got since?

—have placed the provinces and the municipalities in a position where they cannot discharge their constitutional responsibilities or permitting the necessary development in their own territorial confines of the natural resources that there are. We believe the provinces and municipalities must have the financial resources to carry out those responsibilities. We believe in the federal system of government.

That, of course, is a remarkable assertion!

We believe in the federal system of government.

These are the people who send telegrams out to tell the provincial governments concerned what they are going to get.

We believe that its preservation is essential to Canadian unity. We believe the federal system is today being challenged by the centralization complex of the St. Laurent government and that a healthy division and balance of revenues as between the federal and provincial governments must be assured.

We intend to form a government to immediately convene a dominion-provincial conference to bring about a settlement of these problems, not in the spirit of arrogant domination as displayed by the present government, but in the spirit of unity and amity and with mutual tolerance and respect.

That was the first speech in Toronto, and there were variations on this theme right across the country. Because there were some variations I intend, in order to be completely fair to hon. gentlemen opposite, which I always try to be, to give some of these variations. For example, I quote from the first television broadcast the Prime Minister delivered on April 30, 1957:

Since they came into power—

That is the Liberals.

—they have more than doubled the percentage of the federal portion of the taxation dollar. They have left the provinces and the municipalities fewer and fewer sources of revenues for their expanding requirements.

Since the minister's latest budget a higher proportion of the taxes of this country is being taken by the federal government than ever before in our history.

Then, at Hull, on May 7, as reported in the Ottawa *Journal* of May 8, we find the then leader of the opposition saying:

"One of the first steps to be taken by any government which I am called upon to lead", he said, "is to call a dominion-provincial conference to discuss a fair apportionment of sources of revenue as between the dominion, the provinces and the municipalities."

Well, the municipalities were forgotten along the way somewhere as we all know. Then, at Guelph, on May 13, as reported in the London *Free Press* of May 4, we find this:

Mr. Diefenbaker asserted that a Conservative government would convene this autumn a dominion-provincial conference to ensure that the provinces and the municipalities had a reasonable share of the tax dollar.

Then the present Prime Minister went into a province where there is, if I may say so without offence to the people of any other province, a more acute understanding of federal-provincial tax problems. This matter has been discussed for longer in that province than any other province. I refer to the province in which I spent 30 years of my life, Manitoba, because it was in that province under Mr. Bracken, Mr. Garson and latterly Mr. Campbell, that this problem of tax-sharing was preached to the people. When the Prime Minister went to Winnipeg, therefore, there were some doubts in a good many people's minds, including apparently the Prime Minister's, about how some of this doctrine he was preaching was being received. There were some questions in many people's minds about whether the equalization system was going to be continued. The Prime Minister gave a press conference in Winnipeg which was reported in the Winnipeg *Free Press*. This is on May 14, 1957, and it reads:

Conservative Leader John Diefenbaker in Winnipeg today denied any claim that he was "buying" the support of Ontario Premier Leslie Frost with promises of a better federal-provincial tax agreement deal for Ontario which could work against the prairie provinces.

Such a suggestion, said Mr. Diefenbaker in an interview here, had "absolutely no foundation". There never had been any "direct or indirect suggestion" by Premier Frost that he would expect better tax terms from a Conservative government.

And he added that any person saying otherwise was talking "from fear and not reason".

I do not think I should trespass upon the time of the committee to read the whole of it. However, there are one or two other points.

He charged that continued centralization of taxation by the federal government was leaving the municipalities as "the forgotten people".

Dominion-Provincial Relations

Present tax relations, Mr. Diefenbaker maintained, are a "haphazard outgrowth" of wartime agreements which don't meet the problems of Canada today. The federal government offered "cut and dried" plans—

The difference there is that in the case of this government they were cut and not even dried before the provinces were forced to take them. They were "all wet", and they were "all wet" in more senses than one.

Under a Conservative government, he said, the provinces would have a voice in deciding fiscal terms—

Listen to this!

—the provinces would have a voice in deciding fiscal terms and the tax agreements would contribute to national unity.

Then, at Carman, Manitoba, on May 15, 1957, as reported in the Toronto *Star* of May 16, we find something very important, Mr. Speaker, and I am going to say something about this one.

No province in Canada will get less tax money from Ottawa if a Conservative government is elected June 10, John Diefenbaker pledged here last night.

The national Conservative leader promised a fair share of tax revenues for all provinces, with more for the poorer provinces but not at the expense of the richer provinces.

This is more of that mirage about which we used to hear, that you could give more services, have lower taxes and still balance the budget. This is one of those myths of the balmy days of 1957 that have gone with the wind.

The larger provincial shares, he indicated, would come from tax money now retained in the federal treasury.

At that time, of course, the Tories were going around saying that Mr. Harris had left the treasury bulging with money. I believe the Minister of Finance has a different line now.

Mr. Diefenbaker made this pledge to almost 700 persons who overflowed—

And so on. Then, at Victoria, on May 21 —I think this, sir, is really a honey, and I hope the Minister of Finance is listening— this statement was made:

"The plight of the municipalities is becoming tragic because there is a constant increase in federal taxes. Now the federal government takes the attitude that there is no responsibility on them to assure that the municipalities shall have the right to discharge their responsibilities—

"The municipalities find themselves unable to carry on because they are being restricted of the sources of revenue."

The premiers of many provinces, he said, had complained there was no recognition of their fiscal needs.

"Even the city of Victoria has to pay outrageous rates of interest today."

This is in 1957, and I should like to know what they pay in 1959.

[Mr. Pickersgill.]

The time has come for a meeting of the provinces and the federal government, with the municipalities present, to discuss these problems.

Mr. Speaker: Order, I wonder what the idea of the hon. member who has the floor is as to the scope of this debate? He seems to cover the whole realm of federal-provincial fiscal arrangements. I am not sure if he is right in doing that. It seems to me that the section continues for one year an increase from 10 per cent to 13 per cent of one particular arrangement—that is the allowance, I think it is—with respect to personal income tax as a factor in calculating the tax equalization payments. Is that not it?

Mr. Pickersgill: That is correct.

Mr. Speaker: What the bill does in itself is a relatively limited thing.

Mr. Pickersgill: Quite so.

Mr. Speaker: I wonder whether it is necessary or appropriate to debate the whole concept of the division of revenues between the federal government and the provinces and the municipalities on a bill that is as narrow as that. I should like to have a little bit of guidance on that point.

Mr. Pickersgill: I might say to Your Honour that I completely agree with you. We are told that this bill is a temporary measure for one year only pending the permanent measure which the present government promised before it was in office, and which it has continued to hold out some hope of extending to the people since. I am seeking to argue that instead of bringing this temporary measure before us for a period of one year only—and the duration of one year is extremely important to my argument—the government and the minister should explain to us why the government did not do what it undertook to do when it obtained a mandate from the people. I suggest that this measure which is brought before us is an entirely different one from the measure for which the government obtained a mandate. In order to make that argument it seems to me I must show what the nature of the mandate was. I have been trying to confine myself strictly within those limits, with this one exception that in making that argument—

Mr. Speaker: Even following the hon. member's argument in that respect, may I ask whether he should not relate his proposition that the government is not doing something that it promised to do to this narrow field rather than to the broader field. In this bill the government is not saying that this is the only provision with respect to federal-provincial arrangements that it is putting forward.

Mr. Pickersgill: I am seeking to show that that is precisely what it is and indeed that the government has forgotten these other things which it promised to do. It seems to me that it is the proper scope of debate. When the government seeks, as we as an opposition think it does, to mislead the people and to fool the people, it seems to me that it is the proper function of an opposition to bring to light the facts relevant to this measure. The excuse that the minister gave—

Mr. Fleming (Eglinton): I take it that the hon. member is leaving the point of order that was raised.

Mr. Pickersgill: No; I am not leaving the point of order. Perhaps the hon. gentleman could possess his soul in patience until I am finished. When the minister introduced the first bill in 1958 he indicated to us that this was an interim measure pending the resumption of the conference which had been promised and that, in succession to that bill early in 1958 in the previous parliament, something else would come. He told us the same thing with less conviction last year. He told us that with still less conviction this year. In other words, what we are being asked to do is to accept this bill.

What seems to me to be the governing point is that this is a one-year measure. I am suggesting that the principle of the bill, in its being a one-year measure, is entirely unacceptable. So that Your Honour may perhaps more readily see what is the trend of my argument, may I say that I intend to show that either the government should come clean and admit it has nothing else to offer and then propose a bill that would extend this until 1962 when the parent act also expires, or, alternatively, they should tell us now what it really has in mind as the successor of this legislation. It seems to me that matter is entirely relevant to the principle of the bill, and I have no intention of departing at all from that line of argument. If the Minister of Finance wishes to say something, he now has the opportunity.

Mr. Fleming (Eglinton): I should say thank you to the hon. member who permits me now to have a word on the point of order. Apart from other considerations, Mr. Speaker, may I point out that this has now become the third debate in this session on the subject of dominion-provincial relations. It has become that because hon. members in the opposition will not recognize the rules of the house. The first debate on dominion-provincial relations in the present session was held on February 9 and 10 on an amendment introduced by the hon. member for Essex East. It is to be found at page 826 of *Hansard* and is as follows:

That all the words after "that" be deleted and the following substituted therefor:

"this house is of the opinion the government should call a federal-provincial conference at once to deal with serious problems of common concern such as unemployment and fiscal relations."

That amendment, Mr. Speaker, was negatived by the house by a vote on February 10 as recorded at page 885 of *Hansard*. In that debate we heard the same speech that we are hearing today.

Mr. Pickersgill: I did not speak in that debate, Mr. Speaker.

Mr. Fleming (Eglinton): No, not the same speaker. We were denied the inexpressible privilege of listening to the hon. member for Bonavista-Twillingate in that debate. But his near neighbour the hon. member for Essex East (Mr. Martin) then made the same speech that the hon. member for Bonavista-Twillingate is making now. Then we have had speeches on the same subject smuggled at every opportunity into other debates during the session by hon. members opposite. The hon. member for Bonavista-Twillingate smuggled one in within recent days—

Mr. Pickersgill: On a question of privilege—

Mr. Fleming (Eglinton): —on a matter that was not related to the matter in issue. But there was indulgence shown to the hon. member for Bonavista-Twillingate who is always ready to test, try and take advantage of any indulgences. We had this same ground covered again at the resolution stage. Members were not restricted as I urged them that they should be in the light of the fact that the debate had been held on this wide-ranging subject on February 9 and 10. They covered the whole area again. Now the hon. member is back trying to repeat the same thing again.

I recall, Mr. Speaker, that I chided the Leader of the Opposition about introducing that amendment on this subject on a supply motion back on February 9, when he knew very well that we would be bringing in this resolution and bill not long after that and that there would be full opportunity to talk about the Federal-Provincial Tax-Sharing Arrangements Act, his answer then was, "This will shorten up the debate when we come to that bill". It has not shortened the debate, Mr. Speaker, because hon. members opposite have blithely disregarded the fact that there was discussion on this matter and they have gone over the whole area again.

With great respect, Mr. Speaker, I submit that this bill is confined to one thing and one thing only. It proposes to amend one section of the Federal-Provincial Tax-Sharing Arrangements Act and to do so for one

purpose and one purpose only, namely to raise from 10 per cent to 13 per cent the provincial share of the yield from personal income tax in this present fiscal year. That is what it does and it does no more than that. In my respectful submission this wide-ranging debate, this odyssey into the realm of federal-provincial fiscal relations is quite out of order.

Mr. Speaker: If this bill is not passed, the effect would be to leave the exemption at 10 per cent, would it not?

Mr. Fleming (Eglinton): Not the exemption, Mr. Speaker. The provincial share would then remain at 10 per cent. The one thing the bill does is to raise to 13 per cent for this present fiscal year the provincial share of the yield from personal income tax.

Mr. Speaker: The point on which I wanted assistance was what the minister and the hon. gentleman who had the floor felt was the proper scope of debate. I take it that the minister feels that the debate should be limited to a discussion of the desirability of increasing from 10 per cent to 13 per cent for another year the exemption of tax. Can he say whether that necessarily involves other aspects of the agreement and arrangement between the provinces and the federal government?

Mr. Fleming (Eglinton): Not at all. The other provisions of the Federal-Provincial Tax-Sharing Arrangements Act continue without change. There is no change made in the agreements which have been entered into between the federal government and the provincial governments in pursuance of the act. All this does is to enable the federal government to pay to the provinces this additional 3 per cent yield from the personal income taxes for the present fiscal year. That is its complete effect, no more, no less.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, may I have a word on this very point of order. I noticed with great interest the point you raised with reference to what had been said by the hon. member for Bonavista-Twillingate (Mr. Pickersgill), and I had decided to let well enough alone and that nothing needed to be said. However, the minister, who is considered an authority in this house by a goodly number of people, has raised the point which I noted very carefully you had not raised, which was that when the house has made a decision in the same session, the minister's contention seems to be, that subject matter may not again be debated within the same session regardless of the legislation which may be introduced after the decision has been made in the house.

Mr. Fleming (Eglinton): Nonsense.

[Mr. Fleming (Eglinton).]

Mr. Regier: Mr. Speaker, that is a position which I would maintain would be completely unacceptable. If we accepted that proposition, all the government would have to do in order to prevent any debate on any of its contentious legislation would be to sit and wait until the opposition had obtained a verdict on an issue and then bring in some very controversial legislation on that very subject. Then the house would, according to the minister's interpretation, be blocked from having a proper debate on the bill in question.

Mr. Fleming (Eglinton): What nonsense.

Mr. Speaker: I think the hon. member's apprehension on that score is not warranted, because the debate on this general field was a debate on the holding of a conference, and that has been disposed of. I would think it quite improper to reopen or redebate that decision today. The debate, of course, on the resolution stage is an inevitable duplication in our system of debating a bill three times, or four times if you count the committee stage, if the house wished to do so. I suppose that is just a precaution against inadvertent or ill-considered legislation. But I think it has been well established that where a section of an act is amended it does not open up the discussion of the whole act. That has been well established and well laid down. The trouble with this subject is that it is so intangible. At least, it has so many ramifications that it is hard to draw the line, but I think the debate ought to be restricted to the proposition which is before the house and criticism of the government for having taken that particular stand.

I admit that that necessarily opens the door to a reference to what else might have been done and what else the government promised, but I think that discussion too ought to be with relation to this particular amendment, which is an allowance of the equivalent of a percentage of income tax. It will take a little time, but this might be a long debate if it were not clear what we were trying to do. I would therefore ask the house to keep as closely to this specific item as it can, because the rules are clear that that is what we are supposed to do when debating an amendment to a specific section.

Mr. Pickersgill: Mr. Speaker, I was hoping to avoid this by pointing out at the outset that I was not going to open up the debate of February 9, and I have not, at any stage, urged or said that I thought there ought to be a federal-provincial conference now or at any other time. I have been keeping completely off that subject. It may prolong my argument a little to have to point out at each stage that increasing Mr. Harris' 10 per cent to the present minister's 13 per cent

is not carrying out what the people of this country were led to believe would be done in this field, and in this specific field, when they elected this present government. It does seem to me that perhaps the Minister of Finance, having used this rubber stamp method of dealing with the provinces, now thinks that this house should also be treated as a rubber stamp, and that all we can debate is whether it should be 14 per cent or 11 per cent, or else we must keep quiet.

What I am saying is that this bill is not what the people were led to expect. In the first place, they were led to expect that this problem was going to be solved, and not that the government were going to be given an annual reprieve, as my hon. friend from Humber-St. George's described it. It seems to me that, we should consider what the Prime Minister said at Victoria on May 21 as to what he intended to do about this problem of federal-provincial fiscal relations. What he said was that the government intended to convene such a meeting in the spirit of confederation. He said that if action was not taken we would find ourselves in a position in five years where the municipalities would be bankrupt or unable to carry out their responsibilities.

I say that this is a very poor substitute for that promise. That was apparently something which was to be done urgently. Two years have already passed almost to the day since the Prime Minister made that statement in Victoria, and we are ask to approve another interim arrangement for another year. It is obvious that nothing more will be done about this urgent problem for one more year, although the Prime Minister had said that in five the direst things would happen, and we have already disposed of three of those five years.

Then the Prime Minister said at Saskatoon on May 27—and I will make these remarks as brief and direct as possible—that no province would receive less than it is receiving under existing fiscal relations. Well, that is true. Then the Prime Minister added that no new fiscal agreement would be made "except by agreement of all". This bill is introduced by agreement with no one except with the majority of this house. It is an enactment of this house and the provinces can take it or leave it. No province agreed to it.

Mr. Fleming (Eglinton): But they all take the money.

Mr. Pickersgill: They take the money, just as they took the money which Mr. Harris' bill provided in exactly the same way. That was the "take it or leave it" which the minister used to complain about, but all he is doing today is exactly the same thing except that Mr. Harris discussed the question with the provinces, and Mr. St. Laurent discussed it at five different meetings with the provinces over a long period, and had a great deal of correspondence, before reaching a decision. Mr. Harris did not send a telegram on Saturday saying, "We will be doing this on Monday, and if you do not like it, it's too bad, but that promise made last November to have a conference is no good any longer." That is the difference between what we are asked to do here and what the people were led to believe would be done.

Then at Prince Albert—and this is surely very different from what the minister is doing in his bill—the Prime Minister told his audience that if elected the Conservatives would call a federal-provincial conference at once, with the municipalities invited to sit in, to "distribute the Canadian tax dollar to suit all provinces". This certainly is not doing that. This bill is certainly not doing what we were told would be done right after the election. Another thing which was said at Prince Albert was that one result of the conference would be to ease present tax burdens on Canadian municipalities. I do not think the minister would contend for a minute that he has done that by this bill. At least, if he did, he certainly would not find his friend Mr. Gardiner, the super-mayor of Toronto, agreeing with him, because we know his views. He would not find the premier of Ontario agreeing with him either, and he certainly would not find the premier of Manitoba agreeing with him.

There is other evidence of the same kind, but I do not intend to be repetitive, sir. This is what we were told would be done as compared with what is now being done. The Prime Minister said at Three Rivers on June 4, 1957, according to the Montreal *Gazette*:

> The Conservative party will restore the true meaning of the British North America Act which guarantees the provinces freedom to carry out various spheres of activity allotted them under the constitution.
>
> We will not only make sure that the constitution is respected—we will make sure that the provinces and municipalities have sufficient money to do the job they are supposed to do.

And this is how this is being done!

> Having the power to do a certain job does not mean very much if you have not the financial means to implement these powers.

I believe, Mr. Frost is still saying that. So, I believe, is Mr. Duplessis and so, certainly is Mr. Roblin, the premier of Manitoba. And here is the last of these quotations. At Woodstock on June 6, the leader of the Conservative party said:

> A Conservative administration would summon a dominion-provincial fiscal conference in the fall to revise the tax structure—

And this is the revision. It was not done at the conference; it was just brought in unilaterally and the provinces could take it or leave it.

That is the record. There were no doubts, no problems, before June 21, 1957. You just called a conference; you all loved one another and the problem was quite easy—

Mr. Fleming (Eglinton): You are talking about a conference again, and that is out of order.

Mr. Pickersgill: I am not talking about any conference that is going to be held. I am talking about the conference that was held here in Ottawa, the conference out of which the minister claims this bill came. I am talking about the very origin of this bill, and surely not even the minister will claim that that is out of order. He surely will not contend that it is not competent in a debate on the second reading of a bill, to discuss the origin of that bill. The minister told us in January 1958, when he introduced a bill which was exactly the same as the present bill except for the dates, that it was in substitution for the resumption of the conference, which held a two-day meeting in November, 1957. It was to tide them over the period when parliament was meeting. He did not say "until the election was over", because that was a dark secret then. He said "while the session was on", and explained that there was not enough room in this building to accommodate the conference while parliament was sitting, though Mr. St. Laurent did not find any difficulty on that account. When there was a will, there was a way, but when there is no will, no way can be found. The reason we have this bill before us, for a third time, is precisely because of what happened at that conference, precisely because it was the most disillusioning experience that this new government has had, among the many disillusioning experiences it has suffered. Let us see what this conference was supposed to do.

Mr. Fleming (Eglinton): I rise on a point of order. The hon. member is just doing the very thing which, if I correctly understood the view which you expressed earlier, Mr. Speaker, is quite out of order. He is going back now and advancing the most spurious connection between the argument with which he wants to delay the house and the bill itself. There is no such connection as he is trying to maintain, and all these arguments with which he is now seeking to delay the house and the payments to the provinces, are entirely without relevance to the matter before us as I understand it.

[Mr. Pickersgill.]

Our purpose at this stage, as I conceive it, is to debate the principle of this bill, and the principle of this bill is concerned with raising the provincial share of the yield from the personal income tax under this statute. The statute is not opened up to discuss other matter. This bill proposes to amend one single provision of that act. It is quite obvious that the hon. member is just going ahead to make these endless, repetitious remarks in an effort to cover matters which are not relevant to the bill within the rules of this house.

Mr. Pickersgill: If I may say a word on the point raised by the minister. I think it comes with singularly ill grace from a minister who read endless documents for three hours in a very recent debate—

Mr. Fleming (Eglinton): All relevant.

Mr. Pickersgill: —and who also took part in a very celebrated debate in 1956 when he refused to accept the ruling of the Chair and had to leave the chamber—

Mr. Fleming (Eglinton): Is this relevant?

Mr. Pickersgill: I am discussing whether this is relevant.

Mr. Fleming (Eglinton): This demonstrates the irrelevancy.

Mr. Pickersgill: I listened to the minister patiently and without interruption. Perhaps he could reciprocate.

Mr. Fleming (Eglinton): Perhaps the hon. gentleman could stick to the point.

Mr. Pickersgill: The minister will have an opportunity to speak later, and if he should stray from the point I will not raise points of order.

The principle of this bill, says the minister, is to raise the provinces' share of the personal income tax from 10 per cent to 13 per cent under the federal-provincial tax-sharing agreement. Mr. Speaker, the principle of the bill is surely nothing of the kind. That is the *modus operandi* of the bill. Surely, the principle of the bill is to provide the provinces with a share of the direct taxes. That is the principle of the bill. It is the principle as enunciated by Mr. Walter Harris when the statute which we are now asked to amend was introduced, and it was the principle to which the minister pointed with great satisfaction when he claimed that he was following it in a more generous way only a little over a year ago. The principle of the bill is not merely the arithmetic of the bill but the purpose of the bill, its object, why we are doing it at all. Why do we have this federal-provincial tax-sharing arrangement at all? We have it for many reasons and I am not going to enter into a discussion of

these reasons now, because that would be debating the main measure. We have it primarily in order to divide as equitably as possible the direct taxes in which the federal government and the provinces are entitled to share under the constitution. And I am maintaining that this bill does not do what the government said it was going to do before the Minister of Finance introduced the original bill of which this present measure is the successor.

The minister now says that this measure did not arise out of the conference. If I had *Hansard* here for January 25, 1958, I think it was—that Saturday morning when the minister said the conference could not be resumed for certain reasons and that, in substitution, he was taking this course—I could prove otherwise. Now he says there is no connection between the two. It seems to me that the minister has answered himself.

Mr. Speaker: I have the Federal-Provincial Tax-Sharing Agreements Act of 1956 here. It contains a great many sections and it deals with a great many different things. I would think that while this bill does, in effect, change the amount of the payment which will be made—the amount of the share which will accrue to the provinces—it does not change any of the principles which were settled by this act passed in 1956. The house then took its decision on the general scheme for a division of revenues between federal and provincial authorities.

All this bill seeks to do is to alter one of the component parts. That does not open the door to debating the question of how corporation taxes or estates taxes are dealt with, or anything of that kind, nor does it open the door to the debating of the negotiation of agreements which have been concluded, except in so far as this legislation may change those agreements. I admit it is not easy to define a narrow pathway, and I certainly do not wish to restrict debate, but I feel that if the whole subject is discussed we would not be following the course that this house should follow.

Mr. Pickersgill: I was about to read from the opening speech made by the Prime Minister at the conference. I should like to read a sentence or two, and I think Your Honour will see how directly it is related to this particular bill.

Mr. Speaker: If the hon. member wishes to indicate in what way it is related he should do so.

Mr. Pickersgill: It is related because it states what the government intends to do in this precise field. I wish to refer to what the Prime Minister said at page 8 and I shall try to leave out every irrelevant sentence. I hope the minister, in consequence will not accuse me of taking statements out of context. Here are the Prime Minister's words:

> We have given our undertaking that when new fiscal arrangements are determined on—

That is to say, new fiscal arrangements with the provinces. I continue:

> —no province will receive less than it is now entitled to. But I want to make this clear at the beginning. We are not placing before you any "take it or leave it" attitudes;—

Those words were spoken on November 25, 1957, two months precisely to the day before the take it or leave it attitude was placed before the provinces.

Mr. Fleming (Eglinton): Order.

Mr. Pickersgill: I continue.

> —we are not taking any hard or fast positions. We are not placing before you any rigid formulae. This conference was convened to seek your ideas and your proposals.

In other words when this conference was held the Prime Minister said that the course this government would follow in federal-provincial fiscal relations was to seek the ideas of the provinces and to get their agreement. But instead of doing that, the government has used its overwhelming majority to impose a particular piece of legislation upon the provinces. That was the point I was seeking to read from this part of the proceedings.

I am sure the Minister of Finance will be able to contain himself while I read something that he himself said on one of the Press Conference programs on which the minister always distinguishes himself to such a marked degree. This conference was held on November 26, 1957. The minister was asked the following question by Mr. Blakely, an old friend of his:

> We have just had a new federal-provincial conference, and yet the only one thing which did not emerge from that was a new tax arrangement.

Mr. Fleming (Eglinton): Mr. Speaker, if the hon. member is talking about conferences again he is just going back over the same ground and in effect defying the view you have expressed.

Mr. Pickersgill: I did not understand that Your Honour's ruling precluded me from referring to conferences.

Mr. Speaker: If the hon. member in referring to a conference is coming to the matter of this bill, well and good; but if he is only referring to a conference it seems to me it would be out of order to do so.

Mr. Pickersgill: This refers to the subject matter out of which this bill emerged. The minister two months before—

Mr. Fleming (Eglinton): Mr. Speaker, on the point of order, it is not sufficient to make it in order to have it referable to something in the history of dominion-provincial relations over the past several years. Surely to be relevant and to be in order in this debate it must have relevance to the principle of this bill and the principle is a very narrow issue, whether the provincial share of the yield from the personal income tax should be increased from 10 to 13 per cent.

Mr. Speaker: I am inclined to agree that this is the limit of the reference the hon. member should make to speeches and conferences. Such references should relate to this method of determining a part of the remuneration.

Mr. Pickersgill: Very well, Your Honour, I shall confine myself to the last sentence of the minister's reply to Mr. Blakely at this press conference, because, in his words, the minister told the public of Canada on November 26, 1957 what the government was going to do about this matter. That is what the minister was purporting to tell the people what the government was going to do about the matter. This is what he said then:

> But we are going to continue meeting. There will be a meeting, as you are aware, early in the new year, after these extensive proposals that the provinces have submitted have been reviewed by the federal government. We have promised to give them very serious consideration.

That is what he said, but what did he do? The minister sent those telegrams that resulted in this temporary-permanent arrangement. I now ask myself why it is that we are being presented year after year with a bill of this kind and I shall seek to give my interpretation of why that is.

If it is beyond the rules of debate to argue about why this course is being followed instead of another course it seems to me that debate is virtually impossible. As I apprehended what happened at the conference which made the minister take this new course which Your Honour so aptly described as nothing more or less than carrying on the old course of the previous Liberal government with a slight change in the rates it was that the minister was unable to devise anything better. I must say I am flattered by that suggestion. I am flattered that Your Honour recognizes that this is all the bill amounts to, and, as I said the other day, we in this party are flattered that, after two years, this superman working 18 hours a day has not been able to think of anything better than Mr. St. Laurent and Mr. Harris were able to devise. This is very flattering to us.

[Mr. Speaker.]

Mr. Stinson: Be careful of that kind of language.

Mr. Pickersgill: If the hon. gentleman wants to get up and say that all these promises in 1957 and all this past record should be forgotten by everybody, that hon. gentlemen opposite have now seen the light and know that Mr. St. Laurent and Mr. Harris were right, that this is the best thing that any government could do and that is all they could do, and that that is all parliament is being asked to do, and we therefore, must not debate anything else, all well and good. If that is the attitude of the government and if the minister wishes to get up and say that is his position, and that all those things he and his leader and other hon. gentlemen opposite said about those matters when they were on this side of the house, including some of the things which the hon. member for Lapointe (Mr. Brassard) put on the record the other day, perhaps there is nothing more to debate. But we were told, over and over again, that this scheme of things for which Mr. St. Laurent, Mr. Harris and the Liberal government were responsible was inadequate.

We were told by the Solicitor General that the government would change this basis, that it was going to bring in something new and different. The Solicitor General, standing in his place in the house as a member of the government, made that statement. Of course, he spoke for only a little while. I think the Minister of Finance now feels that nobody should be allowed to say a word about finance in this house, except himself, and that if anyone initiates the debate the minister should take three hours or more in order to prevent other people from talking.

This measure is not what was promised. It is not what the people were led to expect they were going to get from this government. It was not done in the way they were led to expect this government would behave even as late as November 26, 1957, as I have said, after that ill-fated conference was over.

I wonder what it is that made the government see the light. I suggest there were two things. I suggest the first was that hon. gentlemen opposite found, perhaps to their surprise—though this is rather a confession of ignorance on their part, if that is the case—that this subject is a very complicated one and that it is not very simple or easy to find a solution. The hon. member for Quebec South very wisely said that the other day. I agreed with him when he said that this is a very complex matter and perhaps,

if the hon. member for Quebec South would apply his obvious talents to this problem he might come up with the solution which the Minister of Finance is sorely in need of, because, after telling us what a terrible mess the Liberals made of it, he continues the Liberal system unchanged except for three percentage points. It may be that the distaste for a conference itself—

Mr. Fleming (Eglinton): Order.

Mr. Pickersgill: The Minister of Finance seems to think that the word "conference" is now unparliamentary.

Mr. Fleming (Eglinton): I think it is out of order.

Mr. Pickersgill: The minister appears to labour under the delusion that if there is one debate on the subject of a conference in the course of a year the word cannot be mentioned again.

Mr. Speaker: Order. I would suggest that the hon. member not debate points of order unless they are raised by the minister when on his feet.

Mr. Fleming (Eglinton): Then I raise the point of order, Mr. Speaker, that the hon. member in talking about conferences that he suggests should be held is completely out of order in the light of the decision made by the house on February 10.

Mr. Hellyer: Are you asking a question or trying to direct the Speaker?

Mr. Speaker: I did not understand the hon. member to say that he is calling for a conference.

Mr. Pickersgill: I was not at all.

Mr. Speaker: I think the hon. member understands that it is not within the scope of the debate to talk about the need for a conference or the desirability of holding one.

Mr. Pickersgill: No. As a matter of fact, what I was going to suggest was that I thought that the Minister of Finance had perhaps accepted the view of his colleague and next door neighbour, the Minister of Trade and Commerce (Mr. Churchill), who on May 10, 1955 made this remarkable statement in the house as found at pages 3647 and 3648 of *Hansard*. This is the Minister of Trade and Commerce, then the private member for Winnipeg South Centre, speaking about his conception of having federal-provincial conferences, and I am not asking that one be called or anything of that kind. I am suggesting one reason why this bill, this arbitrary method, this take it or leave it method is being substituted for what was promised as late as November 26, 1957. I suggest that we may have the explanation here in this statement made by the self-confessed architect of victory, the hon. member for Winnipeg South Centre who, at least, has the name of an architect of victory, if none of the other attributes. The hon. gentleman said:

> If you carry this idea of dominion-provincial conferences to a logical conclusion what happens? You have a government set up over and above the ones we now have, and the result would be a sort of small united nations assembly of Canada. What disturbs me is the effect of all this on the House of Commons.
>
> I will conclude with this statement. Dominion-provincial conferences may continue to be a necessity for Canada. If so, they should be restricted to the core of the problem, the division of administrative responsibility between the dominion and the provinces, and the division of fields of taxation.

Mr. Speaker: If I may interrupt, I do think that the hon. member is going beyond the scope of the debate in arguing the pros and cons of conferences and the usefulness of conferences.

Mr. Pickersgill: It seems to me, sir, that this particular argument was used in a precisely similar debate on a precisely similar motion in another parliament, but I think that hon. members will have seen the trend of the views of the present Minister of Trade and Commerce and they may throw some light on the attitude of the government. In the past it was from Manitoba that most of the light on this federal-provincial problem came and perhaps a new light has come from the Minister of Trade and Commerce. Perhaps the Prime Minister, having had that new light recalled to his mind may see in the Minister of Trade and Commerce a fitting successor to the Minister of Finance when he is transferred to another sphere where his human qualities will perhaps be even more appreciated. I want now to say a word about—

Mr. MacLean (Winnipeg North Centre): Say a word about the bill.

Mr. Pickersgill: I will say a word or two about the bill. The hon. gentleman does not need to worry about that. I want to say a word or two about the way in which this legislation has been received in one or two of the provinces. You will recall that earlier I indicated very clearly that the government had promised before the election that they were going to solve this problem in a spirit of amity and agreement with all the provinces. Let us see what kind of spirit of amity they have in one or two of our provinces, because I think it might be very helpful. I am going to speak first about a province in which I have lived for a good deal of my life and which I know something about. It perhaps will not surprise the house if I refer to the province of Manitoba where I went to school

and lived a good part of my life. A year ago the present premier of Manitoba, then not premier, had nothing but admiration for this government in every respect.

Mr. MacLean (Winnipeg North Centre): And still has.

Mr. Pickersgill: That is very well illustrated by this clipping from the Winnipeg *Free Press* of May 31, 1958, headed, "You Followed John, Now Follow Me." One sentence of the article reads:

> —Mr. Roblin pledged his party would keep its promises provincially just as John Diefenbaker did federally.

I hope that Mr. Roblin is still saying that but in fact he is not. Why is he not? Precisely because of this bill. I refer now to the Winnipeg *Tribune* of March 3, 1959, a paper that is not unfriendly to hon. gentlemen opposite and their friends in Manitoba. I have here an article headed, "Duff Says Policy Not Always Dief's." The headline is the *Tribune's*, not mine. Apparently in the campaign another slogan was, "What Dief Did, Duff Will Do Better."

Mr. Fleming (Eglinton): Mr. Speaker—

Mr. Pickersgill: I have finished that.

Mr. Fleming (Eglinton): —on a point of order, do we have to listen to this running debate on a provincial election? Can we come back some time to the provisions of the bill?

Mr. Speaker: I think the hon. member for Bonavista-Twillingate is being very repetitive in his argument that the government has not kept its promise. After all, he has advanced it in five or six different ways and I thought he was turning now to the bill.

Mr. Pickersgill: I was just laying the foundation for what I am now going to read. Perhaps what I am now going to read would not be as well appreciated by hon. gentlemen opposite without the foundation because it is really necessary to see how great these illusions were before you see how great the disillusionment is. This is the Winnipeg *Free Press* of March 17, 1959.

Some hon. Members: Order.

Mr. Pickersgill: This has nothing to do with the election. It is before the election was called. As Your Honour will see, it has to do with the bill before the house now. The article reads in part as follows:

> Conservative Premier Duff Roblin told the provincial legislature Monday night that the Conservative government at Ottawa is not giving the provinces a fair share of federal funds.

If anything can be more directly related to the bill I do not know what it is. That statement was made in the legislature on that date, so far as I can judge, or on the previous day.

Mr. Fleming (Eglinton): What is the date?

Mr. Pickersgill: This is from the Winnipeg *Free Press* of March 17. The *Free Press* commented editorially but I will not attempt to read their editorial. It was headed: "Mr. Roblin Says Boo." Then I wish to indicate that nearer home—

Some hon. Members: Boo.

Mr. Pickersgill: —I mean the minister's home, not mine, in Ontario there is not 100 per cent satisfaction with this bill that the minister offers, what the minister would have described when he was over here as "these crumbs". They are not crumbs. This is a substantial sum of money and I am one of those who believes that any million dollars or any half million dollars or any quarter million dollars is a substantial sum of money. A substantial sum of money is involved here but it is very much less substantial than the people of the province of Ontario were led to expect they would get from this government. I have here an article in the Windsor *Star* of March 12, 1959, headed, "Better Tax Deal Still Frost's Aim." This was after the bill had been announced, and the opening sentence reads:

> Premier Leslie M. Frost has no intention of dropping his campaign against Ottawa for a better tax deal for Ontario.

Then, of course, in the *Globe and Mail* of yesterday morning we have Mr. Frost's manifesto in which he said, indicating once more that he was not satisfied with this bill which is all he is being offered:

> His government would continue to strive for the 15-15-50 formula of tax sharing with the federal government and would press for a rational and equitable tax structure in Canada at all future fiscal discussions.

In other words, the provinces were promised something that they would all find satisfactory. In so far as this legislation is concerned, it is found completely unsatisfactory by the two Tory premiers who are now seeking suffrages of the people of their provinces.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, if the Minister of Finance (Mr. Fleming) is not going to interrupt too frequently on points of order, I can assure him I will not be saying again what I have said in the house on other occasions on the matter now before us. I will not be as long as other speakers have been. I have not any doubt in the world but that all hon. members in the house are going to support the amendment to the Federal-Provincial Tax-Sharing

Arrangements Act as it is offered by the government. However, that is not going to prevent us from underlining, with as heavy a marking pencil as we can, our contention as to the inadequacies of the amendment that is offered at this time.

The present Minister of Finance has by way of the budget seen fit to impose additional tax burdens on the people of Canada to the extent of $352 million for the period of a full calendar year, and yet in the amendment he is offering he is making it very plain that he is not pretending to let the other levels of government receive any of the increased taxes that he is hoping to garner for the federal treasury. We deplore especially the arrangement whereby once again we are being asked to accede to the ten provincial ministers of finance having an assurance as to what their receipts from the federal government may be for only a 12-month period.

We have long contended that the original approach taken on federal-provincial tax-sharing arrangements ought to prevail, that is that the minimum time for which an arrangement should be made should be at least five years. As conditions have now existed over a number of years, all we are doing is to assure the provinces of their receipts from Ottawa for the ensuing 12 months. This is hardly good enough in that it completely handicaps the provinces in so far as any long term planning is concerned. We feel that this house has had enough of these annual amendments such as the one now being discussed.

We feel also that the government is certainly less than honest when it presents an amendment of this nature to our Federal-Provincial Tax-Sharing Arrangements Act, while at the same time carrying on negotiations for financial arrangements with certain of the provinces that are not being revealed to the House of Commons. I have particular reference to the announcement of the premier of Ontario indicating very clearly that, in his opinion at least, negotiations are under way for another kind of financial arrangement not yet disclosed to the house. I should like to refer also to the indication on orders of the day yesterday that negotiations are taking place with the province of Manitoba. These negotiations, too, are not covered by the proposed amendment or by any explanation of the need for the proposed amendment. I have reference in particular to the statement of the Prime Minister (Mr. Diefenbaker) as recorded at page 3327 of *Hansard* for May 5, 1959, when he said, referring to Manitoba:

—I may say that no decision has yet been reached.

I feel that if the minister wants to be honest with this house in offering an amendment of this nature he ought, in all fairness, to reveal to this house at this time, and to the people of Ontario and Manitoba, whether or not there are some arrangements being made in the back rooms of the Conservative party about which this house should know. We feel it is an insult to the integrity of parliament to be asking parliament to approve this measure, inadequate as it is, when there may well be other measures of even greater significance in the offing. We feel that if there are other measures in the offing the time to reveal them to the House of Commons is now when we are asked to renew this amendment to the act. I realize very well that Premier Roblin and his supporters are running around the province apologizing for the actions of the Diefenbaker government. I feel that now, not next Wednesday, is the time to reveal the intention of this government.

Mr. O. J. Godin (Nickel Belt): As I rise to discuss the principle underlying the bill before us, Bill No. C-41, I feel that possibly the Minister of Finance (Mr. Fleming) might not have the same patience with me as we have had with him on certain occasions when he was endeavouring to explain his problems to us. I feel that if he has such problems, and possibly duties to perform, he will be more patient in listening to me present the problems which I feel I must present on behalf of my constituents in the riding of Nickel Belt.

The principle of this bill, Mr. Speaker, is one which is most important in Canada because it represents an effort to solve a problem which has grown greatly and which represents a burden to every citizen. I refer to the problem of how they can manage the high rate of expansion brought about by our way of life, in addition to the burdens imposed by having three forms of government, federal, provincial and municipal. The workers in my area do not have three salaries, one to assign to the expenses created by the federal government and the other two to provide for the necessary expenditures of the provincial and municipal governments. It is, therefore, in an attempt to solve this problem that the government has introduced the amendment to augment by 3 per cent the provincial share of the revenue for a period of one year.

Apparently this government is interested in this problem only by way of anniversaries. Last year we had this extremely short amendment which we were told was to be for one year. Definitely the people of Canada, if they have followed the discussions in the house, expected that this government was studying the solution which they had

promised of this problem of sharing taxation which necessarily would alleviate the burden caused by the works which are undertaken by our municipalities and works and services undertaken by the provinces. I say that the bill before us today in no way solves this problem.

Moreover, this bill which is before us today indicates that this government has absolutely defaulted in connection with the study which was required of the problem, something which, of course, we all know was discussed at great length by the members of the government prior to the last election and the one preceding it.

In connection with the principle and problem involved in this 3 per cent increase, I should like to quote some of the remarks made by the Prime Minister (Mr. Diefenbaker) prior to the last election concerning the solution of this problem of tax sharing with the three levels of government. I have a quotation dated June 3, 1957, from the Halifax *Chronicle-Herald*. Here are the remarks attributed to the Prime Minister on that occasion. It states:

A Conservative government will call a federal-provincial fiscal conference at which there "must be municipal representation"—

We see by this bill—

Mr. Fleming (Eglinton): Mr. Speaker, I rise on a point of order. Surely we have had your views clearly made known to the house by this time this afternoon with regard to proposals for calling a conference. The hon. member is now reading what purports to be statements made advocating the calling of a dominion-provincial conference. Surely that matter was decided on February 10.

Mr. Speaker: I do not see how the hon. member who has the floor can justify the line he is following. I base that statement on two grounds. The first is that it is irrelevant; and in the second place, as to the argument that the government has not carried out its promises in this bill, that point has been amply made already. The hon. member is being repetitive.

Mr. Godin: With all due deference to you, Mr. Speaker, and with much respect, may I say this. I realize, as do you, that the shortness of this bill and the grave problem which it is endeavouring to solve, cannot be discussed simply in a discussion of the 13 per cent or 10 per cent. In discussing this bill—and I think this is the best opportunity—I think I should be entitled to express the opinion that the solution for the Canadian problem has not been found. We have no other legislation. It has not been suggested since the discussion has been opened on this bill that a solution has been found for the Canadian problem faced by the three forms of government under our constitution. Where the provinces and the federal government are entitled to share, they must come to some agreement which will solve the problem of the burden which is obvious in Canada, especially in my province of Ontario.

Mr. Speaker: I am sorry, but I cannot agree with the hon. member. This bill does not open up the whole question of federal-provincial fiscal relations or federal-provincial-municipal fiscal relations. This is a bill to amend one section of an act which dealt with that problem some years ago. That was the time when it would have been relevant to follow the line of argument which the hon. member is now attempting to follow. However, he cannot do it on this narrow, limited bill which amends one section of the act. I refer him to the ruling made by the Speaker of the house on November 14, 1949, and which appears in the *Journals* for 1949 at page 237. It reads in part as follows:

On the second reading of an amending bill—

And that is what this is.

—(honourable members will notice that this is an amending bill)—it is the principle of the amending bill, and not the principle of the act to be amended, which is the "business under consideration". The discussion must therefore relate exclusively to the principle of the amending bill. If, for example, a bill were introduced to amend a certain section of the Criminal Code of Canada, the discussion would have to relate to the principle of the particular amendment. It would be irregular to enter upon a general discussion of the Criminal Code as a whole.

Then he goes on to deal with the principle of the bill which was before the house at that time. There is no doubt about it that what is relevant relates to this particular provision with respect to income tax, and that exclusively.

Mr. Godin: Thank you, Mr. Speaker. I realize that there should be some limitation and I will try to govern myself accordingly. But what I should like to suggest at this moment is this. My intention is to discuss what this government has offered to the provinces under this bill, which is the only piece of legislation before the house, in order to solve the Canadian problem of tax sharing. In order to do that I should like to indicate that because of the knowledge which we have outside the house and the knowledge which we have inside it, this government has not performed those things which should have been performed in order to obtain a better arrangement than the increase to 13 per cent.

With all due respect, may I say this. If we were now discussing an amendment of the Criminal Code, as was mentioned in the

reference made by you, Mr. Speaker, concerning for instance abolition of the death penalty, I feel that the members of this house representing the Canadian people should be able to make reference to a conference which was held or not yet held concerning the study of the problem of the abolition of capital punishment. I realize that you could not go into the Criminal Code and discuss any other conference or any other meeting which had nothing to do with the particular amendment but that, as the quotation indicated, you should be limited to discussing those problems pertaining to the section of the code in question, just as in this case we are limited to the particular amendment we are now discussing. But I think it would be outside of the meaning of the reference—and I say this with all due respect—to state that if we were discussing an amendment of one section of the code we could not discuss meetings or conventions concerning studies of that amendment.

Mr. Speaker: I will allow the hon. member to proceed with his remarks. If he errs, I shall try to keep him in line.

Mr. Godin: I am stating now that this amendment concerning the 3 per cent increase for one year only, as I stated before, does not give the provinces the tax sharing possibilities which they were led to believe would be made available. My people in northern Ontario today are more burdened than ever. The costs of services of local governments and provincial governments have risen greatly. My people feel that they have been unjustly treated by this minimal increase which is, after all, a repetition of last year. I am of that opinion, and my people hold it much more strongly. I am sure the Minister of Finance will not disagree with me, having regard to the indication made by him along with his leader that they had absolute solutions to this problem which would bring about the desired result. This government has stated that with respect to this tax sharing problem they would do things which are not even included in this bill. I should like to see them included. I think I am entitled to mention that matter. We have spoken of fiscal relations with the provinces—

Mr. Speaker: The hon. member has indicated that he is going into a discourse which I think is not in order. I think it is quite proper to indicate in general terms that the bill does not go far enough, as the hon. member has already done, or that something else should be done. I have no objection to his doing that, but I would not permit a debate on all the other things that should be done.

Mr. Pickersgill: But surely, Mr. Speaker, no hon. member should be restricted or prevented from saying that he thinks a bill is totally inadequate having regard to the purposes it is supposed to have or was proclaimed to have. As I apprehended what the hon. gentleman was proposing to do, that was all he had in mind, namely to indicate that these crumbs from the rich man's table—that is what the minister would call it; I will not call it that; I think that was one of the phrases he used when he was over here on this side of the house—would not be adequate.

Mr. Godin: Mr. Speaker, it seems obvious that when this government discussed before the Canadian people the solutions which they had, they led them to believe, as far as my province is concerned, that it would receive in the neighbourhood of $100 million last year, and that was stated by the premier of the province from which I come, and stated on many occasions. Undoubtedly this bill does no such thing. That is what I am trying to place before the Minister of Finance and this government the manner in which they led the people to believe they would find a solution to their great problem. I certainly cannot see it in this 3 per cent increase. For instance, it was stated that the municipalities should have some benefit from new fields which would be opened to them, but we did not receive them.

The Prime Minister has stated that Canadian unity would be solved. He stated that a concerted "study"—if you do not wish me to use the word "conference"—of this problem would bring about a complete redress of injustices which they thought existed. This bill will make the people realize that they will only get this very small gift—and I use that word—for another period of one year. They will only get this small increase.

Possibly the Minister of Finance will permit me to indicate to him how different this amendment is compared with a similar amendment which was brought before this house under the previous administration, the Liberal administration under Mr. Harris as minister of finance. We heard a lot last year about the amendment which we are now renewing by way of changing the date of its expiration. We are renewing the same amendment which was before us last year, and it was said then that the province of Ontario would receive by this amendment $22 million. Well, we knew within a year after that that there was no such thing. This government had failed to realize that this percentage increase of income tax was certainly dependent on the prosperity of this country, and therefore because we suffered

under this regime a recession last year in the incomes of our Canadian people, the $22 million which was thought of in the first place turned out to be a mere $18.9 million.

Now what was the increase granted under the Liberal party in 1956? I would like to refer the house to some figures. We have the figures under the previous arrangement before this act which we are now amending came into effect. If we look at the figures under the previous arrangement, the provinces, including Ontario, in all received $156.8 million. That reference will be found by the minister at page 114 of the 1957-58 budget. If you care to find the figure for the first year under which the Liberal amendment was made, Mr. Speaker, you will find on the estimates that the figure is $196.8 million, which gave a total increase for the province of Ontario of $40 million. This government contends that because the province received less than the $19 million increase by this amendment it has found a complete solution to the problem in which my province, as well as all the other provinces in Canada, found themselves.

We have ways and means of making promises about this bill which we are now studying. We have the outside promises, which I am not going to quote. I would like to, because it would be very good for the memory of the Minister of Finance and members on the government side, when they were about the country electioneering before the last election. But the people in Ontario construed the promises which were made to mean an increase of $100 million to the province of Ontario. Of course, I must realize that we have now classified these promises, and that was one made outside of the house. Then we have the one which I have just discussed a moment ago, as did the hon. member for Bonavista-Twillingate (Mr. Pickersgill), the one made by way of telegram. Of course, I was not a member of the house at the time, but I understand that there was a slight mistake in the telegram and finally it turned out to be $22 million. But that was a promise which was made in the house, and even that promise made last year on the passing of the bill was found to mean only $18.9 million. That is the type of attitude this government has taken toward its promises, the ones made outside the house as well as the one made inside.

We have been told, Mr. Speaker, that in wanting to solve this great problem of the provinces and our municipalities we would try to satisfy them better by opening the field of possible taxation for them. I realize that this bill does no such thing, but what the government has done is this. While it has promised new possibilities of money for the provinces and municipalities, instead of giving them more occasions on which to levy possibly their taxation, the government has now raised the personal income tax 3 per cent and the corporation tax three points. In other words, this government is acting in this piece of legislation in the very opposite manner to that promised. It would seem to me that someone should find a way to invent power steering for those people in public office on occasions, because this government is showing by its conduct, and the Minister of Finance who is proposing this bill has shown in his budget speech, that he was prepared to increase taxation and told the provinces and the municipalities—

Mr. Fleming (Eglinton): Mr. Speaker, on a point of order, surely it is not proper for the hon. gentleman to refer to the budget debate during the course of a debate on the present bill. It is perfectly obvious that hon. gentlemen opposite are trying to talk this bill out today. I think that has been evident all afternoon. They are trying to keep the debate going until their leader is able to return to the house to take part in it some other day.

Mr. Pickersgill: Mr. Speaker, on a point of order, I would like to remind Your Honour that the other day, when we were debating a supply motion immediately after the budget, the Minister of Finance made allusions to his budget speech. He did not quote from it, but he did make allusions to it. It would seem to me that surely a backbencher would have the same right as the minister.

Mr. Speaker: It is undoubtedly improper to quote from the budget debate because it is obviously just repetition. I did not understand the hon. member to be actually quoting. I think he made a passing reference to something, but he must not quote from the budget debate.

Mr. Godin: I was making a reference, Mr. Speaker, and I also realize that on one occasion I have had reason to believe that the Minister of Finance was reading at great length from what he called his notes or his files. I have a few important notes which I would like to refer to as well. I would like to indicate that this government has acted in an opposite direction absolutely from that promised in that it has increased its taxes and has sent the provinces and municipalities out to borrow. I notice that the Minister of Finance more or less indicated that that was not the case, and I have here a very good phrase of his in his own speech to which I would like to draw his attention. However, if it is against the rules to quote from his speech, I would simply refer him to page 2415

of *Hansard*, where he may find reference to remarks of his where he was begging the municipalities to try to borrow to solve their problems. Borrowing has today become very difficult for the provinces—

Mr. Fleming (Eglinton): On a point of order, surely we are not to have another debate now on interest rates? That subject was fully debated some days ago. The hon. member is just killing time in order to talk this measure out until six o'clock for the purpose which I mentioned earlier and I would ask you, Mr. Speaker, with great respect to ask the hon. member to conform with the rules of the house.

Mr. Pickersgill: I suggest that the Minister of Finance has made an uncalled for and totally improper reflection on the motives of another hon. member. I did not say that the three-hour marathon of the minister the other day was a means of killing time, and the hon. gentleman has no right to say that the hon. member for Nickel Belt (Mr. Godin) is doing so.

Mr. Speaker: I accept the hon. member's view that it is not proper to accuse members of ulterior and improper motives. Members are supposed to keep within the rules, and they are entitled to speak as much as they like within that limit.

I must say that this debate has been a hard one to limit because the subject matter is not a definite one and because members have not, I think, been too co-operative in keeping within the narrow limits of this measure. Certainly it is not in order to enter upon a discussion of matters such as interest rates with which we have dealt on a previous occasion.

Mr. Godin: It seems that the minister and the government do not appreciate at all times that when members of the opposition have occasion to rise—

Mr. Speaker: I suggest that the hon. member proceed with the debate on the bill. It seems there is too much lecturing back and forth across the chamber.

Some hon. Members: Hear, hear.

Mr. Godin: What I was trying to indicate is that this bill, since it provides the provinces with so little, obliges them, as was suggested by the minister himself, to go out and borrow money, because there is no other way by which they can obtain the extra money which they require. My province is one of those which feel that this 13 per cent is not sufficient, and it will be required to borrow in order to continue the expansion which is necessary. I feel that this government has defaulted greatly in the light of its promises.

I trust that even now the administration may find the solution which all Canadians have been led to hope would be brought about, and that before too long, as a result of a proper study, our provinces may obtain the money which is definitely needed. It is clear from the complaints which were voiced in this chamber at the time this agreement was announced and on subsequent occasions that it has failed to satisfy the provinces of Canada.

Mr. H. J. Robichaud (Gloucester): When I spoke on the resolution stage of this bill I was prevented by the rules from presenting the plea of the municipalities and, particularly, of my own municipality of Gloucester, where education costs have increased 800 per cent in the last 12 years.

This debate has to do with an amendment to the tax-sharing agreement or rather an amendment to the Federal-Provincial Tax-Sharing Arrangements Act. It deals with one point of the formula, and this point was amended in a mild respect last year following a shadow meeting or a cover-up meeting which was held with the provinces. I am trying not to mention the word "conference" because I am sure the Minister of Finance will rise and try to have me ruled out of order.

Today we are again asked to approve an amendment to an interim measure. In other words, this is an amendment to an interim measure pending the convening of a meeting at which special studies may be made of this particular point.

I shall try to show where this amendment does not meet the needs of the provinces and of the municipalities. The 3 per cent increase which was agreed to last year is not sufficient, and it is far from being in accordance with the promises which were made prior to this government taking office. After all, Mr. Speaker, how can principles which were wrong before 1957 be right today just because a different government administers the affairs of the country? When the Federal-Provincial Tax-Sharing Arrangements Act was introduced in this house in July, 1956 here is what the present Minister of Finance had to say as reported at page 6287 of *Hansard* for July 23:

> I point out at the outset, sir, that this is enabling legislation. If it is adopted, it will vest very wide powers in the Minister of Finance, and the power vested in him includes the power to legislate in the form of regulations.

And then, this has to do with the formula which we are asked to adopt today:

> As to the details of the formula, suffice it to say at this point that it is an actuarial maze to most people. The formula itself would undoubtedly confuse most citizens.

And yet today, the Minister of Finance, the same hon. member who was sitting in this house on July 23, 1956 is asking us to approve this same formula with minor amendments. And then the minister continued:

> Talk of tax equalization payments, provincial revenue stabilization payments, tax rental agreements, gross national product, average personal income, and other expressions in which this formula bounds make it very difficult for the average citizen to appreciate the niceties of the formula. Indeed, it would be interesting, particularly in the light of the fact that no Liberal member spoke on the resolution—

In this he was wrong, because a few days before two Liberal members had spoken on the very same resolution.

How could the minister blame the government of the day for introducing a formula which he is asking this house to support today? Later on in the course of his speech the minister referred to the municipalities. It has been said in this house time after time that part of this grant to the provinces is intended to relieve the municipalities of the heavy responsibilities, the heavy tax burdens, which they are called upon to bear. Here is what the Minister of Finance had to say about the position of the municipalities as reported at page 6294 of *Hansard* of April 23, 1956:

> The Minister of Finance and the government have been often urged in this house to recognize the fact that the sources of revenue open to the municipalities and to the provinces are inadequate to provide for the expanding cost of education as things stand today. In approaching this present renewal of fiscal arrangements between the dominion and the provinces, the Minister of Finance has a golden opportunity to recognize that inescapable fact and to do something to meet it.

Well, what is he doing today to meet this need of municipalities? He is asking this house to approve a minor amendment to the same act about which he was speaking on July 23, 1956. The explanatory notes of the bill to which we are asked to give second reading today states:

> The effect of the proposed amendment will be to extend for a further year the rate of 13 per cent for standard individual income tax for the purpose of calculating the tax equalization payments to the provinces and the amounts payable to the provinces under the tax rental agreements.

The explanation does not refer to one part of the formula but mentions the tax rentals agreements. I feel that the adjustment we are being asked to approve for a period of another year pending the holding of a few provincial elections throughout the country is a far cry from the promises made to the electors of Canada during the last federal election campaign. I have in my hand a press clipping dated March 19, 1958, in which the premier of Ontario is reported as having said:

> —the $22 million additional tax revenue Ontario has received from the Diefenbaker government, must be regarded as a down payment. Ontario had found it much easier to work with the federal Conservatives than with their predecessors, the Liberals.

The Ottawa *Citizen* of March 20, 1958, also contains an interesting statement attributed to Mr. Frost:

> The premier said the Diefenbaker government was producing "a new deal for the people of Canada" and referred to the October provincial-federal tax meeting as proof.
>
> "After years of getting nothing from Ottawa we came back from that conference with a down payment of $22 million in federal money, which we returned to the municipal taxpayers of this province."

Mr. Pickersgill: Yes, down $3 million.

Mr. Robichaud: It is obvious that the premier of Ontario is much easier on the present government and especially on the eve of a provincial election than he was on the former government. Let me quote a statement made by the Prime Minister in Moncton on March 25, 1958, as reported in the Toronto *Star* on March 26:

> The Prime Minister pointed out New Brunswick was getting an extra $2,236,000 annually for the next four years in federal tax-rental grants.

The Minister of Finance introduced early in this session his estimates for the fiscal year ending March 31, 1960, which contain a section entitled, "Special payments to provinces" under which we find:

> Payments to provinces as provided under the Federal-Provincial Tax-Sharing Arrangements Act (Chap. 29, Statutes of 1956, as amended).

This may be found at page 23 of the blue book. The people of certain maritime provinces were disappointed to learn that the amounts they will receive for the fiscal year ending March 31, 1960 will be much lower than the amounts they received in the previous year. The province of Newfoundland will receive $24,893,000 which is $321,000 less than what was received in the previous fiscal year. The province of Nova Scotia will receive $35,250,000 which is $1,441,000 less than it received in the previous year. The province of New Brunswick will receive $30,266,000 which is $724,000 less than it received in the previous year.

The Atlantic provinces have no guarantee whatever that the amounts they were receiving under federal-provincial grants will be maintained at least at the level they were last year. People in the maritime provinces

who are interested in the affairs of the provinces are today expressing the fear that the special Atlantic grants which are supposed to terminate in 1962 may under this government be terminated simply by an announcement made by the Prime Minister (Mr. Diefenbaker) similar to the announcement he made in respect of Newfoundland.

The bill before us today does not meet the requirements of the different provinces and municipalities across Canada. It is no wonder that the Fredericton *Gleaner*, a newspaper which we know is rather friendly to the present government, in an editorial under date of May 4, 1959 stated:

> We have made no secret of our disappointment and regret that the federal government is not giving evidence of its avowed intention of remedying the conditions which plague us in this area of Canada and make us worse off by far than other Canadians.
>
> Pledges were given and the people of the maritimes intend to see that they are carried out. We mean to keep this issue clearly before us.

This is an expression of the popular opinion that exists in the maritime and Atlantic provinces today. It is not surprising that the people of New Brunswick and other maritime provinces are disillusioned by the actions and attitude of the present government after only two years in office.

Mr. Speaker, may I call it six o'clock and move the adjournment of the debate.

On motion of Mr. Robichaud the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I inquire from the acting house leader what the business is for tomorrow and Friday?

Mr. Brooks: Mr. Speaker, as stated last night we shall take up the estimates of the Department of Labour tomorrow and if we finish them we will proceed with the estimates of the Department of National Defence.

Mr. Chevrier: So we will have estimates both on Thursday and Friday?

Mr. Brooks: Yes, Mr. Speaker.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

NATIONAL MUSEUM—REPAIR STAFF

Question No. 202—**Mr. Argue:**

1. How many people have been employed on the staff of each branch of the national museum of Canada for each year since 1956, to look after the repair, condition and maintenance of the collections of each branch?

2. How many people were so employed by the national museum of Canada for each year from 1950 to 1955?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

As the number of people employed in the national museum over the periods in question does not accurately reflect the volume of work actually carried out, the answers to the questions are given in man-year equivalents.

1. Year	Natural history branch (Man-years)	Human history branch (Man-years)	Services common to both branches (Man-years)
1957	2.6	1.6	1.4
1958	3.3	1.6	1.4

2.	(Man-years)
1950	2.9
1951	4.1
1952	4.06
1953	5.1
1954	5.1
1955	4.4

NATIONAL MUSEUM—PLANNING OF EXHIBITS

Question No. 205—**Mr. Argue:**

1. How many people have been employed by each branch of the national museum of Canada for each year since 1956 whose primary duties involved the planning and placing of exhibits, and the care and maintenance of specimens?

2. How many people were so employed by the national museum of Canada for each year from 1950 to 1955?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

As the number of people employed in the national museum over the periods in question does not accurately reflect the volume of work actually carried out, the answers to the questions are given in man-year equivalents.

	Planning and placing (Man-years)			Care and maintenance (Man-years)		
Year	Natural history branch	Human history branch	Service common to both branches	Natural history branch	Human history branch	Services common to both branches
1. 1957	2.5	.8	1.7	2.6	1.6	1.4
1958	2.5	1.1	2.2	3.3	1.6	1.4

	Planning and placing (Man-years)	Care and maintenance (Man-years)
2. 1950	3.1	2.9
1951	5.4	4.1
1952	5.4	4.06
1953	5.4	5.1
1954	4.9	5.1
1955	4.9	4.4

HOUSE OF COMMONS

Thursday, May 7, 1959

The house met at 2.30 p.m.

AGRICULTURE

EGGS—ANNOUNCEMENT OF SUPPORT PRICE FOR COMING YEAR

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, the Agricultural Stabilization Act provides for the announcement of support prices on an annual basis, and I am now announcing that the existing price basis of 44 cents a dozen for grade A large eggs delivered to Montreal will continue in effect for another 12-month period ending May 5, 1960.

The volume of eggs marketed through registered grading stations to date this year is 7 per cent more than for the same period last year. However, this does not correctly represent the actual increase because of the steadily growing movement of eggs from large-scale producers direct to retail outlets. Because of this, a greater percentage of the eggs marketed through registered grading stations is offered to the agricultural stabilization board.

From January to June, 1958 the board purchased 354,412 cases. Up to April 27 of 1959 the board had purchased 503,073 cases, and shell eggs are still being offered in unprecedented volume. With many countries of the world developing larger surpluses of shell eggs, the disposal of the surplus accumulated by the stabilization board is creating an extremely serious problem.

The continued expansion in egg production can be largely attributed to the growth in numbers and size of large commercial producers. Because of integration in this industry and technological developments, the present support program is providing an incentive to commercial operators to increase production. I have therefore directed the stabilization board to develop as soon as possible a method of providing price support for shell eggs by means of a payment to producers—commonly described as a deficiency payment—rather than to continue the present method of offer to purchase.

The payment to producers would be calculated on the difference between the actual market price for shell eggs for the period concerned and the prescribed support price. This method, as in the case of the arrangement proposed with respect to hogs, would make it possible to withhold payments from commercial organizations operating under the so-called vertical integration plan, or to restrict payments to a specific volume of eggs delivered by any one producer in a given period.

I wish to assure the house that every effort will be made to have an alternative plan ready to put into operation at the earliest possible date.

Hon. L. B. Pearson (Leader of the Opposition): I have very little to say at the moment about this announcement of the minister, except to suggest that it indicates that the government is now adopting the principle of deficiency payments in respect of one agricultural commodity, yet refuses even to consider it in respect of wheat and other grains.

Mr. Harkness: You do not understand what deficiency payments are.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the success of the policy announced by the Minister of Agriculture today can only be gauged when the government brings forward a specific program, as referred to in the last couple of sentences of the announcement. The main point of the announcement is first of all, that the basic price will not be changed but that under a deficiency payment plan certain producers or commercial organizations may be barred entirely from receiving the floor price by way of a deficiency payment.

We in the C.C.F. are not opposed to this being done. In fact we are very much in favour of large commercial organizations being barred from getting their hands into the public till. But we would like to warn the minister that in deciding the specific volume of eggs which may be delivered by any one person, we suggest it should not be so low as to prevent a producer from making his living by way of egg production. The pattern of the government's announcements as far as agricultural floor prices are concerned has always been either to hold the line or drop the price. In this instance, with the modifications as outlined in the latter part of the minister's announcement, we are glad there has been no price reduction.

Food for Peace Conference

EXTERNAL AFFAIRS

FOOD FOR PEACE CONFERENCE—REPORT ON MEETING

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I would like to give to the house a brief report on the outcome of the food for peace conference held in Washington on May 5 and 6.

The conference was convened by the United States secretary of agriculture, Mr. Benson, and the representatives were from the five major wheat exporting countries, namely Argentina, Australia, Canada, France and the United States. The director general of the food and agriculture organization of the United Nations, Dr. B. R. Sen, was also present as a delegate.

On April 15 in the House of Commons the Prime Minister announced the calling of this conference and indicated its objectives. On several occasions in the past the Prime Minister had made suggestions for the establishment of a food bank for the assistance of countries whose populations are short of necessary food, and for long term reasons, such as the need for economic development.

The President of the United States, in his farm message to congress on January 29 of this year, made similar suggestions and subsequently instructed Mr. Benson to take the necessary steps to summon a conference to deal with the utilization of surplus food products.

The conference in the course of its two day meetings, which had been preceded by excellent preparatory work by officials of all the participating countries, suggested that the objectives in mind could best be achieved by considering projects to raise consumption of food among especially deficient groups in the population of the recipient countries; by projects to aid economic development, and by projects to establish national food reserves. There was general agreement that effective consultation was necessary for the success of any program for the utilization of surplus food products. In this way misunderstandings could be lessened and interference with commercial markets could be avoided.

Accordingly the conference agreed that a consultative committee should be set up to be composed of senior officials of the governments there represented. It was further agreed that Mr. Benson should be asked to convene the first meeting of the committee at an early date. It is expected that the meeting will be called in June.

The conference decided that the committee should, among other things, give consideration to the following:

[Mr. Argue.]

1. Possibilities of expanding the world's commercial trade in wheat, including the development of new markets.

2. Ways of increasing and making more effective the utilization of wheat surpluses for the promotion of economic development and the improvement of nutritional standards.

3. Co-ordination of disposal programs for economic development with other development activities in the recipient countries so as to ensure that such programs will contribute fully toward increasing consumption and commercial markets, and

4. The establishment of guide lines for providing wheat to individual countries on concessional terms and the safeguarding of commercial marketings.

The conference invited Secretary Benson to convene the first meeting of the committee at an early date.

The conference resulted in a better mutual understanding among the participants of their countries' policies, problems, and proposed actions. There was discussion of the advantages of holding similar consultations on other food commodities and with other nations.

With the approval of the house I should like the communique issued in Washington yesterday to be printed as an appendix to *Hansard*.

Mr. Speaker: Has the minister leave to have the communique referred to printed as an appendix to today's *Hansard*?

Some hon. Members: Agreed.

[*For text of communique referred to above, see appendix.*]

Hon. L. B. Pearson (Leader of the Opposition): This five nation food conference dealing with the utilization of surplus food products was called some weeks ago, and the matter with which it dealt has been under consideration by the governments concerned for a good many months. Indeed, the President of the United States made his proposal for using food for peace some months ago. Presumably, therefore, a good deal of preparation had already been made with regard to the subject before the conference held in the United States last week.

The results of the conference seem to be very inadequate, though if they do lead to any progress in dealing with this problem that progress would, of course, be welcomed. From the minister's statement it appears that the main result has been the setting up of a committee—a committee, I take it, not of ministers of the governments concerned but of officials—to keep this question under review and to exchange information with regard to it. But this subject has been kept under review by officials of the United States

and Canada for a good many years. There have also been committees set up under the auspices of the food and agriculture organization of the United Nations, and these committees have already reviewed the problems which were dealt with at this conference. If a new committee can be of any assistance it will, of course, be welcome; but this, I repeat, does not seem to be a notable result from a conference dealing with such a very important matter.

I remember the Prime Minister putting forward about a year and a half ago—and this has been echoed by other ministers—his proposal for a food bank. There is no indication from the statement the minister has just made, or from his comments, that any progress has been achieved toward the realization of that idea in practice.

The minister mentioned that Canada's position had been protected at this conference. I have in my hand a report of the conference which appeared in the New York *Times* of today's date by its Washington correspondent, and this correspondent points out that at the same time that the report of the conference was being issued, the United States government disclosed that it would soon expand donations and sales of wheat abroad for foreign currency in a wider effort to provide economic assistance through surplus farm products and, indeed, in a wider effort to get rid of its own surpluses. That report goes on to say—and this raises an uneasiness in our minds which is not completely dispelled by the statement of the minister—

> —there was confusion about the agreement reached by the conferees. On the major point of concessional, or bargain-rate sales of wheat for foreign currencies, Mr. Benson said the other countries had "expressed willingness to make" sales. However, members of the Canadian and other delegations foresaw little possibility of such a move.

If there is that difference of interpretation and opinion already in regard to the results of this conference, I suggest to the minister it is very important to get this difference of interpretation resolved now so that this conference, inadequate though its results may have been, will at least make some progress in regard to this important matter.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, anything that would provide food for peace is deserving of support. There is no argument about the fact that tremendous surpluses of food are building up on the North American continent, nor is there any argument about the fact that many people in the world are hungry, but there seems to be little of a concrete nature that has come out of this conference. There has been more consultation and discussion but little action and little by way of firm agreement.

The Minister of Trade and Commerce has said that Canada's position is protected, and he spoke about our position with regard to wheat. Wheat is not the only commodity that is causing some difficulty now. As a matter of fact we are probably in a better position with regard to the disposal of wheat than we are with regard to many commodities. The Minister of Agriculture could have added other commodities including pork, eggs—after today's announcement—dairy products, large inventories of butter, large quantities of poultry meat and a possible impending surplus of turkeys. This points up the great seriousness to our economy of this ever-growing inventory in the production of agricultural commodities.

I believe in co-operation with the United States in disposing of these surpluses. I can remember when the Prime Minister was castigating the former government for undertaking special programs to dispose of their commodities. I said that a better alternative would be co-operation in the disposal of these commodities on an agreed basis.

There has been discussion but little by way of action. We suggest that there are many possibilities that should be explored and acted upon, including the acceptance of currency of other countries, the making of barter agreements, the selling of surpluses on the basis of long term contracts and the buying of goods from countries that wish to purchase our surplus produce. There are countries—Russia and Poland, to mention but two—that are anxious to buy our surpluses but because of lack of action and the inadequacy of government policy this is not being accomplished at the present time. We hope the consultations the minister has talked about will lead to action.

APPROVAL OF STATE TREATY FOR RE-ESTABLISHMENT OF INDEPENDENT AUSTRIA

On the order: Government notices of motion:

> May 5—The Prime Minister—The following proposed Resolution:—
>
> That it is expedient that the Houses of Parliament do approve the state treaty for the re-establishment of an independent and democratic Austria signed at Vienna May 15, 1955, and that this house do approve the same.

Mr. Diefenbaker: Stand.

Mr. Speaker: Pursuant to section 2 of standing order 21, this government notice of motion stands transferred to and ordered for consideration under government orders at the next sitting of the house.

Inquiries of the Ministry

ATOMIC ENERGY

INQUIRY AS TO U.S. ASSISTANCE RESPECTING NUCLEAR-POWERED VESSELS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, there appears in today's press the news of an agreement between the United States and the United Kingdom under which, according to the report, the United States has agreed to furnish information to the United Kingdom regarding the design and construction of a nuclear-powered submarine. The United States has already agreed to provide a reactor for a British nuclear-powered submarine. I should like to ask the Prime Minister if there is any arrangement for that kind of co-operation and assistance if required between the United States and Canada in connection with not only a nuclear-powered submarine but a nuclear-powered icebreaker if one were required?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as the hon. gentleman very well knows questions such as this cannot be answered without some notice. I shall simply accept his question as notice and answer in due course.

Mr. Pearson: The reason I was not able to give the Prime Minister notice—I agree it is a very important subject—is that I got the report just before I came to the house.

(Translation):

CANADIAN BROADCASTING CORPORATION

PROTESTS RESPECTING PROGRAM ON FRENCH NETWORK

On the orders of the day:

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): I should like to direct a question to the hon. Minister of National Revenue (Mr. Nowlan) who reports to parliament for the C.B.C. Could he tell us:

1. Whether he has read press reports or received protests following the nauseating production broadcast over the French TV network originating in Montreal on Sunday night, May 3rd last entitled *La plus belle de céans*?

2. Will an inquiry be made into the reasons which prompted the author, and especially the producer, to present such a play which constitutes an insult to Catholics and French Canadians?

3. Does the C.B.C. intend to apologize to the Order of the Grey Nuns which was founded by the Blessed Mother Marguerite d'Youville?

[Mr. Speaker.]

(Text):

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I have already read newspaper comments on this program which appeared on the French network of the C.B.C. last Sunday night. I have also discussed it with Mr. Ouimet, the president of the C.B.C. It is one which undoubtedly offended, and properly offended, not only French Canadians in this country but Catholics generally, and it is one which I have suggested to the president—and he agrees—is a matter of most serious concern. I can assure the hon. member and the house that the president is conducting an inquiry as to how this program could have originated on the C.B.C., and that appropriate disciplinary action will be taken against those who were responsible for the production of such a program.

PRICE SPREADS

STATEMENT AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, may I at this time give an answer to the question asked on May 5 by the hon. member for Trinity. The question was:

> Could the Prime Minister tell the house when the government expects to receive the report of the royal commission on price spreads.

The chairman of the commission has indicated it is expected that the report will be concluded some time about mid-September.

FINANCE

ARRANGEMENTS FOR REPORTING BANK LOANS OF OVER $1 MILLION

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I ask the Minister of Finance a question arising out of one I asked yesterday in connection with the tabling of certain documents recording the arrangements covering individual loans made between the chartered banks and the Bank of Canada and other creditors. Perhaps my question was not clear. I admit that I was referring to the question which had been asked by the Leader of the Opposition as reported at page 1171 of *Hansard*, which was similar in nature, and to which the Minister of Finance replied by stating:

> There are certain modifications which are under consideration at the present time, as I am informed by the inspector general of banks.

Later on, following a further question by the Leader of the Opposition, the Minister of Finance said:

> Yes, Mr. Speaker, I will be glad to acquaint the house with those.

Really that is the information I was seeking to obtain, and I wonder now whether it would not be possible for the minister—perhaps not today but at a later date—to table those modifications, if there are any.

Hon. Donald M. Fleming (Minister of Finance): They have not been concluded, Mr. Speaker.

Mr. Chevrier: Will the minister table them when they are concluded.

Mr. Fleming (Eglinton): If there is anything to table, if hon. members wish it, it will be tabled.

Mr. Chevrier: Yes, but the minister said—

Mr. Fleming (Eglinton): It is not determined yet that there will be any new arrangement. There have been discussions going on from time to time between the inspector general of banks and certain chartered banks.

Mr. Chevrier: I do not want to pursue the matter unduly, but if there are, will the minister be good enough to table them?

Mr. Fleming (Eglinton): I will be glad to acquaint the house, but at the moment, in the light of the form of my hon. friend's question, it is rather conjectural.

AGRICULTURE

TURKEYS—STATEMENT ON REDUCED FLOOR PRICE

On the orders of the day:

Hon. D. S. Harkness (Minister of Agriculture): In my absence yesterday the hon. member for Assiniboia directed a question to the Acting Minister of Agriculture, arising out of reports with regard to the floor price for turkeys. In reply I may say there has been an exceptionally heavy increase in the marketing of turkeys. The volume marketed through registered processing plants in 1958 was 27 per cent greater than in the year earlier, and the volume marketed in the first four months of this year was 106 per cent greater than for the same period a year ago. By reason of this increase in the volume marketed there has been a progressive decline in turkey prices until they recently reached support level.

As a result the agricultural stabilization board met with representatives of the Canadian turkey federation. At this meeting numerous proposals were considered. The representatives of the Canadian turkey federation, and not the stabilization board, suggested lowering the floor price with retention of import controls. The Canadian turkey federation is now giving further consideration to this problem, and will be meeting with the board next Thursday, May 14.

The final action to be taken on this matter will in some measure depend on what the turkey producers themselves feel should be done, in view of the tremendous expansion that has taken place and the implications of this situation.

POST OFFICE DEPARTMENT

INQUIRY AS TO QUANTITY OF OBSCENE MATERIAL PASSING THROUGH MAILS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I should like to direct a question to the Postmaster General. Has the Canadian post office noted any recent increase in obscene material passing through the mails, such as was commented upon recently by the postmaster general of the United States?

Hon. W. M. Hamilton (Postmaster General): No, Mr. Speaker, we have encountered no problem in that type of material being produced in this country, and the reference of the United States postmaster general was to its increased circulation in his country which, again, we have not noticed in Canada recently.

INQUIRY AS TO WITHDRAWAL OF STAMP BEARING QUEEN'S PORTRAIT

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, in order to bring speculation to a halt, may I ask the Postmaster General whether or not there is any intention of withdrawing the postage stamp which is now bothering so many people. I refer to the one with what is apparently the devil's picture in the hair of the Queen. Is it going to stay or is it going to be withdrawn?

Hon. W. M. Hamilton (Postmaster General): To the best of my knowledge, Mr. Speaker, the hon. member does not know the difference between a dollar bill and a postage stamp.

Mr. Winch: I understood the minister had control of both.

[*Later:*]

Mr. Winch: Mr. Speaker, I most definitely accept the rebuke of the Postmaster General, but may I ask whether both jobs are not done by the same bureau?

Mr. Speaker: The hon. member's question is scarcely a matter of urgency. I think it goes back at least 20 years.

PIPE LINES

NORTHERN ONTARIO PIPE LINE—ALLEGED REFUSAL TO ALLOW CONTRACTORS TO BID

On the orders of the day:

Mr. Hubert Badanai (Fort William): I should like to direct a question to the Minister of

Defence Production. The question arises from a letter I received from the lakehead builders' exchange, an organization representing nearly 200 contractors, who were not given an opportunity to bid on the construction of three compressor stations at Geraldton, Ignace and Parthia.

Can the minister inform the house why Northern Ontario Pipe Line Crown Corporation refused to let local contractors have the plans after the secretary requested these plans by wire to enable them to bid?

Hon. Raymond O'Hurley (Minister of Defence Production): I will have to get this information; I have no information on this subject. There was one question asked by one company at Port Arthur. They had put in a tender and did not get the bid. That is the only information I have, but I will get the information.

Mr. D. M. Fisher (Port Arthur): Would the Minister of Trade and Commerce also look into this matter, because I believe the crown corporation is still under his control?

Hon. Gordon Churchill (Minister of Trade and Commerce): Yes, Mr. Speaker, but it would be helpful if a question of this nature were placed on the order paper.

Mr. Chevrier: Why should it be put on the order paper?

(Translation):

NATIONAL DEFENCE

LA BAIE DU FEBVRE—PRESENTATION OF CHEQUE IN PAYMENT OF LAND

On the orders of the day:

Mr. Adrien Meunier (Papineau): I should like to direct a question to the Minister of Mines and Technical Surveys, concerning a cheque in the amount of $400,000 which he recently handed over to the payee for the purchase of lots in the community of La Baie du Febvre and in connection with which his picture was published in the papers. I would therefore ask the Minister of Mines and Technical Surveys whether he intends to establish in the government of Canada, with regard to his department, the same system as is used by the Union National in the province of Quebec?

Mr. Pigeon: This is perfectly ridiculous.

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, I must say that in fact I did attend the handing over of a cheque in payment for the expropriation of lots in the community of La Baie du Febvre. The cheque had been sent to the attesting notary appointed by the Minister of Justice (Mr. Fulton) in settlement of this expropriation. I was merely a witness. I had the cheque in my hand, but it had not been handed over to me by the government. I merely attended the delivery of the cheque to the president of the corporation. As for the picture, I feel no shame about it. I must say, Mr. Speaker, that I felt a distinct pleasure in seeing that a matter which the previous government had been unable to settle over a period of five years has now been attended to at last.

(Text):

Mr. Speaker: I am not sure whether the hon. member is rising to continue the argument or ask a further question.

(Translation):

Mr. Meunier: Mr. Speaker, I would like to ask a further question. I asked the hon. minister if the way in which the cheque had been sent was somewhat the same as the way it is done by the Union National in the province of Quebec?

Mr. Johnson: It is like the way it used to be done by the one time secretary of state.

[Later:]

On the orders of the day:

Mr. Azellus Denis (St. Denis): Mr. Speaker, I would like to put another question to the hon. Minister of Mines and Technical Surveys. Has the hon. minister also considered what a good thing it would be for himself and the country if he personally handed out his employees' pay cheques, with a press photographer tagging along?

Some hon. Members: Order.

Mr. Johnson: Put this question to the hon. Roch Pinard, who used to go around his constituency of Chambly-Rouville carrying cheques in his pockets; and ask Jean-Paul St. Laurent, too.

(Text):

HIGHWAYS

REPORTED PLAN TO PAVE ALASKA HIGHWAY ON COST SHARING BASIS

On the orders of the day:

Mr. Erik Nielsen (Yukon): I should like to direct a question to the Prime Minister. This question arises from a press report in today's *Globe and Mail* concerning Senator Neuberger's proposal for jointly sharing the cost of paving the Canadian section of the Alaska highway. Has the United States government sought the views of the Canadian government with respect to legislation pending in the United States congress concerning paving of the Alaska highway? If so, what comment has been made?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker—

Mr. McIlraith: Should that one go on the order paper, too?

Mr. Diefenbaker: I did not hear what the hon. member said.

Mr. McIlraith: I asked if that one should go on the order paper too.

Mr. Diefenbaker: The self-appointed guardian of the rules has interrupted.

Mr. Pickersgill: The Minister of Trade and Commerce.

Mr. Diefenbaker: In so far as this question is concerned, the categorical answer would be yes. The government has indicated that the complex nature of the subject suggests the need for careful study and extensive consultation between the two countries before reaching any decision on the terms of an international agreement along the line suggested by the legislation introduced by Senator Neuberger in the United States Senate.

The problem of this highway is one that merits attention when it is considered that from 1945 to March 31, 1959 the cost of maintaining that highway has been $132 million. The whole question will receive consideration and, in so far as the legislation now before the United States Senate is concerned, it is unilateral in that it lays a foundation for a subsequent proposal for an international agreement. In any event it is subject also to the objection that the direction of the work would, in effect, be controlled by an agency of the United States government, which is something we could not accept.

Hon. Lionel Chevrier (Laurier): Would the Prime Minister allow me to ask a supplementary question? Since this highway, or a part of it, is exclusively under Canadian jurisdiction, would it not be a matter for the Canadian government to determine whether or not the paving should be paid for by Canada?

Mr. Diefenbaker: Oh, yes. In so far as the highway is concerned, that portion of the highway system that lies in Canada is about 1,500 miles in length, of which 1,221 is the Alaska highway proper. There are about 800 miles in British Columbia and about 700 miles within the Yukon Territory. Obviously the answer would be yes.

TRANSPORT

PRINCE EDWARD ISLAND—SUGGESTED IMPROVEMENT IN FERRY SERVICE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I have a question that I should like to direct to the Minister of Transport. It arises out of a number of communications I have received from Prince Edward Island. Can the minister say what consideration has been given to the proposal that in order to improve the present inadequate ferry service between Prince Edward Island and the mainland the United States vessel *Vacationland* should be purchased for this service?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask this question. The government has under consideration several alternatives for further improvement of the ferry service between Prince Edward Island and the mainland. The suggested purchase of the *Vacationland* is one of these, but as yet no decision has been made.

Hon. Lionel Chevrier (Laurier): May I ask a supplementary question of the minister. Would not the best and most practicable method of improving the service be to construct the causeway between the mainland and Prince Edward Island, which has been promised now for some time?

Mr. Hees: That consideration is also going on, Mr. Speaker, and the Department of Public Works advise me that they hope soon to have reached a conclusion on that important subject.

Mr. Chevrier: Why is an item not included in the estimates for that purpose?

Mr. Hees: Because, Mr. Speaker, as the hon. member knows, it is impossible to put an item in the estimates until a decision is made on an important matter of that kind.

Mr. Chevrier: We have been after it for two years.

Mr. Hees: Twenty-five years now.

DOMINION-PROVINCIAL RELATIONS

MANITOBA—FEDERAL AID IN PROVINCIAL DEVELOPMENT

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I should like to ask a question of the Prime Minister in the light of his answer to an orders of the day matter raised on May 5 last, and in the light of the desperate efforts of Premier Roblin of Manitoba. Is the minister now in a position to announce any extraordinary arrangement that may assist the people of Manitoba?

Right Hon. J. G. Diefenbaker (Prime Minister): I think, Mr. Speaker, the reason for the question is the desperate fears of the hon. gentleman and those associated with him.

Supply—Labour

POSTAL SERVICE

ST. JOHN'S, NFLD.—REQUEST FOR INCLUSION OF GLENDALE AND MOUNT PEARL PARK IN METROPOLITAN AREA

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could ask the Postmaster General whether his attention has been drawn to complaints from the patrons of the post offices of Glendale and Mount Pearl Park, suburbs of the city of St. John's, and the exasperation they experience in having letters and particularly bills sent to them with only 4 cent stamps on them. May I ask if the Postmaster General would consider including this area within the St. John's post office, as has been done in the case of many other metropolitan areas?

An hon. Member: Write him a letter.

Mr. Speaker: The question having been asked I suppose I should allow the minister to answer it, but I suggest that it is the sort of question that might well go on the order paper.

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, in view of the extreme and obviously urgent nature of the question to which you have drawn attention, I shall be glad to look into the matter.

Mr. Pickersgill: Mr. Speaker, I have a supplementary question I want to ask the Postmaster General. If the Postmaster General were obliged to pay postage due on all his bills, would he not consider that an urgent matter?

SUPPLY

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

DEPARTMENT OF LABOUR

General administration—

163. Departmental administration, including grants as detailed in the estimates and the expenses of the international labour conferences, $1,105,745.

Hon. Michael Starr (Minister of Labour): Mr. Chairman, today is my second opportunity to bring the estimates of the Department of Labour and of the unemployment insurance commission before this committee. I feel that it is a privilege to do so.

The Deputy Chairman: Order. I wonder if hon. members would please lower their voices when they are talking to each other. It is hard to hear the member who has the floor.

Mr. Starr: As I was saying, I feel that it is a privilege to bring these estimates before the committee. At this time I should like to say how appreciative I am of the understanding and co-operation I have received from hon. members on all sides of this house in connection with the administration of this department. The remarks I am about to make on the estimates will be fairly general. I will try to cover every aspect of the functions of the Department of Labour and also the responsibilities that come under the unemployment insurance commission.

The estimates of the Department of Labour and the unemployment insurance commission taken together total $90,734,240. The operations of both these departments enter into the economic and industrial streams of this country in such a way as to affect the lives of a great number of Canadians.

The unemployment insurance commission with its more than 8,000 employees, its approximately 200 offices across Canada and, of course, its great responsibility in the administration of unemployment insurance and in placement operations, is asking for $74,754,000.

The Department of Labour, with somewhat fewer than 650 employees, has responsibility for co-ordination of vocational and skilled training programs, civilian rehabilitation, women in industry, and for administration of the various federal acts governing wages, working conditions and collective bargaining and conciliation procedures. The Department of Labour is asking for a somewhat lesser amount, in the neighbourhood of $16 million.

I might just, with the permission of the committee, stress briefly the background against which these requirements are being presented. The fiscal year just past was, as hon. members know, an active one both in the fields of bargaining and of general employment. In the industrial field a number of two-year agreements came due and in the majority of cases these were satisfactorily concluded. Some proved more vexatious than others, but a final settlement was eventually reached in a great majority of these cases.

In the field of employment and placement, which applies particularly to the unemployment insurance operation, a number of positive steps were taken during the past year. It will be no news, I am sure, to hon. members when I say that we experienced a period of industrial softening in this country which I might well describe by the term "recession". Nor will it be news to them that this impinged strongly upon myself as minister in charge of the administration of unemployment insurance. Well do I recall, Mr. Chairman, the dire forebodings of certain hon. members opposite at this time last year. However, as everyone knows, the government

acted and acted quickly. The results of those actions are equally well known.

I may say that certain actions had to be undertaken at the same time in the Department of Labour and the unemployment insurance commission. Both these departments had to be geared in line with the developing situation. Through the unanimous and wholehearted co-operation of the staffs in both departments this was done successfully.

Partly as a result of the winter work conference last year and partly as a result of suggestions from the federal-municipal conference, the municipal incentive program was developed and put into action this winter, with the result that jobs were provided for nearly 40,000 Canadians on sites where no jobs had existed before. As a result of these and other measures taken by my colleagues, employment this spring was 150,000 above last year and unemployment, according to the latest dominion bureau of statistics figures, was 72,000 lower. The administration of the municipal incentive program was largely in the hands of the Department of Labour, and this was accomplished with a minimum of complaints, so far as I know, and with no increase in staff. In short, not one single person was added to handle programs in excess of $90 million. At the same time our winter work program went ahead in much higher gear, and I would say it was far more successful than ever before.

In unemployment insurance the placement program was steadily accelerated. This effort will continue, and extra staff will be required this year on a permanent basis. This will at the same time permit the release of a number of casual employees with a consequent appreciable saving in administration costs. In unemployment insurance, which is in direct contact with a great many Canadians both for benefit and for employment purposes, the endeavour has been and will continue to be the elimination of delays and a positive emphasis on the principle of public service. All staff members are co-operating in this policy.

To come down now to the details of the estimates, the net increase this year over last, taking in supplementary estimates in both years, is of the order of some $1,113,107. This is largely accounted for by an increase of $1,300,000 in vocational training commitments to the provinces. At the same time, as I earlier pointed out, there is a decrease of $322,000 for administration in the unemployment insurance commission due to a lessening requirement for casual employees.

Perhaps I might at this point touch on some of the activities of the labour department. I think it is most important that members should grasp, at least in a general way, the functions of this department. I sometimes fear that the impression is all too current that the minister and the department exist only to be summoned in the case of labour disputes. This is an impression which should be dispelled, since the day to day activity of the department, though it does certainly enter the field of labour conciliation, has very wide ramifications in many other aspects of industrial activity. The keeping of records, the setting of wage scales, the administration of fair wage and anti-discrimination legislation, as well as federal legislation in the collective bargaining field, the constant surveillance of the employment picture in order to anticipate future needs, the assessment of manpower requirements, the raising of the level of training skills in this country; all these are part of the very important functions of the department. They are functions which, in my estimation, are being carried out in response to a definite public need.

The role of women in industry is the responsibility of the women's bureau in my department. Recently the director acted as adviser to the Canadian government representative at the United Nations commission on the status of women. Government annuities, a form of social security for a great number of Canadians, are administered under the Department of Labour. Contracts in force number 180,000 for individuals and 247,000 group contracts. The annuity fund at March 31, 1959, stood at $1,106 million.

Conciliation of industrial disputes comes under the industrial relations branch, which in the past year has been most active indeed. Disputes numbering 108 were referred; in only six was strike action involved. Under fair wages legislation 9,000 cases were dealt with, and in October a new act, the vacations with pay act, came under the administration of this branch.

In the rehabilitation of civilians who have suffered disablement for one reason or another, new agreements with the provinces have been authorized this year, to extend a further five years. To give an example of the effect of civilian rehabilitation I might cite the case of some 2,000 persons who, before rehabilitation, were dependent upon relatives to the extent of $1,700,000 annually. After rehabilitation their earnings in the first year will total $4,660,000.

The problem of older workers is one which is receiving attention. It is receiving even more attention at this time, since it is becoming evident that a number of firms in this country have now approached the ridiculous in their attitude on this question. Recently it has been brought to my attention that certain firms are even going as low as 35 years as

the upper age limit of employment. As I have mentioned earlier, in years past this has been a problem which has touched me very deeply, and I have felt very concerned about it. Studies were recently undertaken by the economics and research branch of my department which show not only the downright fallacy but the poor economics of this position, and I hope to the able to bring these results home to employers across Canada very shortly.

I have mentioned employment and unemployment, and I think I can say that at least one thing has emerged from the events of the past year. This is that unemployment is susceptible to a certain amount of control by direct government intervention. Let me also say, Mr. Chairman, that I am proud to be a member of a government which had the fortitude, the vigour and the vision to come to direct and positive grips with unemployment. This next winter we shall continue to wage the winter employment program with vigour.

I would pay tribute here, Mr. Chairman, to winter employment committees across Canada to the various organizations such as the Canadian Chamber of Commerce, Canadian Construction Association, Canadian Labour Congress, National Council of Women and others whose support has made this effort possible. At the same time I point to the excellent co-operation we have received in connection with the municipal incentive program from provincial and municipal authorities. It has been a delight to me to have had the opportunity of being associated with this program, because of this co-operation and because of the smoothness with which it has operated.

Let me say also that studies are continuing in my department in connection with this matter of seasonal unemployment. One of the studies currently under way is being undertaken by the unemployment insurance commission in co-operation with the dominion bureau of statistics on the characteristics of the seasonally unemployed. The study was suggested in the brief of the Canadian Labour Congress to the national conference on winter unemployment, and the results cannot help but be beneficial to an understanding of this problem.

In British Columbia, where the seasonal unemployment program has assumed special and distinct characteristics, a special study is being undertaken co-operatively by the British Columbia research council, the provincial and federal governments.

One of the more important aspects of industrial development in our society is the maintenance of a high level of industrial skill.

[Mr. Starr.]

This may in fact be the most important problem before us now. Another aspect, tying in closely with this, is the equation of the human factor with rapidly changing technological demands. I dare say that upon the manner in which we solve these two problems will depend our industrial progress in the coming 15 to 20 years. There is no need for me to emphasize to the committee at this time the vital need for maintaining a high level of industrial skill in this country, and indeed in the whole free world.

One of the measures we are taking is the technical and vocational training program now under way in co-operation with the provinces. Under agreements signed in 1957 some $40 million is being made available to the provinces over a five-year period for the establishment of suitable training facilities. Through the national vocational training advisory council such activities are co-ordinated across Canada. Another important aspect of this program is the development of uniform standards in apprenticeship training across Canada. Other aspects include training of unemployed, disabled persons and so on. Vocational guidance material is also provided to high school students across Canada.

My department is also carrying out research into skilled manpower training which will throw considerable light upon this particular problem in the years ahead. There is also a study going ahead dealing with automation and its effects upon people employed in industry which should provide results useful in the solution of a number of pressing problems. I would also mention in this connection the assistance provided by the advisory committee on professional manpower, which has been of benefit to my officials in their assessments of these problems.

All these activities are designed to assist in keeping up a high level of training skills in Canada through co-operation on the federal, provincial and industrial levels. It is essential that this co-operation be maintained, and I am hoping that as time goes on an even more intensive approach may be made to the problems in this field.

As I have said, the unemployment insurance commission is asking for $74 million. I have already pointed out the increased burden of responsibility which the commission staff faced during the past winter. Personally I do not anticipate that the effects of recession will be felt as severely in this country in the immediate future. Nevertheless I am convinced that in order to provide the type of service to which the public is entitled, the permanent staffs of the unemployment insurance offices across Canada must be supplemented. Particularly is this necessary in the placement field.

I have been stressing for some time the importance of the placement function of the unemployment insurance commission. I cannot myself, subscribe to the theory that the main function of this organization is to hand out benefits. No less important, and perhaps more so from the point of view of providing service to the taxpayer, is the necessity of an effective and positive placement program. This program will seek out jobs wherever they may be found. It will place the right person in touch with the right job. In the long run, by putting people to work rather than handing them benefits it will add greatly to the productive capacity of this country, and it will save the taxpayer money. That is why we are asking for these extra positions. At the same time the elimination of certain casual positions will result in an administrative saving in the first year of $322,000.

Hon. members will note an increase in the amount provided for office stationery. Compared to last year, and including the final supplementaries of last year, the increase is $209,000. This results partly from the extension of the mechanization program which will entail the use of special forms. Other items in the administration vote are much the same as last year.

I would point out in closing, Mr. Chairman, that during the two years of the modified recession which was felt in this country perhaps less than in any other, unemployment insurance, as administered by this government, pumped $805 million into the lifeblood of our economy. In this respect unemployment insurance became a weapon against recession, and a weapon against suffering. The balance in the fund at March 31 of this year was $496,251,386.48. At the same time last year it was $744,200,124.87.

In closing I wish to assure the members of this committee that I shall be available along with the staff of my department to answer any questions which hon. members may care to ask, and to provide any information which may be required.

Mr. Pearson: Consideration of the estimates of the Department of Labour gives members of this committee the opportunity to discuss labour and industrial problems in a general way. The committee will have listened with interest—though I think this interest was mingled with some disappointment—to the statement the minister has just made, I believe the disappointment felt by hon. members will arise not so much because of what he said as because of what he omitted to say about some of the labour problems which face us today.

If I criticize, as I propose to do, the policies of the minister and the government, the hon. gentleman will know that I have a high regard for the sincerity, the industry and the good will with which he approaches this subject. That is quite apart from the criticisms I may feel called upon to make.

I hope to deal with these matters in a general way and later some of my colleagues will discuss in more detail some of the topics the minister has just mentioned. The hon. gentleman began by making a reference to the unemployment insurance commission and the importance of its work. We all agree about its importance, especially in the months ahead. We have already had a difference of opinion in this chamber between this side and the government side concerning one matter connected with the unemployment insurance commission. Whatever side one may take in regard to the procedure followed by the government in this matter it must surely be admitted that the ultimate result of this particular appointment is unhappy and unfortunate in that the trade union representative, the workers representative on the unemployment insurance commission, one of three, has not the confidence of the Canadian Labour Congress and the Canadian and Catholic Confederation of Labour.

To say the least, that is surely an unfortunate result. As far as I am concerned I do not believe it is genuine and effective consultation within the meaning of this particular act when a minister tells workers' organizations that a vacancy has occurred and invites them, as he did, to submit names, but also tells them that he himself is going to recommend to his colleagues in the government a particular person.

The point at issue, of course, is not the qualification of any particular person. Certainly in this case it is not that the recommendation of the government covers a man who I believe is qualified in every way to fill the post, nor is the point at issue the political views of a particular nominee, if he has any. The political views and loyalties of a government nominee or a nominee of the Canadian Labour Congress do not matter, it seems to me, if the qualifications of the nominee are satisfactory for the position and if the procedures for consultation as laid down in the act are genuinely followed.

The point at issue here, as we see it, is what constitutes this honest and effective consultation as required by the act for the purpose of ensuring—there can be no doubt but that this is the purpose of the consultation—that the workers' representative on this commission will have the confidence of the

workers' organizations as it faces—and I use the words of the minister in describing it—an increased burden of responsibility.

The minister in my view did not adequately deal with other extremely important matters, in the sense that he did not get down to principles and fundamentals in respect of at least two of the major problems that face him and that face Canada today in the field of labour, in the department over which he presides. One of those problems is that of labour-management and employee-employer relationships and the other, of course, is the problem of a continuing high level of unemployment in this country.

As far as the first problem is concerned, the minister mentioned with some satisfaction the working of the conciliation procedures of his department. No doubt he will be winding up the discussion on this item, and when that time comes I would like him to tell the committee if he will whether he feels that the present procedures of conciliation and mediation for the avoidance of wasteful and indeed anachronistic though often necessary strikes as a method of settling labour disputes are in his opinion satisfactory and adequate procedures in view of his experience in the last two years in this country. I should like him to tell us if he is satisfied as to whether these procedures are working satisfactorily in Canada at this time. If he is not satisfied, what is he doing about it and what does the government propose doing about it?

Last year when the minister opened the debate on his estimates on August 15, 1958, as reported at page 3593 of *Hansard*, the minister had this to say:

> Coming to the Industrial Relations and Disputes Investigation Act, may I say that I have given notice of my readiness to consider amendments to this act and that a number of suggestions have been received and are being considered at the moment.

Perhaps the minister ten months later will bring us up to date as to the views and intentions of the government in dealing with the act and the nature of the changes that have been suggested to date. I should also like to ask the minister if he will tell the committee in due course on what principle of intervention, whether mediation or conciliation, the government acts in labour disputes, intervention by non-intervention as was the case with the Canadian Broadcasting Corporation producers' strike, or intervention of the kind followed in relation to the railway diesel firemen's dispute. Also does the minister think that in the light of the problems of labour and management and the general industrial problems we are facing today the method of protecting the public interest, which we all know is paramount, is adequate and satisfactory?

I should also like to hear the minister's views and those of the government on what can be done to reaffirm and strengthen the means of maintaining in this country the right of collective bargaining, subject always, of course, to the overriding consideration of the public interest. I believe hon. members of this committee will agree that any effort on the part of employers or of government or of anybody else to weaken that essential principle in the development of our labour relations legislation is inadmissible, just as violence and law-breaking in labour disputes is inadmissible.

Many trade unions, like corporations now have great power and efficient organization. Most of them are not the struggling groups of 50 years ago, when the right of collective bargaining was not established in this country in the way it is established now; indeed, when it was not recognized as essential by all sections of opinion as I believe it is recognized now. But along with this power, for both corporations and trade unions, must go responsibility. When that power is used irresponsibly, when there is corruption or law-breaking, the unions themselves are the first and the greatest sufferers. I believe, and indeed it was pointed out in the debate last year by the hon. member for Skeena, that unions are the first to realize that they themselves should be the strongest guardians against that kind of thing, otherwise they would be giving ammunition to those in this country who would still like to see them weakened.

There is another problem with which perhaps the minister will be able to deal in this debate. Demands by workers for wage increases are bound to be limited and affected by economic considerations. Hence the relationship of those demands to increased productivity and to the danger of increasing costs creates a problem, thereby pushing up prices in a way which at times makes the resulting wage increase an illusory benefit.

What does the minister think of this relationship? I would like to hear his views on the most interesting proposal of one trade union—I think it was the steel workers' union—that its own demands for wage increases could be related to increased productivity in its own industry.

Of course labour, through wage demands of this kind, has its responsibility for holding back inflation which can nullify the benefits of wage increases; but perhaps there is a tendency at times to blame labour and the demands of labour too much for the effect of

increases on inflationary tendencies. There are other factors. At times we are perhaps tempted to overlook the importance of those other factors, but they are factors over which labour itself and trade unions have no control. I am thinking of the question of administered prices by corporations and groups of corporations. On this point the president of the Toronto-Dominion bank, Mr. Ashforth, had this to say on February 23 of this year, in an address before the Canadian club in Toronto. I quote one paragraph from his address:

> Business, like labour, will have to make some sacrifices. It is interesting to note that corporation profits have turned buoyant again and this, of course, is a symptom of economic recovery. However, it may also be taken as evidence that management is proving fairly successful in passing on increases in costs by boosting its selling prices. It also means that business may be vulnerable to a new round of wage demands.

That, I think, Mr. Chairman, is a very wise and very significant statement, especially as coming from the president of a bank.

There is only one other particular aspect of these problems that I am going to discuss this afternoon, and that is the employment situation in this country. Last year when we debated this subject, a debate to which I have already referred, on August 15, after describing the employment and unemployment outlook for 1958 I said to the minister, and I am quoting from page 3598 of *Hansard*:

> Perhaps he—

That is, the minister.

> —will give us as clear and frank a statement as he can on this very important matter and on the policies the government intends to initiate in order to cope with what I believe to be a continuing and serious situation.

The minister replied, and I quote from page 3681 of *Hansard* of the same day:

> In answer to that—

He was referring to my question:

> —I have been advised by the officials of my department in comparing last year's conditions with the conditions this year—

That is, 1957 with 1958.

> —that last year the economy was declining to a marked degree. In comparison, this year—

That is, 1958.

> —the economy is on the upswing at this time.

That was in August, 1958. And he went on to say a little later on in the debate, at page 3683:

> One of the best indicators is the fact that registrations at our national employment service offices were on the increase as of August last year—

That is, the increase over August, 1957.

> —but we have shown that there is a steady decline week by week in the registrations at our national employment services offices in recent weeks and although the dominion bureau of statistics figure for mid-July is not available yet—it has not been issued—I venture to predict that on the basis of the national employment service figure of 365,440 on August 7, there will be a very appreciable decrease in the D.B.S. figure for mid-July and even more so in the figure which will come out for mid-August.

The ministers optimism about the mid-July figure may have been justified by the figures as they then come out, but certainly not for the two succeeding months, I claim, Mr. Chairman, that the minister at that time took a too optimistic view of the unemployment situation in this country and that he did not at that time—though we pressed him very hard for it and we were criticized for introducing considerations of doom and gloom, as we always are when we talk about unemployment—introduce adequate policies to deal with what we thought was a continuing serious situation, and which indeed proved to be so.

When he referred to the recommendations of the conference on winter unemployment—I will have something more to say about that in a moment—which was held in mid-July, 1958 he said at page 3669 of *Hansard*, about a month later:

> The recommendations have been made, and those recommendations are being compiled by the department for study.

That was in the middle of August. The minister went on:

> I have not yet had an opportunity of presenting them to cabinet. I am going to do this because I consider this problem is very important. These matters will certainly be brought to the attention of the government for consideration.

That, Mr. Chairman, was the statement made by the minister on August 16, 1958. But not, as the minister knows—indeed, as he has already been reminded more than once until the end of October, 1958, did the government announce this offer to participate in the cost of certain municipal works designed to reduce unemployment during the winter of 1958-59. We have criticized this program, Mr. Chairman, as being too little and too late. I have already indicated in the date I have given why we considered it to have been too late.

Surely subsequent events have justified the criticism we made at that time and have repeated since. I claim, Mr. Chairman, that this program—though the minister takes a great deal of satisfaction from it—did not represent a well thought out and well planned attack on the basic problem of winter unemployment in that it was announced in October, so late that municipal authorities, without whose co-operation of course it could not have been successful at all, did not have enough notice in order to take

account of federal sharing in labour costs in preparing their own construction programs.

The program from the outset was too narrow in its conception to be of substantial aid in combating unemployment. At that time—and indeed the situation remains—certain areas had large concentrations of unemployment, and the figures show that these concentrations still exist. The successful application of this program in any such area of severe unemployment depended upon the financial resources which could be made available to the municipalities in such areas, and where such financial resources did not exist or where they were limited then the program could not operate at all, or at least could not operate to maximum effectiveness. Tying the success and the operation of the program to the financial capacity of municipalities was surely not a strong and appropriate basis for a plan that should have had as its sole basis the extent of unemployment.

When the Prime Minister announced the terms of this winter works program in his telegram of October 29, he said, and I quote from the telegram:

> We believe that by co-operation these programs will create many thousands additional jobs this winter in Canada.

Mr. Fulton: And they did.

Mr. Pearson: I will have some comment to make on that in a moment. Of course the program did create jobs, and in so far as it did create a single job we welcome that result.

Mr. Fulton: Grudgingly.

Mr. Pearson: But naturally you have to take the effort made, the amount expended and the plans that were drawn and relate all that to the results achieved in order to try to show whether, through some other plan done in some other way, you could not have had better results.

On April 22 the minister gave the committee the figures. I am not sure whether he repeated the figures this afternoon, but they are on page 2928 of *Hansard* for that date. These figures show that this program had created 37,055 additional jobs. We are glad of that, and I am sure the 37,000 who got the jobs welcomed them. On April 23, the day after the minister spoke, and this will show how inadequate the contribution of this winter works program was to the total problem, the figures showed that there were 698,351 unplaced applicants registered at the national employment offices. I am using that figure of unplaced applicants because the figures calculated on that basis more nearly coincide with the date on which the minister gave the figures for the jobs created under the program.

The inadequacy, as we claim it to be, of this program of winter works is also well demonstrated by comparing the extent of unemployment in the various regions and the number of jobs created. The following table underlines this inadequacy.

	Unplaced applicants, April 23	Additional jobs, April 22
B.C.	64,441	3,059
Prairies	91,998	7,929
Ontario	197,506	10,486
Quebec	240,702	5,561
Atlantic	103,704	9,924

These figures show that in many areas, notably in Ontario and the prairie provinces which had less than the national average of unemployment, there was a greater proportion of additional jobs created by this program. Well, what is the situation now in regard to this problem of unemployment. Although in our view the minister underestimated the seriousness of this problem in the last session, in the present session, some months later, with the facts before him, he has recognized that unemployment last year was unusually high. He has followed the example of the Minister of Finance in adopting this course. Last year in his budget speech, and later in August, the Minister of Finance said unemployment was declining, and he took a great deal of satisfaction out of that. Of course, we all did. Then, he drew the conclusion, and the minister supported him in this conclusion, that we were over the hump, through the woods, and everything was going to be much better this year. Some months later in his budget speech, and dealing with the same period, the minister said as reported at page 2409 of *Hansard* for April 9, 1959:

> Throughout 1958 there was serious unemployment despite very substantial positive action by the government.

This year the Minister of Finance is again very optimistic about employment opportunities for 1959, just as he was last year in regard to employment opportunities in 1958. Nevertheless without exaggerating or without trying to take an unduly alarming view of the situation, because I am not doing that, we have evidence to support the view that unemployment in the year in which we are will still be unusually high. Perhaps if he is still Minister of Finance, in his next budget speech the minister will recognize that unemployment was a serious problem in 1959. Then, of course, it will be too late to do anything about it. We say that the unemployed in 1959 want jobs now. They do not want to be told next year that, unfortunately, there were too many unemployed in 1959.

Let us look for a moment at the basis of the ministers' optimism, that is the Minister of Finance and the Minister of Labour,

in regard to employment prospects in 1959. Let us look for a moment at the latest figures issued by the dominion bureau of statistics in the daily bulletin for April 21. This bulletin includes this paragraph:

> The substantial employment gains from a year ago were maintained but not increased during March . . . Unemployment, which usually rises slowly from February to March, declined this year. An estimated 525,000 were without jobs and seeking work—(8.6 per cent of the labour force)—12,000 less than in February and 72,000 fewer than in March last year.

We rejoice in that improvement, but that improvement itself does not remove our worries about the continuing seriousness of the situation. Surely we cannot, as a nation, be satisfied that in March, 1959, by the dominion bureau of statistics method of calculation, which is the most conservative one, 525,000 workers or 8.6 per cent of our labour force were still seeking work. In case we are inclined to take too much satisfaction from the progress that has been made in regard to employment, we should also take a proper account of a factor which is responsible, I think, for a decline in the number of unemployed. This dominion bureau of statistics release goes on to say:

> The drop in unemployment was associated with a slight decline in the labour force. Although this decline amounted to only 7,000, it was in contrast to the expansion that usually occurs at this time of year. In the past five years, the labour force has increased between February and March by an average of 22,000.

This quotation is from a D.B.S. report and it means that if the labour force had increased at its normal rate between February and March instead of declining there would have been 29,000 more unemployed or more than 9 per cent of the labour force which would have meant an increase in unemployment of 17,000 in March compared with February. As a matter of fact, the labour force increased by only 1,000 in March in comparison with January 1959.

While it is true, and we rejoice in this, that general economic conditions have improved recently, the fact remains that the recent decline in unemployment is not due so much to that improvement as to the unusual decline in the labour force, while our population continues to increase rapidly. I think last year we added to our labour force some 75,000 people. The minister will correct me if my figures are wrong. The fact that fewer people offered their services on the labour market, as they did in the last few months, could be explained by their expectation that they would not get jobs if they tried to join the force.

The minister could point out, and perhaps he will in reply, that claimants, both regular and seasonal, had unemployment insurance benefits on March 31 of this year, and they were 4 per cent less than on February 27, and 11 per cent below March 31, 1958. These figures are from the bureau's weekly bulletin. I should like to say here again that that figure, without analysis, could be quite misleading. It is true that regular claimants were, at that time, 8 per cent fewer than in February and 19 per cent fewer than in March, 1958. But this could be explained mainly by the fact that after many months of heavy unemployment, more unemployed are not entitled any more to receive regular benefits.

Mr. Starr: They would still be registered.

Mr. Pearson: That explanation is substantiated by the other fact that seasonal benefit claimants who do not, as the minister knows, necessarily need any stamps, were in March 6 per cent higher than in February and 10 per cent higher than in March, 1958.

As to the unemployment situation for 1959 as a whole, as we see it, I had this to say in my speech in the budget debate, as reported at page 2914 of *Hansard*. Perhaps I can read one paragraph from it because it is our considered view as to what may happen during the forthcoming year. I said then and this is the main reason why we are not as optimistic as are the members of the government with respect to this matter: I quote:

> If only a 4 to 5 per cent increase in the volume of the gross national product is achieved—

And the government is planning on the assumption of an increase of 7 per cent.

> —and that is the estimate of the tax foundation—that would mean that during the current year we would have, on the average, more than 300,000 people unemployed in this country which would be the second highest level in the post war period.

Then I went on to say this:

> Thus, notwithstanding the hon. gentleman's facile optimism on this score, the problem of unemployment remains and is likely to remain throughout the year.

On the basis of current economic conditions I do not think this estimate of 300,000, on the average, is unrealistic. If that is true, that would mean about 5 per cent of our labour force, on the average, would be unemployed in 1959. Compared to the 3.1 per cent in 1956, surely that represents an extremely serious situation throughout 1959 but especially, as we enter the winter of 1959-60. It is not easy to comtemplate the possibility—and I hope the possibility will not arise—that we may, if we are not careful and if policies are not put forward to prevent it, and if our economic conditions do not improve sufficiently, be entering into a period when we will have something like a hard core of

unemployment of about that figure. I am sure that is not a prospect that any hon. member of this house contemplates with any satisfaction at all.

We feel that the government approached this problem last year by inadequate measures put into effect too late. So we ask now what are the government's intentions and policies for this year. We do not know but I think we have the right to know. Surely the provinces and the municipalities should know without delay what the government is prepared to do, what the government is planning to do for next year. It is time now to plan, to discuss, to arrive at concrete decisions. It will be too late next fall to do very much about it.

Is it the intention of the government to participate in the cost of certain municipal works next winter? If so, should not the minister announce that decision immediately? Is the minister—and to be fair to him I think he gave some indication that he was doing this in his statement this afternoon—examining last winter's program with a view to seeing how it can be improved, how its shortcomings can be removed so that it will be more effective next winter if the government participates in a similar type of program.

Would it not be highly desirable to call another meeting with the provinces and representatives of the municipalities—call it without delay, not next October, not next September but now—in order to review the winter works program in the light of last year's experience. I feel perfectly certain that the municipalities, in the light of that experience, would have some extremely helpful suggestions to make to the government as to the timing and the scope of that program as well as to their view of the degree of participation of the federal government in it. Hence I repeat that this meeting should be called immediately. I hope the minister will have something to say on this particular matter in the course of the present debate. I am content that with adequate advance planning and the effective co-operation between the provinces and the municipalities a great deal could and should be done to reduce seasonal unemployment which has been such an extremely serious problem, especially during the last two years. We have always had it in this country and I suppose we shall always have a measure of seasonal unemployment because we cannot, at least as yet, alter our climate. But the magnitude of that problem has been greater in the last two years than it was previously.

As we move on the road of economic recovery—and we all hope we are moving on that road—we can, I suppose, expect what the economists call cyclical unemployment to decline. But we will realize, surely, that a hard core of unemployment still exists, not only because of the climate but because of the action of certain structural factors, as the economists call them. Even if we enjoy intense prosperity in the next two years—and I hope we do so—we will still have this structural unemployment, if steps are not taken to prevent it, due to technological progress and automation and to an unfavourable economic climate in certain depressed areas in this country, as we may perhaps almost refer to them. The minister touched on some of these matters this afternoon. Perhaps he will give us a slightly more detailed analysis when he comes to reply.

There is one other aspect of the unemployment problem which should receive the careful attention of the government, and I hope the minister will have something to say about this matter as well. In our own party program which we put forward with inadequate results a couple of years ago there is included this paragraph and I am glad of every possible opportunity to put on the record of *Hansard* what we said then during the election campaign.

Mr. Fulton: Why? Because it was so wrong?

Mr. Pearson: Because it was so right, as the country is now beginning to find out.

Mr. Fulton: Not at all.

Mr. Pearson: Here is what we had to say about the development of automation and technological progress.

Mr. Fulton: Persistent self-delusion.

Mr. Pearson: The minister is whistling to keep up his courage in the face of declining popularity. We were right then and we are right now. Here is what we said:

> To help in dealing with the long-term problems of production and employment, the Liberal party will establish an advisory board with representatives from labour, industry, agriculture and the universities. (It would be called the national advisory board on economic development and automation). One principal duty of the board will be to study the long-term measures required to assure a high level of employment and to minimize for workers the consequences of automation by providing for retraining programs, for better mobility and other progressive measures. A second duty of the board will be to plan programs for long-term investment and development which will ensure the steady progress of the Canadian economy.

Mr. Chairman, it would have been expected, of course, that in the planning of such long-term development program any board of this kind would have to give special

attention to depressed areas, as I have called them, across Canada but especially those areas in the Atlantic provinces which are suffering so greatly from unemployment, as the regional figures prove.

This problem of automation should certainly receive special attention on a continuing basis. I thought that the minister dealt with it in a casual and rather desultory way this afternoon. A very interesting study was made by the Canadian Labour Congress for the Borden commission, I think in 1956. It is entitled "Probate Effects of Increasing Mechanization in Industry". The Department of Labour, as the minister knows of course, initiated a few years ago special studies of this problem in specific industries. The automotive industry was one. I wonder if the minister could make these studies available to us and tell the house if his department is going to continue with them. I am sure that they would prove most useful. I am also sure that like many others they will not be adequate to cope with the growing problem of unemployment resulting from automation and other technological developments which cannot be held back without harming the economy of the nation as a whole, but the impact of which must be cushioned by the government to ensure that these changes when they are made will be made with a minimum of dislocation and disturbance to the working man.

The minister talked this afternoon about some of the work which is going on in the Department of Labour. He also talked about that a year ago, and I have quoted from his speech delivered on August 15 last where he said that the Industrial Relations and Disputes Investigation Act was being considered with a view to making amendments thereto. He also said on that date, as reported on page 3593 of *Hansard:*

> It is my intention to set up a consultative committee representing interested groups to advise upon the administration of the fair employment practices act as it relates to discriminatory practices in industry.

Well, what has been done in that regard? The minister went on and touched on this problem, and I agree it is one of the most important problems which faces the field of labour relations. He said:

> In the civilian rehabilitation branch, in order to carry on the services rendered we are making provision for two additional employees to assist in the placement of older workers.

I would like to say that I could not agree more with what the minister said this afternoon with regard to that problem. One way perhaps in which it could be alleviated, and this is also something that we have put forward, is to bring into existence legislation or regulations by which the working man's pension belongs to him when moving from one job to another. The hon. minister went on to say:

> This has been an aspect of labour problems in which I have been very interested for quite a number of years.

He repeated that interest this afternoon. He went on:

> Because of the practice of certain industries of specifying certain ages, they have thereby eliminated many useful persons from employment. We are concentrating on this aspect of the matter by endeavouring to institute an educational program for employers, and by pointing out to them that the ability of a person is in no way diminished as the result of age but that in some respects the workmanship of an older person offers a great deal to a prospective employer.

The hon. minister repeated his interest in that matter this afternoon and gave us an assurance that the matter was under study. When the minister gets up to reply to some of the points raised this afternoon perhaps he will give us some indication of the results achieved in respect of this matter.

Mr. Chairman, I have endeavoured to cover some of the aspects of the problem on item No. 1. There will be other hon. members on this side who will have something to say and we hope that when the minister rises he will put all our worries at rest.

Mr. Argue: Mr. Chairman, I have listened to the remarks of the Minister of Labour with great interest. The Leader of the Opposition said that the minister is a most genial person, a most disarming person, and I think some of his colleagues will agree with those remarks. We all hope that we will expedite this matter and bring the session to an early conclusion.

I was disappointed that the Minister of Labour, in his statement this afternoon was not able to assure the Canadian workers that the central problem of unemployment was being tackled and would be solved. No matter the amount of soft soap, there is little comfort in the fact that 525,000 persons are without jobs and seeking work, according to the joint release of April 21, 1959 of the Department of Labour and the dominion bureau of statistics. We face a serious unemployment crisis in Canada at the present time. There may have been some small improvement in recent weeks, but it is still a very serious crisis. The Canadian people did not expect to have this problem with them at this time. They were led to believe by the Conservative party that they had a program which would solve the question of unemployment. The Canadian people were assured that this government had a policy, and in the pamphlet entitled "Labour" which they issued during

the recent election campaign, the first words on the opening page are:

> Labour: Progressive Conservative Policy. We will:
> 1. Maintain full employment and the highest possible standard of living.

That commitment has been broken. We are a long distance from full employment. We are a long distance from the highest possible standard of living. The Minister of Labour in introducing his estimates this afternoon has outlined no program to deal with the half million unemployed in the country at the present time. In the recent election campaign much was said about unemployment. The Prime Minister spoke on this subject at almost every meeting. He spoke about it on television, and on March 4, 1958 in a Toronto telecast he had this to say, as reported in the Montreal *Star* of March 5:

> As long as I am Prime Minister, this government will not rest while one Canadian remains out of work. No one will be allowed to suffer.

Does the Minister of Labour say that no one is suffering today because of unemployment? Is that the position he takes? The Prime Minister spoke about this subject many times. In Halifax on March 24, with the election campaign drawing to a close, the Prime Minister had this to say: He said that his government—

> —was launching "one of the greatest public works programs this country has ever seen" in order to stimulate employment. "I am able to tell you that we're over the peak as the result of our policies. I can see the light ahead—"

He was just getting the vision.

> "—and employment reasonable and complete, over the next few months."

On March 24, 1958 the Prime Minister was seeing the light. He was being shown the vision of employment "reasonable and complete" within the next few months. Over one year later we are facing a great unemployment crisis in this country that the government has not solved and is not dealing with in an effective manner. The Prime Minister went on:

> "I know what unemployment is. They don't have to tell me secondhand," he added. "But as long as I am Prime Minister, deficit or no deficit, no man or woman is going to be allowed to suffer because of unemployment."

With more than half a million unemployed the government reduces the deficit, but still no program to deal with this crisis. The Minister of Labour spoke in glowing terms of the government's winter works program, and it has been of some benefit. As the hon. minister pointed out, it is a demonstration that the provincial governments of this country and the federal government are able to co-operate on specific projects of value to the nation to put people to work. But how many people have been put to work? The minister says over 40,000. That is a commendable effort. But surely that is not the thing that should be concerning the minister in the main, the accomplishment of putting 40,000 to work when half a million are out of work. This is just a flea bite compared to the major effort which is needed.

The government last year held a conference. The conference was itself delayed and the report of the conference was delayed. We asked for its report many times; we expected that when published it would be a substantial report including specific proposals. What we were given at that time was merely a record of the words spoken at the conference. We shall have, next winter, I am certain, a difficult unemployment situation. We are facing a difficult unemployment situation even now, with summer at hand. And still the government has no program for dealing with this crisis.

The Leader of the Opposition said his party has a program, and he quoted his program. The Conservative party, does not lack a program either. What could be a better program than full employment? What could be a better program than employment at a reasonable level, no one being allowed to suffer? The fact is that the financial interests which dominate the thinking and actions of this Conservative party, just as they dominate the thinking and action of the official opposition, are not prepared for government action and government intervention to the degree necessary to provide full employment in this country.

Mr. McDonald (Hamilton South): May I ask a question?

Mr. Argue: When I have concluded my speech I will be very glad to answer a question from the hon. member.

That is the reason why there has been a failure to deal with this problem. This is a situation which requires government action. It requires a government program, and it requires government intervention into the so-called free enterprise system which hon. gentlemen opposite love so much. These gentlemen are not prepared to accept the necessary intervention by government which alone will assure the welfare of the people of this country.

The provinces have co-operated with the government in its plans. They have done all they could. Some provinces have agreed to pay, not only 50 per cent of the cost of the wage component of the winter works program but 75 per cent. I think this points to an improvement which the minister could make

in the winter works program for another year. The federal government should step up its contributions to these projects because, after all, it is not paying the total cost but merely paying a part of certain specific items in that cost. Since unemployment continues to present such serious difficulties, I suggest to the minister that now is the time to act. I suggest that now is the time to call the provinces together. They have been waiting for many months for a call to discuss financial matters. The government should call the provinces into session to discuss this central problem of unemployment as well as the financial problems which they face. These two issues are very closely related. I do not think they can be separated. They should form the agenda of a special federal-provincial conference called to deal with these important questions.

The federal government should not be satisfied with a winter works program dealing only with a specific area of employment. The government should be prepared to embark on a great federal program of its own. There are many areas in this country which need assistance. There are many industries which are languishing—the coal industry, the fishing industry, the agriculture industry. These are all industries which are sick and which need treatment, and if the government could, through its program, provide a better economic situation for these industries, that in turn would help create the kind of economic climate where full employment might be a possibility.

The government was very much interested in labour before the election. The government at one time was much interested in co-operating with labour and settling disputes whenever possible. But an entirely different attitude seems to have come over the administration since the election. Now that they have this tremendous majority—this crushing majority—now that they can use their steamroller tactics, they are not interested in settling labour disputes wherever possible. The dispute in connection with the Canadian Broadcasting Corporation is a case in point. The Minister of Labour was not prepared to act. It was necessary for a backbencher to come to the rescue and do what the minister himself should have been doing, namely try to settle this dispute. It would have been settled many weeks earlier, I am certain, if the government had not maintained what in effect was an anti-labour attitude.

Labour today in this country is being maligned. Labour today is being attacked on every front, and one of the worst attacks, one of the worst interferences with the freedom of trade unionists in this country has, of course, occurred in the province of Newfoundland. This, I suggest to the minister, is direct interference with free collective bargaining.

An hon. Member: On whose part?

Mr. Argue: On the part of the government of Newfoundland. This is a direct interference with human rights and fundamental freedoms in the province of Newfoundland. Mr. Chairman, I realize that under the rules I am not allowed at this time to ask the government to disallow this act, and therefore I am not going to do so. But it is possible to raise the question on the estimates of the Department of Labour and to call attention to this unnecessary interference, this unwarranted interference with free collective bargaining in this country. I think the Minister of Labour would be doing a service to the trade union movement if, on his responsibility as minister, he pointed out that the international woodworkers of America in the province of Newfoundland was a union properly certified under the law, a union which had not broken the law but which has, nevertheless, been decertified because a provincial legislature had interfered and changed the law. This is something with which the Minister of Labour must be concerned. It is something with which the Prime Minister should be concerned, and that is why we in this group say it is time we had a bill of rights embodied in the constitution of this country which would protect individual freedoms in this country—the freedom of association, the freedom to organize and the freedom of collective bargaining.

I know the government takes the attitude that its jurisdiction is very limited, but there are important constitutional authorities which disagree very strongly as to the basis for that position. There have been other instances this session when the position of the workers of this country was not taken into consideration. There was the case of Avro where 13,000 workers were unceremoniously dumped on to the streets following an announcement in this house. Since that time the Minister of Labour has said that his department is doing everything possible to have those workers placed in new jobs. He says the department is working on it, but the situation is difficult and they have not been having very much success so far.

On April 16 the Minister of Labour in reply to a question of mine said this, as reported at page 2738 of *Hansard*:

> At the time of the lay-off there were registrations totalling 11,582. The number who have been

placed by the national employment office is 622. Those who have found work on their own total 1,179.

More than 13,000 workers lost their jobs and in the words of the minister himself, the number who have been placed by the national employment office is 622.

Let me continue my discussion of what seems to be the cavalier attitude of the government, an attitude that has brushed aside organized labour and is in fact failing to obey the spirit if not the letter of Canadian law. We have the case of the appointment of the commissioner to the unemployment insurance commission. As I said earlier in asking a question about this, it is not my intention to discuss any political considerations at all either one way or the other.

Mr. Grafftey: I do not blame you.

Mr. Argue: I believe the principle is very clear. The Unemployment Insurance Act laid down a method of procedure under the law and the minister failed to follow that procedure because before any consultation took place with organized labour the president of the Canadian Labour Congress was told that the Minister of Labour and the government had in mind Mr. A. F. MacArthur and we all know he is now in the job in spite of representations that have been made since then.

Mr. Small: What is wrong with that?

Mr. Argue: I said I was not discussing the person but the principle. I think the government made a great mistake in failing to carry out the letter of the law. I have no reason to think that the three labour nominees were well qualified but if the minister decided they were not well qualified for some reason, since they were endorsed by the Canadian Labour Congress and the Canadian and Catholic Confederation of Labour, I believe it was incumbent on the minister to open the door for the appointment of some person who would have been mutually satisfactory. Instead, however, the president of the Canadian Labour Congress wired the minister on March 24 asking for an appointment to discuss the matter and as far as we know there has not yet been a reply to the telegram. What an absence of good public relations.

This government had the best public relations before the last election but since it got its tremendous steamroller majority the public relations people apparently have been dropped and public relations is no longer a part of the operations of this government. It does not care whether it obeys the law set out in the statutes and it apparently cares less whether it has the confidence of organized labour in the people that are appointed to this important board.

It is very easy for members of parliament to be taken in by the hysterical campaign that is being directed against organized labour at this time. It really amounts to a smear campaign. According to reports one reads in the newspapers it would seem that organized labour—your friends and mine, your neighbours and mine—are a greater menace today than communism. I see in the newspapers today far more complimentary statements about Premier Khrushchev than about organized labour in Canada. I think that is a damnable and disgraceful attitude. I believe that organized labour is an extremely important part of democracy. I believe that the right of people to associate themselves together in an industry to bargain with their employer is something all of us should protect and cherish. I do not think it results in great conflict in the industry or in a breakdown of our economy. I believe it has the opposite effect of maintaining and increasing productivity.

If we read the newspaper, listen to the radio or observe television we would be led to conclude that half of the workers in the country are striking all the time. Let ten people go out on strike somewhere and that is national news which is hysterically shouted across the country. The *Labour Gazette* of February 27, 1959 sets out the facts at page 190, as follows:

> There were 260 work stoppages arising from industrial disputes in 1958 compared with 245 in 1957; time loss was somewhat higher and more workers were involved in 1958 than in 1957, according to a preliminary summary of strikes and lockouts released last month.

Let us see what that amounts to? I continue:

> The 260 work stoppages in 1958 involved 107,497 workers and a time loss of 2,879,120 man-working days. —the time lost in 1958 amounted to 0.24 per cent of the estimated working time—

That is all; less than ¼ of 1 per cent. On the assumption that a person who was on strike worked a 40-hour week this would mean that on the average, day in and day out, in all the strikes that were on in 1958, there were just 1,440 persons on strike. That is the great news, the source of complaint. The fact that one-half million people in Canada are unemployed apparently is a much smaller problem and considerably less newsworthy than the fact that a few hundred people were out on strike.

I presume that from time to time irresponsible people find their way into the trade unions but this is bound to happen. It happens in political parties too. For instance,

there is one well-known member of the Conservative party who this year is taking quite an opposite line from the government. There are bound to be people who take an opposite view in any large organization. We see labour maligned today by the phony accusations that labour organizations are controlled outside of this country and that the strikes here are manipulated and managed in the United States. I wish to quote one sentence from page 213 of the report of the royal commission on Canada's economic prospects, that portion relating to Canada-United States economic relations. It reads:

> Not a single case has been found where a Canadian local has gone on strike under orders from international headquarters.

I would suggest that hon. members of this committee who doubt the integrity and the independence of the Canadian labour movement could do no better than read this very important finding. Labour has a good name which has been maliciously and wrongly maligned. Labour is not interested only in improved working conditions in industry; labour organizations have a great interest in the welfare of their members. Those involved in labour organizations are as good Canadians as the rest of us. They are interested in what is good for the nation. They have brought certain proposals to the government which I hope the government has under consideration.

For instance, the automobile industry through its Canadian director has asked the government to interview the automobile companies—the big three—to see if they will make a small car in Canada. Would that not be a good thing for our nation? I ask the minister if the interview has taken place and if the government has made any contact with the automobile industry to see if these companies are prepared to embark in the field of small car production.

The steel union through its Canadian director has also made a highly important submission to the government. Here is a union which is offering the government a method by which prices in this country could be held down. It is asking the government to have a public inquiry into the steel industry and I am certain the steel industry needs a public inquiry. It is very largely a monopoly. It shows a very rapid increase in profits; and although wages in the industry have gone up substantially, productivity has increased at a much more rapid rate. I would suggest that in the name of fair play this proposal by the steel workers should be accepted, and there should be a thorough inquiry into the steel industry of this country to find out why steel prices are so high and whether or not, in the view of the steel workers, they are unduly high.

As free citizens in this country, Mr. Chairman, many people in the trade union movement at this time are looking to the field of political action. This has not come about by a decision that was taken overnight; this has come about because of frustration, because of inaction by both Liberal and Conservative governments. I would suggest that the trade union movement of this country, believing it necessary, will do everything in its power to replace the old parties, to see that the kind of economic program, in the interests not only of labour but of all Canadians, is in fact placed on the statute books of this country.

Mr. McDonald (Hamilton South): May I ask a question? The hon. member referred to the economic program, and he referred to it before. Is he including in that the nationalization of industry in order to bring about his program?

Mr. Howard: The hon. member asked me that question three months ago.

Mr. Argue: I made a 40-minute speech on that single subject in the budget debate. It is in *Hansard*. I do not want to try to avoid answering the hon. member's question. I believe in a mixed economy. I believe there is a field for public ownership and a growing area where public ownership is required. I believe—and I am certain that he believes and also his party—in private ownership where it is really competitive and not the great corporate ownership of which he is such a strong supporter.

Mr. McDonald (Hamilton South): May I ask one other question? The hon. member says that he would nationalize certain industries. Would that include the steel industry and the rubber industry, for example?

Mr. Argue: My hon. friend will also find a specific answer to that question in the speech I made this session which is reported in *Hansard*.

Mr. MacInnis: Mr. Chairman, much has been made during the past few days about the appointment of Mr. MacArthur as labour's representative on the unemployment insurance commission, and much has been made of the protests of the Canadian Labour Congress about the appointment on the ground that Mr. MacArthur was not one of the names which had been submitted by the congress. I should like to take a few moments to deal with the attitude of the C.L.C. in this regard; but before doing so I should like to bring to the attention of the committee the answer I received from the hon. member for Essex

East to the question I put to him. When I put a question to him about the appointment of Hal Banks to represent the Canadian workers at a convention in Geneva, the hon. member for Essex East replied, as reported at page 3368 of *Hansard*:

I should be glad to answer that question. I understand that Mr. Banks was appointed by the workers as their delegate; and the government of the day respected the wishes of the workers of the country.

I further understand that he got his understanding from his deskmate. At that time the Leader of the Opposition was satisfied with what he thought was a proper answer to my question because he said:

Are there any more questions?

I would like to deal with his remarks and the answer to the question that I received the night before last. It is a shame and it is a disgrace to the former administration that they would submit to any representation on behalf of any group or any individual that Hal Banks, a known American gangster, could represent Canadian workers outside of this country. It is also a disgrace to the former administration that he should have been given the status of a landed immigrant in this country and should represent Canadian workers at a convention.

Mr. Pearson: Will the hon. member permit a question?

Mr. MacInnis: I will adopt the same attitude as was adopted by the hon. member for Essex East and not permit any questions at this time, because my questions were avoided the other night.

Mr. Pearson: Will the hon. member permit a question?

Mr. MacInnis: I was not permitted that privilege the other night. I will continue with my remarks, as other hon. members have done, and at the end of my remarks I will answer questions.

Mr. Pickersgill: Then, I rise on a point of order.

Some hon. Members: Sit down.

Mr. Pickersgill: When hon. gentlemen get tired I shall continue with my point of order. If the hon. gentleman thinks he can be so discourteous as to refuse questions I would remind you, sir, that we are discussing—

Mr. Harkness: This is not a point of order.

Mr. Pickersgill: I say, Mr. Chairman, that we are discussing the estimates of the Department of Labour for 1959-60, not the appointment of Mr. Banks by a trade union organization to the international labour office delegation some years ago. I would not have taken the slightest exception to what the hon. gentleman was saying if he had had the courtesy to permit the question that the Leader of the Opposition wished to pose to him. But I submit to you, sir, that the hon. gentleman is completely out of order in discussing something that happened several years ago and had nothing to do with the hon. gentleman who now administers this department.

Mr. MacLean (Winnipeg North Centre): There is no point of order here. It is a well known fact that on the first item any hon. member can speak on general items with regard to the department which is under discussion. This is what the hon. member is doing. The hon. member for Bonavista-Twillingate is always on his feet speaking about points of order and questions of privilege. There is no point of order here at all.

Mr. Pearson: On the point of order, Mr. Chairman, I think the hon. gentleman is out of order because he was discussing not only the appointment some years ago but an appointment which was an appointment made by a trade union to the I.L.O., and not a government appointment in any way, shape or form.

Mr. Harkness: That is not a point of order; it is a statement.

Mr. Pearson: A true statement.

Mr. Harkness: The Leader of the Opposition is taking advantage of the Chair.

The Chairman: Order. I ask hon. members to please permit the hon. member who has the floor to carry on with his remarks, and not to speak all at once. It is extremely difficult to try to understand what the point of order is when many members are speaking at the same time.

Mr. Pickersgill: I shall be very happy to repeat it.

The Chairman: I suggest the hon. member be permitted to continue.

Mr. MacInnis: Thank you, Mr. Chairman. I would like to make just one observation on the point of order. I have not learned, and I do not think I ever will learn in this house the meaning of courtesy from the hon. member for Bonavista-Twillingate. My objection to answering any questions at this time is just the same as the reason I received a couple of nights ago from the hon. member for Essex East. I feel that the appointment of an American gangster to represent Canadians was a discredit to anybody who had anything to do with appointing him.

The Leader of the Opposition has also made the statement that appointment to the I.L.O. conference is not a government appointment.

Mr. Pearson: On a point of order, I did not say that at all. The hon. member is misquoting me. I am sure he wants to be right. I said that it was a workers' appointment to the I.L.O.; it was not a government appointment. That is what I said.

Mr. MacInnis: It is a strange thing, but we have had this particular question up in the last couple of weeks. I will quote from the constitution of the I.L.O. to prove that the Leader of the Opposition is wrong and that this is a government appointment in agreement with organized labour.

My own union is not affiliated with the Canadian congress, although there are many workers in my constituency who are. Recently there have been delegates appointed to the I.L.O. coal committee meeting at Geneva. The procedure followed in the appointment of these delegates is that the Minister of Labour is required, according to I.L.O. regulations, to consult with the Canadian Labour Congress, which is the largest representative group of labour in the country, who in turn appoint these delegates to go to the meeting.

The practice followed in the United States by the A. F. of L. and C.I.O. is that they turn over these appointments to the united mine workers. The point I should like to bring out here is the attitude of the C.L.C. on appointments. Rather than turn over the appointment of delegates to the largest group of coal miners in the country, the C.L.C. saw fit to appoint a couple of their own men to attend this conference in Geneva. I should like to read the paragraph of the I.L.O. regulations under which these appointments are made. It reads:

> The members undertake to nominate non-government delegates and advisers chosen in agreement with the industrial organizations, if such organizations exist, which are most representative of employers or work-people, as the case may be, in their respective countries.

The minister consults with the head of the C.L.C., who then appoints these delegates to go to the conference. In this case the C.L.C. completely ignored representations made by the largest organized group of coal miners in this country, namely the united mine workers, district 26, Nova Scotia, and instead they appointed delegates who had no more coal mining experience than working in what would be termed a bootleg mine. However, the delegates just happened to be affiliated with Mr. Jodoin's union. This gives you an idea of how they handle appointments.

Mr. Pearson: Why did the government not stop that appointment?

Mr. MacInnis: The government fulfilled its obligation when it went to the C.L.C. and asked for nominations. The same situation applied with respect to the matter of the unemployment insurance commission, although the members in the opposition would like to deny that. The C.L.C. executive should be very careful, in view of these two different situations, to see that the attitude they are exhibiting is one which will stand up to honest scrutiny. I have made reference today to the attitude toward the appointment of these delegates to the I.L.O. coal committee meeting in Geneva and the attitude they have adopted toward the Minister of Labour. The mine workers of Nova Scotia were not properly recognized for the simple reason they are not affiliated with Mr. Jodoin's congress.

If I may return to the subject of the congress' recommendations, it would be interesting now to find out their attitude toward Mr. Banks since they have been joined recently by Mr. Stanley Knowles. Representatives of the united mine workers of America have been corresponding with the Minister of Labour on this matter and, because of his own political affiliation, the president of the union at home would like to leave the impression that this situation is all the fault of the Minister of Labour. I was in communication, personally, with Mr. Jodoin on this matter. He has indicated no intention of doing anything about it this year, but he would be happy to consider the representations made next year by the united mine workers. This would depend, of course, on the attitude of the united mine workers toward his congress and whether he could ever hope to have them affiliated.

The C.L.C. speaks about political patronage and the fact that their advice was not followed. I might say that so far as I am concerned C.L.C. headquarters is just a nest of their own personal patronage. This has been made evident by the recent appointments made to the coal miners' meeting. There are more politicians down at C.L.C. headquarters than there are in this House of Commons.

I might say, Mr. Chairman, that a man with Mr. MacArthur's background in the labour movement ought to do a good job. He was sufficiently respected in the movement to be a candidate against this same Mr. Jodoin a few years ago. I cannot understand why the other labour representatives would think this appointment was so detrimental to the interests of labour that they should resign. I should think that if there were likely to be some detriment to labour, and I were in a position to offset it or fight it, the last thing I would think of would be to resign. I would think it would be very

much better to stay there and fight any detrimental effect they might think Mr. MacArthur would have. The fact that Mr. MacArthur was at one time in a position to run against Mr. Jodoin for the presidency of the trades and labour congress is an indication that he must have been well qualified in the labour field. Otherwise, he would never even have been considered for the leadership. I do not believe that Mr. MacArthur is any Johnny-come-lately to the labour field as others have been.

The other evening the hon. member for Timmins made reference to the back door of labour. This back door of labour never got such a going over as it did during the recent appointment of Mr. Stanley Knowles who was taken into the Canadian congress by way of the back door. I say this because of my knowledge of labour unions. I know that certainly in my own labour union I could not qualify for committee work if I did not have a certain attendance record at my own local union. If I were to qualify to go to a district convention I would have to have at least 50 per cent attendance record over the period of the last six months. How could Stanley Knowles, therefore, walk into the Canadian Labour Congress convention and be appointed by any fair means? How could he receive an appointment in the Canadian Labour Congress when he had spent the last number of years far removed from any affiliation with labour? He claims an affiliation through the typographical union and his union card. Perhaps he has one, but I understand he did not get it from the Winnipeg area. He had to go down to Ontario to pick that up.

I know that a great number of professional men in my province were some time or other, affiliated with either the steelworkers union or the miners union. They earned the money at these occupations to continue their education and go into the other fields. However, these men do not go around talking about their affiliation of 15 or 20 years ago with these unions, nor do they take this sanctimonious attitude toward labour. How interested in labour was Mr. Knowles during the 1957 session when the hon. member for Kootenay West chaired a four-party meeting on the matter of Mr. Banks? We had Mr. Knowles' attitude towards labour then.

I could ask some questions of the hon. ember for Essex East. He was the champion of labour here a couple of nights ago and he might be the champion of labour here this time next year. But it is not a consistent attitude on his part and it is not very well taken when he gets to his feet and likes to champion such a cause.

Mr. Martin (Essex East): I just arrived. Don't be too hard on me.

[Mr. MacInnis.]

Mr. MacInnis: The hon. member for Timmins had great criticism to offer with respect to the appointment of Mr. MacArthur. He must have been quite badly taken aback when the Minister of Labour had cause to rise and read telegrams that he had received from his own president and his own secretary-treasurer. It has been said that the confidence of labour has been lost in this appointment of Mr. MacArthur and that his appointment is a great defeat to the labour men in this country. That is ridiculous. Because Claude Jodoin or Stanley Knowles or a few other people are elected heads of the union in this country does not necessarily mean that they are representing the views of labour on every issue that might be before labour. The situation is the same in my own union back home. We will always have our Bankses, our Hoffas and our Dolhantegs. In case you do not know who Dolhanteg is, Mr. Chairman, I may say that he is an officer in my own local back home. I could expound on his attitude on unions here for hours and tell you a few things about what this man's attitude is on unions. But because they are elected representatives of unions, it does not necessarily mean that they are at all times voicing the opinions of the union or of labour. I am quite well aware of how these labour conventions operate. It will be extremely interesting to observe how many fellows within the next number of years will be put up to run against Mr. Jodoin and to see how democratically he handles his labour congress in that regard. It will be interesting to see how many men can rise up in the ranks of labour.

Speaking of rising in the ranks of labour, may I say it is a shame what happened. Just about a year ago the automobile workers were up from Windsor; there was a delegation. They had a committee there which spoke for Canada. The hon. member for Essex East was present that day but he did not expound too much on his theories of labour that day, as I recall it. These men were here. It was clearly evident that among them there were delegates who could very well speak for the ranks of labour and do so more effectively than any Stanley Knowles, any Donald MacInnis, or any other member of parliament, especially when dealing with their own particular problems. Why should Stanley Knowles be taken in the back door of the Canadian Labour Congress over and above such people who have spent their lifetime working in the interests of labour? Why should he be shoved in there? They need men like Stanley Knowles to talk for them. But at the same time, among their own men there are any number who can do a better

job of talking than can the same Mr. Knowles. At least, when they talk, they talk with sincerity, something which I doubt very much he has when it comes to labour.

This idea of criticizing the appointment of Mr. MacArthur was carried just a little bit too far, in my opinion, in view of the fact that his qualifications for such a job were outstanding. As for members associated or affiliated with the labour congress resigning, that is just another way of lying down. I feel that these fellows should stand behind the fact that they have already been appointed, should look after the interests of labour and should not resign because the game is not going to be played according to their rules. The fact that the Minister of Labour does consult with the congress does not necessarily mean, as has been pointed out in this chamber several times, that he is going to take without question recommendations put forward by them. It must be understood that the Canadian Labour Congress which I understand has a strength of over a million men, still does not represent the entire working force in this country.

Before resuming my seat I should like once again to say, now that the hon. member for Essex East is in his seat, that the answer I received with regard to the appointment of Hal Banks as a representative of Canadian workers to the conference in Geneva was anything but proper. Again I repeat that it was a most shameful thing to have any government appoint a man who represented American gangsters to represent Canadian workers.

(Translation):

Mr. Rouleau: Mr. Chairman, during the debate on the budget, I referred to certain newspaper headlines which might be used in writing the story of the present Conservative administration. In some of those headlines there was reference to a deficit unequalled in this country's history; in others, to unprecedented taxation.

In yesterday's edition of *La Presse*, I found still another headline which might also help write the story of this Conservative government. Indeed, in its issue, of yesterday, May 6, *La Presse* had a heading which ran:

Worker's unemployment insurance contributions are going up.

The item then went on to say, among other things:

Amendments to the Unemployment Insurance Act just introduced by the cabinet in the House of Commons, will result in increasing the worker's contribution without increasing the weekly benefits of the insured.

Thus in the case of a man earning $51 a week the insurance premium will be 72 cents instead of the present 56 cents. The weekly benefit, however, will remain at $21 for the single man, and $30 for the man with dependents. The increased contribution applies to all workers.

During the budget debate, the hon. Minister of Finance (Mr. Fleming) did no end of juggling with words. He toyed with them so much that the people of Canada had the impression that the government was not raising taxes very much on small salaries.

Well, Mr. Chairman, in the light of the report I just quoted, and of what happened yesterday in this house, we can see that, beyond the shadow of a doubt, this government has indirectly increased the taxes that will be paid by the small wage earner.

During the last two elections, we were told that the Conservative government would cut down taxes and government expenditures too. What happened since the Conservative party came into power is exactly the opposite. Present conditions further subtantiate my argument: The small wage earner is being, as I said, indirectly taxed, and workers who will be paying increased contributions to the unemployment insurance fund will not be getting increased benefits. It is even stated, in the schedule of contributions which will have to be paid by small wage earners that a person who gets a wage as little as $9 a week will have to pay in an extra dime a week into the unemployment insurance fund.

That, sir, is this government's achievement. I mention this just by the way and my purpose in rising today is to put before the house a plan which has been dear to me for many years.

For the last three years, Mr. Chairman, I have had put on the order paper a resolution designed to help people of 45 years or more, who want to find a job. I should like to quote this resolution which I put on the order paper on January 15 last, and which, I am afraid, will not be discussed during this session:

That, in the opinion of this House, the government should give consideration to the advisability of introducing, during the current session of Parliament, legislation that would facilitate the employment, in federal works, undertakings or businesses, as defined in section 2 of chapter 38 of the Statutes of Canada, 1956, or in any corporation set up to perform some function or duty on behalf of the government of Canada, of male or female persons over 45 years of age who, on account of their age, find it difficult to secure proper employment at the present time.

It is most imperative, Mr. Chairman, that the federal government urgently introduce some bill to stop a discrimination which is

sowing discontent and raising a problem which is already extremely serious and is growing increasingly so in Canada.

Obviously, Mr. Chairman, if such legislation were passed by parliament, it would fall short of its full effect until a similar one was passed by the various provincial legislatures.

As I suggested during the budget debate, a federal-provincial conference should be called as soon as possible in order to settle many issues concerning the central government and the various legislatures. And those issues should include the matter I am again submitting this afternoon. It is a matter of the utmost significance, Mr. Chairman, and should be settled at the very earliest opportunity.

In a question that went on the order paper some time ago, I asked the Minister of Labour (Mr. Starr), how many people 45 years old and over were at that time looking for work. The answer I got was that, for the week ending January 19, 1959, there were 143,000 such people, i.e. about 35 per cent of all people then unemployed. As I mentioned, the problem of those people 45 or over who are being refused jobs because of their age must be settled without delay.

You can imagine, sir, the anxiety, the distress of a man with dependents, a man in the prime of life who, though only 45, 50 or 55 years old, has all kinds of trouble finding a job because of his age. Imagine fathers who need employment to support their family and provide for their children's education and who, at a time when they need it most, cannot find any work, and are being discriminated against because of their age. Imagine those jobless men with dependents, wandering from plant to plant, from office to office, trying to find a job and earn an honest living for their families. A man 45, 50 or 55 is still well able to support his family, and wants nothing so much as a chance to do so. But there is discrimination I just referred to which constitutes a crying injustice toward a large sector of the population of this country.

I have had occasion in recent years, to discuss the matter in this house; and as a result of my representations, I have received many letters from people in that category, describing their plight. I should like to quote from some of those letters.

On August 19, 1958, I received a letter from a citizen in Longueuil who says in part:

[Mr. Rouleau.]

Dear Sir:

I had a job with the Canadian Pratt & Whitney Engines, in Longueuil. I was told that, when over 45 we were laid off, and I went a long way in order to find another job; I was always turned away, too old even at 40. Mr. Rouleau, we will have to wait for the old-age pension or operate a blind-pig in order to make a living.

I am sure the person who wrote me that letter will not operate a blind-pig in the constituency of Longueuil, because that riding is well represented. But, when a person writes a letter of that kind to say he will have to resort to dishonest means to make a living because he cannot find a job any more, I think it is an indication that the problem is really serious and must be considered and solved as soon as possible.

On February 26, 1959, Mrs. Bensmiller wrote to the Leader of the Opposition (Mr. Pearson), to say, among other things:

(Text):

My husband passed away in November 1958. Since that time I have found that it is impossible to find work because I am 49.

(Translation):

The Leader of the Opposition replied to that letter on March 3, as follows:

(Text):

Dear Mrs. Bensmiller:

I agree with you that this is a matter which deserves the attention of governments, both at the provincial and federal level, and I have been giving a great deal of thought to it myself.

(Translation):

Another letter was sent to the Leader of the Opposition on February 23, 1959, by Miss Grace M. Parker, one paragraph of which reads as follows:

(Text):

I believe the government will first have to pass a new law regarding company benefits. It appears that firms will not hire females over the age of 45 years and males—the age limit is 35 years. I have been told by businessmen that benefits are not transferable in case one wishes to make a change and that the insurance companies have set the age limit for hiring. The new law should change this to permit a firm to hire older people and either grant benefits on a lower rate or else without benefits. Also that benefits should be transferable. There are many thousands of people out of work through no fault of their own.

(Translation):

Those are, Mr. Chairman, some of the numerous letters which the hon. members sitting on this side of the house or myself have received.

Among the letters sent to me, there were really pathetic cases, and it is with tears in my eyes that I read them. That is why, Mr. Chairman, I would ask the government to do its utmost to check this social unrest.

The premier of Ontario pointed out that situation, not very long ago, and stated the problem had to be solved. Well, as premier, he should have introduced some legislation to solve it at least in so far as Ontario is concerned. On the national plane, it is up to the federal parliament, in the first place, to introduce the type of legislation I have just referred to.

A short time ago, the member for Oxford (Mr. Nesbitt) himself asked in this house that such people be helped through the granting of a tax reduction to firms employing a certain percentage of workers over 45 years old.

Mr. Chairman, if we keep on with this discrimination, there will be more and more social unrest. What would happen if we set an age limit to people seeking public office, to those who strive to get themselves elected in the various fields of public endeavour, either here in the Canadian parliament, or in the provincial legislatures, or in municipal councils? We would be deprived of people of ability, of men who can render services to the country, if an age limit of 45 were set for those who seek public office. First of all, we would be deprived of the services of the present Prime Minister (Mr. Diefenbaker), and thus the Canadian people would not know what is a Conservative administration such as the one we now have. Thus the Canadian people would be deprived of the services of great statesmen who are anxious to serve the Canadian nation. Half the membership of the house, and more, and half the membership of provincial legislatures, would be ruled out, and thus we would lose the precious contribution of able men.

It has never occurred to anyone, Mr. Chairman, to set an age limit on those seeking public office. So why set an age limit in the field of business? Such a discriminatory practice is contrary to human dignity, and we have a duty, as members of the federal parliament, just as members of the provincial legislatures have a duty, to find some solution to this serious source of social unrest. To achieve this, as I was suggesting, the matter should be discussed at a federal-provincial conference.

I have been very carefully going through legislation of this type that has been enacted by a number of American states. I have studied with particularly close attention legislation aimed at ending discrimination against people of 45 and over, which has been adopted by the states of New York, Massachussetts, Rhode Island and Pennsylvania. Generally, such legislation makes it illegal for an employer to require applicants for employment to state their age. Under such legislation, an employer is forbidden to mention, in classified ads published in daily and weekly newspapers, and in radio or television broadcasts, such a requirement as "aged from 21 to 35". It is also illegal to require that an applicant be under 45.

This legislation even prohibits the use of the phrase "young men or young women". Every application, under such legislation, has to be considered on its merit, without regard to age.

In my opinion, Mr. Chairman, that is a measure which shows concern for humanity and which should be adopted without delay by the Canadian parliament and even by our provincial legislature in order that those benefits be made available to all. It is our duty, as members of parliament whatever our political allegiance, to find a solution to the problems which confront the Canadian nation and especially the people I have just mentioned.

During the past years, when this country was being administered by a Liberal government, I have had occasion to support a bill introduced by the Minister of Citizenship and Immigration—she was not of cabinet rank at the time—providing equal pay to women for equal work. Feeling that the bill was premature, the liberal government defeated it. However, although I was a member of the Liberal party, I supported the bill then introduced by the Minister of Citizenship and Immigration.

Some years later, under the St. Laurent Liberal government, the hon. lady who is now Minister of Citizenship and Immigration had the satisfaction of seeing the legislation she was advocating endorsed by the parliament of Canada. I therefore urge the minister today to do likewise about a legislation which would remove all discrimination against people of 45 or over. I wish with all my heart, in the best interest of the population and of all Canadian families, that the government, during this session or a later one, will introduce a bill which will forever eliminate this discrimination so that all these family heads, all those deserving workers, may have a chance to make a living unhampered by such discrimination.

(Text):

Mr. Martin (Timmins): I should like to begin what I have to say by referring to the remarks which were made by the hon. member for Cape Breton South. I regret he

is not in his place at the moment to hear what I have to say about them. First of all, he made the comment that at the present time there were more active politicians in the Canadian Labour Congress than there were in this house. That is possibly the conclusion which the hon. member may have drawn after participating with his colleagues in the work of this parliament, but it is certainly not the impression I have gathered working with the C.C.F. group in this corner. The hon. member also made a great to-do about the fact that at one time Mr. MacArthur ran against Claude Jodoin. I do not know the organization and the constitution of the local union to which he belongs, but for the hon. member's information I may say that is the privilege which is held by each and every delegate who attends the convention of the Canadian Labour Congress. Any delegate attending that convention has the privilege of running against the president or against any other officer if he so wishes.

The hon. member for Cape Breton South also made a specific reference to remarks I was supposed to have made about backdoor entry into the union. If he will look at the record in *Hansard* I think he will find I made no mention of any backdoor into the union. I did mention backdoor politics and I intend to say something more along that line today. The hon. member also made the statement that Mr. Stanley Knowles was appointed as executive officer of the congress. That is not correct. An executive officer of the congress is not appointed; the post is filled by election at a democratically-held convention. As a matter of fact, the remarks made by the hon. member were an insult to each and everyone of the 1,700 delegates who attended the last C.C.L. convention in the city of Winnipeg. The hon. member also made reference to Hal Banks and of his great concern in this matter. I ask the hon. member for Cape Breton South: what has he or the members of the government which he supports done about it over the last two years since they were elected?

The hon. member also made reference to a couple of telegrams which were read by the Minister of Labour the other night, and I should like to quote them briefly, now. The first was a telegram from Mr. Walter Childs, president of the provincial federation of Ontario professional firefighters, saying: "Your appointment MacArthur shows exceedingly good judgment." I think that in order to assess correctly the value of this telegram one should know a little of the background of this particular officer. I have known him for many years, at least since 1949. I know he was president of the Brantford local. I also know he ran three times in his own district for vice-president of the district, and that he could never make it. I also know that even though he had never served on the provincial executive he was the only man on whom the various factions concerned could compromise in the city of Fort William in 1955 in order to keep a C.C.F.'er out of the president's chair. I also know something else, and I think this is very important, if we are properly to assess the value of this particular telegram. I will recall one day at an executive meeting, recommending a former attorney general of the province of Ontario as an arbitrator for the firefighters throughout the province. I may say that this man was also a former Conservative cabinet minister. And then this president of the provincial federation said he could not recommend him. I wanted to know why, and he said: "He is in the black books of the government". I was puzzled, and asked: "How could a former cabinet minister be in the black books of the government?" "Well," he said "He is too pro-labour". I think we should remember that when we assess the value of those two telegrams.

Mr. Pallett: Why not give us the name?

Mr. Martin (Timmins): The name is already there—Mr. Walter Childs, president of the provincial federation of Ontario firefighters.

The second telegram was from Mr. Bob Gilbert and it reads as follows: "Congratulations on your appointment of MacArthur."

Mr. Pallett: Who was the former cabinet minister? Put it on record.

Mr. Martin (Timmins): I have no objections. Mr. Leslie Blackwell, who contested the leadership of the Conservative party in Ontario against Mr. Frost.

I also have on my file a letter from this same Bob Gilbert which is very interesting and very enlightening. It followed that same convention in 1955. At that time, the executive dispensed with the services of its provincial solicitor. It was said he was not competent to remain in office. In his place we engaged another solicitor on the recommendation of one of the biggest locals in the province. When I returned after a short vacation following that convention I received a letter from this same individual the contents of which indicated that they wanted the decision reconsidered. The new appointee was a Liberal and they wanted reconsideration of the appointment of the other man because he was a Conservative and a friend of the government even though he was not competent. It is small wonder that there should have been congratulatory telegrams on this latest Conservative appointment.

Over the years I have attended a number of annual provincial conventions of this organization and it is interesting to note the speakers who were selected to address those meetings. In 1949 in St. Catharines the speaker was a Conservative cabinet minister. In 1951 in Hamilton the speaker was a Conservative cabinet minister. In 1952 in Oshawa the speaker was a Conservative member of parliament who sat in the opposition and who is now Minister of Labour. In 1953 in Brantford the speaker was a Conservative premier. In 1955 in Fort William the speaker was a Conservative cabinet minister. In 1956 in Brockville the speaker was a Conservative cabinet minister. In 1958 in Niagara Falls the speaker was a Conservative cabinet minister. Never to my knowledge have we had a speaker address this organization who was other than a Conservative member of parliament, a Conservative member of a provincial legislature or a Conservative cabinet minister or appointee.

There is an interesting and significant point to be made in regard to these two telegrams. Possibly hon. members are not aware that the Ontario firefighters as a unit have no particular interest whatever in the unemployment insurance fund. When a man joins the staff of a fire department of a municipality in the province of Ontario unemployment insurance contributions are deducted for the first two years of his employment. After two years of service with the department he is qualified as a permanent employee and his contributions cease. He cannot draw unemployment insurance in the event he is laid off. The organization as such, therefore, has no real interest in the fund. Why then should such an organization through its president and secretary send congratulatory telegrams to the Minister of Labour? I am not going to accuse the minister of soliciting these telegrams. I will merely suggest that he received congratulatory telegrams from two very close political friends of long standing. I wish to make it clear that I did not raise this issue. It was first raised by the Minister of Labour and then by the hon. member for Cape Breton South.

Then there is another point of even greater importance. There has been no specific reference made to the fact that working people across the country have a big stake in the unemployment insurance fund. Approximately 50 per cent of that fund is money they have paid in; it is their money. Certainly they are entitled to have their representative on the commission that administers this fund and unemployment insurance as a whole. I suggest that is the basic reason for the section in the act that provides that the labour representative is to be appointed to the commission following consultation with labour. I do not see that it is proper to go through the motions of consulting labour and then proceed to appoint the individual you had selected in the first place.

It is true that Mr. MacArthur has the confidence of some people in the labour movement. Proof of that is perhaps to be found in the telegrams to which I made reference. I do not deny that. The fact remains, however, that apparently Mr. MacArthur does not have the confidence of the majority of the people in the labour movement and I do not think the labour representative on the commission should represent a minority of the labour movement.

I do not know what the purpose of this appointment was but unfortunately I believe I can foresee what the results will be. It is going to cause disunity and confusion within the ranks of labour across Canada. I hope that was not the purpose of this appointment.

Mr. McDonald (Hamilton South): Mr. Chairman, at the outset of my remarks let me assure hon. members of the committee that I do not intend to review the past today. I wish, however, to place before the committee a few thoughts with regard to labour in my constituency.

For many years labour in Canada was suppressed by big business. During the twenties and thirties people were pushed out of their jobs. After the war labour completely organized and became a very powerful group in the country. Today we have what might be called two sectors of the labour movement, the group of business people in management and the group of union leaders, jockeying for position, I believe they are using the rank and file members of the unions for gain.

I should like to discuss today the demerits of the new political party the wedding of which has been announced and is to take place shortly. I do not feel that the rank and file people in the unions want this merger to occur. Mr. Knowles in talking about the new political party indicated that it would represent the workers, farmers and similar groups of people across the country. May I point out that the Conservative party already does that. Our membership comprises a miner from the east coast, a fisherman from the east coast, people in various occupations and trades from the west coast and people from all walks of life and a variety of ethnic, cultural and social backgrounds. Some members of this party came from homes that knew poverty during the depression and had

to rely on charity to see them through. We are by no means the people of the big business interests, the people who are scheming to control the economy of Canada. The people who are scheming in this way are the Stanley Knowleses of today. People who think in that way have lost the farm support and so they cannot become a truly national party. My understanding is that even within the little group of eight in this house there is a great deal of dissension about the methods whereby the new political party may come into being. Surely a man like Stanley Knowles who could not even plan his own election could not plan the economy of the country as a whole.

I suspect that at the convention of the Canadian Labour Congress in Winnipeg last year a group of barefaced politicians tried to sneak in the back door and take over. I also suspect, however, that they have taken over the Canadian Labour Congress only on the surface; perhaps only in the newspapers. I conclude from letters written to me by people in my constituency that the average worker wants an honest living, the right of free collective bargaining. The average worker does not want to be suppressed by big business. He does not want any politician to come in and tell him how he is going to vote and where he is going to vote.

Mr. Knowles in elaborating on the theme of the new political party has said that there is going to be a planned economy. What he really means is a controlled economy or the nationalization of industry. I asked the hon. member for Assiniboia today a question about nationalization and he told me to read the speech he made on the budget. I have now had an opportunity to examine his speech and I found that in it he was again walking down the middle of the nice red line and would not commit himself.

Much reference has been made by hon. gentlemen opposite to broken Conservative promises. During the last election campaign I heard some statements made by C.C.F. candidates in my constituency, including statements made by a C.C.F. member of the legislature of Ontario, on public platforms. In effect they said that if the party came into power they would take over the steel companies, the rubber companies, Proctor and Gamble which is a soap company, and various other organizations. They proposed taking them over completely. I was rather amazed by this statement and asked how they would do it.

Mr. Winch: I am amazed too.

Mr. McDonald (Hamilton South): Well, you had better go down to Hamilton and talk to your socialist friends there who are scheming just as you are with the Canadian Labour Congress in an effort to hurt the little man in this country, to push him around and tell him how and when and where to vote. You boys have a rude awakening in store for you, you can be sure of that.

What is happening with respect to the taking over of industry? I asked the question: "How do you intend to take it over?" He said: "We are going to buy the industry." I replied: "You are going to buy all the large industries in Canada?" He said: "Oh, yes." This is what the C.C.F. representative of the district said. He said: "We are going to buy all the stock of all these big capitalists; we are not going to steal them". I said: "If the stock of Dominion Foundries and Steel is worth $30 today, are you going to pay $30 for it?" He said: "No, we are going to pay the price of the stock when it first started off." Today the great percentage of the holders of stock in industry are the little people of the communities, the people who are buying the stock. They are going to steal the stock of these people when they come into power.

Mr. Winch: That is damned eyewash, and you know it.

Mr. McDonald (Hamilton South): I remember the hon. member for Vancouver East back in 1943. I remember reading some speeches that he made. He said that when they came into power they would scrap the British North America Act; they would make this country a police state.

Mr. Winch: That is a dirty lie; I never said that in my life. I said it would be reviewed and revamped.

The Deputy Chairman: Order. I will have to ask the hon. member for Vancouver East to withdraw that remark.

Mr. Winch: Sir, when a persons utters a dirty lie what do you say? I withdraw the word "lie". I said it would be reviewed and revamped and in my six years in the House of Commons I have made my position on the British North America Act very clear.

Mr. McDonald (Hamilton South): I thank the hon. member for his interruption. I am not the long-winded politician type. I probably will not go until six o'clock.

With respect to the labour-C.C.F. amalgamation, I feel it is a great mistake for the average trade union movement in Canada. The hon. member for Assiniboia spoke a few minutes ago and in two or three paragraphs of his speech he talked about what trade unionism was in Canada. He said it was a banding together of a group of people to put forth their views and to get the best deal possible over the collective bargaining table. It was not to have political hatchetmen like Stanley Knowles come in the back door and

having a check-off of money to sponsor a political party for people who wanted to vote the other way. In a labour magazine that came out just recently Mr. Knowles said that there were people in the labour movement who were Conservative and Liberals. Believe me, Mr. Chairman, if there were not I would not be here today. I make these little references to gentlemen who are trying to get in by the back door. They have talked to Mr. Jodoin and a few of their associates in the back rooms. They have schemed as to how they are going to analyse the situation, how they are going to play the labour classes of the country against the big businessmen, trying to squeeze the small businessman in the middle and give a variety of things to everyone.

Since this government has taken office it has instituted a national health scheme with the provinces who want to participate. The policy of the C.C.F. in the past has been—the hon. member for Essex East frowns. I remember also that according to the Liberal platform of 1919 they were going to bring in a health scheme in 1920, as soon as they got elected. But in all the years that he was in power, and he was in power for 22 years, the hon. member for Essex East did not do it. I know in the last part—

The Deputy Chairman: Order. I hope the hon. member will come back to the Department of Labour.

Mr. McDonald (Hamilton South): I was just trying to say, Mr. Chairman, that in the policies of the C.C.F. party, which they are putting forth with labour, they are mixing the two.

This government has taken decisive steps to help the working man. They are not all the steps that I would like to see taken; I would like to see more, but I do not want to see under any circumstances the possibility that my children will be living in a socialistic, nationalistic state such as has been schemed for by the socialist people around my area. I do not like it. I do not think it is the proper thing. I think it would be the ruination of the economy. Mr. Reuther, president of the automotive workers in the United States, was asked by a group of people if he thought that the trade unionists in the United States should get into the political business and he stated in a magazine, the *U.S. News and World Report*, of December 9, 1958, that the American labour movement is committed to work within the framework of the two-party system, the republican and democratic parties in the United States. Hon. members can see the way in which our economy—as we saw in the 22 years that the Liberals were in power—is tied in with that of the United States. If this country were to become a socialist state under C.C.F. domination, just think of the political implications there would be with the steelworkers of America on the one hand bargaining and Canadians on the other with the steel industry because, if you took over the steel industry, as the hon. member for Assiniboia said they would do during the budget debate, if you took over this industry, what would happen to the voice of the trade union boys? They would be working for the government and not for a group of collective people sponsored to bargain for their rights?

Mr. Martin (Timmins): Will the hon. member permit a question? How do the employees of the Ontario hydro bargain with their employers now?

Mr. McDonald (Hamilton South): I am glad the hon. member asked that question.

Mr. Winch: Answer it.

Mr. McDonald (Hamilton South): I will answer it the way the hon. members for Essex East and for Assiniboia answer questions. Do you agree that the hon. member for Assiniboia and the hon. member for Essex East do not answer questions in the house properly? I have a certain conception about energy and about hydroelectric systems. I am trying to make a point with respect to United States control and the steelworkers of America control over the steel companies. If the steel companies were told that possibly the C.C.F. party would take over this country they would be bargaining with a steelworkers union in the United States which did not believe in the taking over of industry. Will you call it six o'clock, Mr. Chairman?

Mr. Winch: May I ask the hon. member this question? Does he also have any interest in the United States companies in his own riding which control companies to such an extent that they cannot sell outside of Canada because of this United States control?

Mr. McDonald (Hamilton South): Yes, I have a lot of them in my riding.

Mr. Winch: I will give the hon. member the names of the companies if he wants them.

Mr. McDonald (Hamilton South): I know them.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. McDonald (Hamilton South): Mr. Chairman, at six o'clock I was trying to discuss in a very humble way the delusion

that the C.C.F. party has about forming a new political party in Canada. Before I continue with my remarks I want to say that I made a statement about the hon. member for Vancouver East, and I am sorry he is not here right now. I do not want to misrepresent what he has said so I have the press clippings here. There is a statement reported in the Calgary *Herald* of November 10, 1943:

> Asked about the position of the police and military forces in the event of a move for a change, Mr. Winch replied, "When we become the government, we will institute socialism immediately, and would use the power of the police and military forces to force those who oppose to obey the law."

Well, that would happen anyway, I suppose. That is just what he said.

> Those who defy the government will be treated as criminals. If the capitalists say no, then we will know the answer and so did Russia.

He was asked another question, and he replied:

> We are going to scrap the British North America Act.

These statements were reported in the Calgary *Herald* of November 10, 1943. Then, as reported in the Vancouver *Province* of February 14, 1944, he said this:

> I did not say one thing in Calgary that other C.C.F. people have not been saying for the last 11 years.

The Deputy Chairman: I wonder if the hon. member who is speaking can show me how remarks of this kind which he is now making are relevant to the labour estimates?

Mr. McDonald (Hamilton South): I thank you for correcting me, Mr. Chairman. I just wanted to point out that the remarks I made before recess were not made just to embarrass the hon. member for Vancouver East. I have the facts and I just wanted to bring them to the attention of the committee.

Mr. Howard: I wonder if the hon. member would indicate the source of his quotations?

Mr. McDonald (Hamilton South): I have all kinds of quotations here. I have been quoting from the Calgary *Herald* for November 10, 1943. These statements were made by the hon. member for Vancouver East, and I can send the newspaper clipping over to the hon. member.

Mr. Howard: I just wanted to identify it for the record. I am sure that the record will show the hon. member objected to that and said he never said it.

Mr. McDonald (Hamilton South): I should like to sum up my speech with a few observations concerning the trade union movement in Canada today. The trade union movement today actually has four things to fear. They are, first of all, communistic activities in the trade union movement; racketeers; political interference by the C.C.F. party; and a lack of interest on the part of rank and file trade unionists. If the people in the trade union movement band together to fight for those things for which the trade union movement stands, then I am sure that these people will be able to put their views strongly before any government in the country. I think it is suicide for them to affiliate with a political party because they would be getting away from the things for which the trade union movement was designed. I would humbly submit that the C.C.F. party, in affiliating with the Canadian Labour Congress, will have a very difficult job.

Mr. Martin (Timmins): I have just one question which I should like the hon. member to answer before he sits down. He has painted a very gloomy picture of what the trade union movement would become under a C.C.F. government. Does the hon. member know that the only civil servants in Canada today with bargaining rights are those employed by a C.C.F. government in Saskatchewan?

Mr. McDonald (Hamilton South): I am glad the hon. member enlightened me about these facts. I am putting my views forward, and that is the purpose for which I was sent here by my constituency. If those views do not suit the hon. member, I am sorry about it.

(Translation):

Mr. Caron: Mr. Chairman, I believe that taking part in the discussion on the first item is bound to shorten to a very considerable extent consideration of the estimates, because whatever the subject dealt with, we have only half an hour at our disposal to express our views on various subjects, and so, when the different items, come up later on, we can pass them after a fairly brief discussion because they have already been gone into.

Mr. Chairman, representing as I do a riding made up largely of workers, I think that all labour legislation passed by parliament is of concern to the voters in my constituency. That is why I am taking part in this debate, to acquaint the Minister of Labour (Mr. Starr) and the government, with the thinking of the workers of my riding.

There is one thing I asked the minister to do last year, at this stage of the study of his estimates, as I had also asked the Minister of Trade and Commerce (Mr.

Churchill), and that was to separate, in the preparation of their statistics, the Hull side—that is the Quebec side—from the Ottawa side. However, today the statistics still include both Ottawa and Hull. Now, the situation there is quite different, since the population of the city of Ottawa is nearly entirely made up of civil servants, while that of the city of Hull is made up of workers.

A study of the latest statistics issued by the department for the Ottawa-Hull area shows an increase in unemployment. I am convinced that unemployment has not increased on the Ottawa side, but that it did mostly on the industrial side, which is the Quebec side. So, if the department would kindly comply with my request and separate statistics between Ottawa and Hull, in order that we may have a better idea of what goes on both on our side and on the Ottawa side, I would be very grateful indeed. Besides, we are—

(Text):

Mr. Starr: Would the hon. member permit me to interrupt him at this point to say that I am inclined to agree there should be a distinction. I want to point out that the system was set up by the government of which he was a member, and we have only carried on what we inherited. We have been hoping to be able to separate these so that there will be a distinction between what the situation is in Hull and what it is in Ottawa.

Mr. Caron: I want to thank the minister for telling me that it was the system which was organized under the former administration. It has been the same story all the time, Mr. Chairman; when it is good or they think it is good, they accept it, and when there is something going wrong they blame the former government. Why not accept your own responsibility at the present time? I am not speaking of the present time, I am speaking of the future; you are responsible for the future and you should decide for the future.

(Translation):

Mr. Chairman, I propose to discuss the future, and not to dwell on the past. However, before going into my main subject, may I be allowed to deal with certain assertions made by the hon. member for Assiniboia (Mr. Argue), parliamentary leader of the socialists in this house, who stated that the Conservatives, as well as the Liberals, cared little for Canada's workers because of their connections with or subservience to big business, and thus were prevented from giving to labour what it has a right to expect from a government.

Mr. Chairman, such charges are unfair both to the Conservatives and to the Liberals, because in my view, the political parties represented in this house each have a different philosophy. The Conservatives think they can lead Canada to prosperity by making industry prosperous, on the grounds that once industry flourishes, it will lavish benefits on the masses and, in this way, workers and farmers will profit.

On the other hand, we Liberals, believe that to achieve enduring prosperity, we must first bring prosperity to the people—workers and farmers—and as a result this prosperity will redound to industry and make for happy conditions all around.

As for the socialists I am sure they look forward to the downfall of capitalism, to be replaced by some sort of welfare state, based on irresponsible state management which, in their view, would promote prosperity in all classes of society.

Sir, this seems to be a clear indication of a great difference too in the philosophy of the Conservative party, and that of the Liberals and of the C.C.F. I claim that the hon. member for Assiniboia was not being quite honest, intellectually, in trying to make us believe that Liberals have done nothing for the working people.

In fact, if we have a minister of Labour at all in Canada, it is because the labour portfolio was established by the Laurier government, and long before the socialist party ever came into being in Canada. If we have good social legislation, we owe it to the Liberal party, which planned and enacted it long before the socialist party came here to preach its doctrine. Indeed, at a general convention held as far back as 1919 the Liberal party set up its whole program and carried it out gradually as and when Canada's resources allowed.

That policy is being carried on, and I admit that, in certain departments, the new government has possibly made certain improvement. Credit for this achievement cannot be claimed by the socialists but by the Liberals. As for the Conservatives, by continuing this Liberal policy, they have made a few improvements.

It was also a Liberal government which established the first provincial department of labour, in the province of Quebec, under the Hon. Mr. Taschereau. The Liberals sought in this way to give workers the protection they required to grow and to prosper in Canada. As you know, around 1907 and 1908, when the Department of Labour was established, an attempt was made to set up trade unions in Canada, and in the United States. Today those

people set themselves up as the champions of workers' rights, whereas, instead of serving the cause of labour they are bent on enslaving them into membership of a political party.

However, sir, I am convinced that Canadian workers know where their best interests lie and are aware of the danger of identifying themselves with a political party. Besides, a very significant development took place recently in Montreal. Construction workers came out emphatically against the creation of a political party within the ranks of organized labour. This happened in Canada within the building trades union, as it happened in 1920 in the United States, and it was the building trades union which objected to the creation of a political party within organized labour, and this under the leadership of Mr. Hutchisson, with the help of Gompers and Lewis. These men stymied the politicians who left no stone unturned in the United States to take over labour movements and develop them into political parties.

Mr. Chairman, I am convinced that the socialist party will be no more successful than the labour party was in launching a political movement in the United States.

Mr. Chairman, a while ago the hon. minister said that, under the Liberal administration, they kept bungling certain things. I agree, without any false shame, that everything was not perfect under the Liberal administration. I know as well as anyone that governments are made up of men. By their very nature, men are imperfect and, of course, the laws they make can be imperfect too. And yet, Mr. Chairman, those are the very people who, while in the opposition, used to blame the Liberal party then in power for all the problems existing at the time. I see in the record of a debate on the budget that the present Minister of Finance (Mr. Fleming) said:

(Text):

This budget—

(Translation):

I am quoting from page 3396 of *Hansard* for 1955:

(Text):

This budget does not meet, in fact it cannot even make the pretence of meeting or even assisting to meet, the problem of unemployment. The government is still running away from that problem; they hope to ignore it.

(Translation):

Such is the situation now prevailing, Mr. Chairman, is it not? Is the government doing anything in the way of planning so as not to find itself next winter, in the same predicament as we were last winter?

[Mr. Caron.]

The budget carries the same items, the same amount of $395,500,000, in addition to $75,000. That is all, nothing more, nothing less, unless the intention is to introduce a supplementary budget in an effort to cure the evil which is rampant in Canada.

The situation has eased up a bit and we are glad of it; 37,000 people are reported to have worked on projects undertaken by municipalities during the winter. So much the better, and we feel happy about it. But is the minister contemplating anything for next winter? Does he think that the problem will be met when, in March, there were more than 500,000 unemployed in this country? Did not the situation grow worse? Is it going to get better by itself? Of course it will not! Still the minister and his colleagues seem unwilling to tell us right now what their policy will be by next winter when there will be three, four or five hundred thousand unemployed, or even more, since it cannot be expected that a situation such as this will right itself in so little time. Why does not the government introduce legislation right now so that we might examine it and provide such information as would enable the government to improve upon its legislation? Does the government intend to let municipalities continue to carry the heavy burden of unemployment, as apparently they still have to? All the municipalities have had to spend much greater amounts on relief and welfare for the needy. And why did they have to? Because a lot of people do not get unemployment insurance, or not enough to support their family. Therefore municipalities have to support those people, have to provide them with food, shelter, clothing, fuel, lighting and what not, although their powers of taxation are nothing like those of either the provinces or the central government.

Now, Mr. Chairman, I say that if the Minister of Labour was really in earnest, really interested in improving conditions, he would immediately introduce a bill which would give us some insight into government intent as to projects planned for the coming winter. But no, he keeps on shutting his eyes on all those problems as if they would settle themselves without anyone doing anything about them. Let me say that they will not settle themselves without outside help. The government has to step in and do something to improve the present position.

The Minister of Citizenship and Immigration said in 1955—and I am quoting from page 1602 of the official record:

(Text):

In the midst of wealth we have human misery. With all the faith in the world these people

cannot wait ten years of fifteen years for a steady job and a weekly pay cheque.

(Translation):

Such is the position at this moment. In view of all this hardship, can those people wait another year, or two, three, five, six, or even ten years, before getting a pay cheque that would enable them to provide a decent living for their families?

And at page 1606:

(Text):

A nation is prosperous only as its people are prosperous. I think that is an accepted fact.

(Translation):

Well, conditions are no better today. I am quoting those texts to point out the great similarity with the present position. People want so many things. But what is the government doing today? Nothing, absolutely nothing. And people are unhappy. We find that the government has a hard time meeting its expenses. The government has deficits growing deficits, because it lacked vision, it lacked foresight. Yet, it is foresight that makes for good government.

And the same hon. member said—and this is taken from the same page of *Hansard*:

(Text):

We cannot afford to wait. This is a time for action.

(Translation):

Well, we say that it is enough. We cannot wait any longer. It is high time to act. The government must wake up, it must face the facts and the situation. But the ministers are sitting there, not heeding the people's plight! They may not want to do anything wrong, but they do not want to do anything.

Well, Mr. Speaker, I hope that, if they go on in this way, the people will decide before long to make the change that is called for in Canada.

The Minister of Citizenship and Immigration also said, as can be seen on page 1601 of *Hansard* for the 1955 session:

(Text):

Regardless of the number of people who are out of work, regardless of whether the number is 362,000 or 569,000, the question we have to ask ourselves is whether or not hon. members and the people of Canada are going to consider that a person is merely a statistic.

(Translation):

It is still the same thing. The government seems to consider that the people and the unemployed are but statistics. What do they say? They say that there are more people working in Canada than a few years ago, according to official statistics. Unemployment has decreased from March, according to official statistics. Well, Mr. Speaker, people cannot live on statistics. They are for politicians, those who wish to discuss failings or lack of action, but the people cannot live on that.

And I find at page 3940 of *Hansard* for 1955, that the Prime Minister had this to say:

(Text):

Certainly the degree to which chaos is present in labour matters in this country indicates that the Department of Labour lacks direction, lacks system and lacks, not authority but direction.

(Translation):

Well, Mr. Speaker, could we find words that would apply better to the present Minister of Labour? And the present Prime Minister says:

(Text):

Lacks direction, lacks system and lacks not authority but direction.

(Translation):

I hope, Mr. Speaker, that the present minister will consider the danger that threatens the people of Canada and that he will really introduce measures that not only will act as a poultice to relieve pain, but that will constitute a permanent cure. Many permanent remedies have been suggested to him in the last two years at least, but the minister ignores them.

And the present Prime Minister, said, according to page 2036 of *Hansard* of the same year:

(Text):

The municipalities are loaded down with unemployment relief. The residents of our urban communities cannot bear it any longer. What is to be done about the unemployed employables? What is the attitude of the government?

(Translation):

And today I ask the same question of the minister: What does the minister intend to do with those who do not work but who are physically fit to work? That is the question that the present head of the government asked in 1955 and I put the question back to him. I hope that the minister will be able, when he speaks, to explain how he is to help the people of Canada who are suffering at the present time.

It is also the same minister who, according to page 3937 of *Hansard* for the 1955 session, said:

(Text):

I feel that the Department of Labour and this government should make strenuous efforts to alleviate the present condition of those who find themselves unemployed.

(Translation):

That question has been asked for the last two years or so. We want to know from the minister the same thing he asked us. And we receive no answer.

Mr. Martel: What did your government do?

Mr. Caron: What did it do? Plenty! When the government saw in 1955 that unemployment was rising, we hastened to find new markets, and industry began to hum again. As a matter of fact, in 1957, things were going really well, until the day when the Conservative government came into power.

Mr. Martel: How is it that the number of unemployed has risen since that time?

Mr. Caron: Because of Conservative party inertia.

And the present minister said—this is from page 826 of the 1955 record:

(Text):

It is this utterly unrealistic added burden of taxation on one of the most important and, I might add, most expensive necessities of normal life under modern conditions in this country, which should be removed.

(Translation):

He was referring to federal taxation. Well, at the present time, not only is the Minister of Finance taxing the country, but the Minister of Labour himself is taxing the whole labour class, that class of people which occupy a commanding position in this country, a tax which increases by 30 per cent the unemployment insurance contributions. That is a new tax which will affect most Canadians.

Mr. Chairman, the minister was complaining about taxes in 1955, and yet, today, the Minister of Finance, and even the Minister of Labour would like to impose a new tax. Why? Because of a lack of foresight on the part of the administration. Things were so bad, that the unemployment insurance fund ran dry, and the minister had the choice of either getting $400 million out of the consolidated revenue fund, or imposing an additional tax on Canadian workers.

The Department has decided to levy a tax. One more tax, what's the difference? It has decided to tax? Well, we are being taxed, and overtaxed.

Mr. Chairman, I suggest the people has had enough of that system of new taxes piling up one on top of the other. What we want now, is for the government to plan ahead so that we may know what to expect, and whether it intends to help municipalities in the future.

I suggest the government should tell the municipalities what it intends to do next winter, so that they may, with their engineers, plan their works programs. The government should organize in such a way as to help municipalities and their unemployed. But no, it refuses to do anything of the sort. It is sheer lack of foresight, from start to finish. Lack of foresight everywhere and always. Then, when they come face to face with rather serious difficulties, they turn around and say: it was your fault, Liberals, when you were in office.

However, you Conservatives have been in power for two years. In those two years, what positive, constructive measures have you brought forth to help Canada's working class? We have seen nothing but makeshift measures.

Meanwhile, the cost of living has been going up: the gap between wages and the cost of living has been widening steadily. Within a few months, things will be even worse, because of the new taxes. A month from now, because of the lack of foresight...

Some hon. Members: You have lacked foresight.

Mr. Caron: Certain new members lack foresight because they are totally lacking in administrative experience.

They raise taxes in all fields, they burden Canada's working class with taxes. Workers have to pay a tax for the right to live at home. With the cost of living on the increase, such a situation will necessarily give rise to demands for higher salaries and higher salaries will necessarily mean higher production costs. And if productions costs go up, we will not be able to sell our goods abroad, and our inability to sell abroad will mean a halt or at least a slow down in production, with consequent increased unemployment.

Mr. Chairman, it is high time that the government paused and gave serious thought to its policies, so that we will not have to suffer for many years to come. The government should wake up, while there is still time to improve the situation. That is all we ask. Our sole concern is the welfare of the people of Canada.

Mr. Smith (Winnipeg North): Mr. Chairman, it has sometimes been said that the definition of effervescence is an extreme overflow of bubbles, and I should like to say at the outset that I do not intend to follow along the lines of what was said by the hon. member who has just resumed his seat. I am sure that the ridicule which he has thrust upon the Minister of Labour would, if all the people of Canada could be present here tonight, make us all to go over to Hull.

I should like to say that this afternoon and this evening and, indeed, on another occasion not many evenings ago, our Minister of Labour was subjected to the most unkind ridicule that any hon. member has

ever had to endure in this house. Hon. members laugh at that suggestion, but I remind them of the words used by the hon. member for Assiniboia when he said: "the government made a great mistake in failing to carry out the letter of the law". The hon. member was speaking with regard to the appointment of Mr. MacArthur to the unemployment insurance commission. Those are the words he used. In that connotation he could only have meant the Minister of Labour.

Again, a couple of evenings ago, the hon. member for Essex East, although he did not use the same words because he is a lawyer and a little more careful, made a similar observation and said: "It would seem he did not carry out the letter of the law". The hon. member for Assiniboia has accused the Minister of Labour of ignoring the law of his country, and the hon. member for Essex East has implied that the Minister of Labour has ignored the law of this country. In other words, those two hon. gentlemen who occupy places in this house have accused the Minister of Labour of being a criminal as far as the law of this country is concerned.

Some hon. Members: Shame.

Mr. Smith (Winnipeg North): I, being a supporter of the government, will stand here and refute any such suggestions or claims made by any hon. gentleman in this committee. The Minister of Labour has followed the law. He has consulted. To quote an article which appeared in the *Globe and Mail,* if anything he has consulted too much. The minister was under no obligation to inform the head of the Canadian Labour Congress that he had a name he would like to propose. Nothing in the statutes compelled him to do that. But he informed the head of the Canadian Labour Congress as a matter of courtesy, a courtesy which is shown to people and to organizations across this country at any time this government has occasion to do something.

Some hon. members may have wondered why I have risen to speak on the estimates of the Department of Labour. For their edification, and particularly for the edification of hon. members to my extreme right, I should like to put a little statistical data on the record. I was elected to represent the constituency of Winnipeg North and that is where the labour movement began. Mr. A. A. Heaps, in 1925 was a labour member of the House of Commons and before him in 1921 in Winnipeg North Centre, came Mr. Woodsworth, the founder of the C.C.F. And then in 1933, I believe, the Regina manifesto was brought into being and in 1935 Mr. Woodsworth and Mr. Heaps ran as C.C.F. candidates.

What do we see today? We see the successor of Mr. Woodsworth, Mr. Stanley Knowles, who has tried the C.C.F. and who is now busy forming another party which in all probability will be called the labour party. There is no question about his forming it, or his attempting to form it. An article appeared in the *Canadian Commentary* for March 1959 under the heading "The New Political Party". It was written by Mr. Stanley Knowles the executive vice-president of the Canadian Labour Congress. And who in Winnipeg does not recall the day when Mr. Knowles decided to accept his present appointment? Hon. members on my extreme right in the C.C.F. group may well say that the C.C.F. has always been pro-labour and that it was natural that Mr. Knowles should end up where he is. But I have never seen any other executive vice-president announce his intention to run for this office accompanied by the fanfare which accompanied the nomination of Mr. Knowles. Every radio station in the city of Winnipeg was represented; every television camera was there the day he made that announcement.

I ran against a C.C.F. sitting member and I followed the philosophy and the platform of the Conservative party in both elections, in 1957 and 1958. And I, on behalf of the government which I have the honour to support in this house, promised the people of Winnipeg North that this government, on my representations, whatever value they may have, would give each and everyone every break no matter what decision came to light.

The C.C.F. candidates in both election campaigns made no bones about their position. They stood up and said, "We represent the farmer and the labourer". I in turn rose and said, "If you want to put the farmer and the labourer ahead of everyone else in our society then the C.C.F. is your party, but if you want a fair break along with every other Canadian including the fisherman, the corner grocer the shoemaker and everyone else in this great country of ours then I believe the Conservative party is what you want".

Mr. Pickersgill: More taxes for everyone.

Mr. Keays: He said "fisherman", so be a good boy.

Mr. Smith (Winnipeg North): The Conservative party has in the person of the Minister of Labour a man who has given to labour in this country what it has never had before. The hon. member for Assiniboia has placed his opinion on *Hansard.* He stated in effect that the government made a great mistake in failing to follow the letter of the law. He was referring to consultation under

the Unemployment Insurance Act in respect of the appointment of the new commissioner. He has accused this government in general and the Minister of Labour in particular of being criminal and the hon. member for Essex East has implied the same. That hon. gentleman, however, prefaced his remarks with the words, "Indeed, it would appear". Those are the words he used; but then he is a lawyer and the hon. member for Assiniboia is not.

Mr. Martin (Essex East): Mr. Chairman, under the rules of this committee, of course, no hon. member has the right to say that an hon. member has referred to another hon. member as a criminal. I am not aware that any hon. member in this debate has suggested that the Minister of Labour was a criminal.

Mr. MacLean (Winnipeg North Centre): You were not here long enough.

Mr. Martin (Essex East): What was said by the hon. member for Assiniboia, the Leader of the Opposition and myself was that the Minister of Labour had violated the statute. There was no suggestion that he violated the Criminal Code. I think the hon. member does the Minister of Labour a great injustice when he keeps referring to him in the language which he has used when he characterizes him as one who has been accused of a criminal act.

Mr. Smith (Winnipeg North): Mr. Chairman, being a relatively young member in relation to the hon. gentleman who has just spoken and being relatively unlearned in the law contrasted to his fine grasp of it, far be it from me to argue the point he has just made. I shall merely refer hon. members of the committee to page 3362 of *Hansard* and invite them to draw their own conclusions from the words the hon. member for Essex East spoke.

The hon. member for Essex East in his speech the other evening put a great many words on the record but did not—

Mr. Nesbitt: Say anything.

Mr. Smith (Winnipeg North): —impress too many people, in my opinion, because he beat around the bush and refrained from answering questions directly. With respect to the unemployment insurance legislation the hon. gentleman, as reported at page 3362 of *Hansard* of May 5, said:

> The issue which is immediately before us is that the replacement which the government has announced is not, it would seem, fully in accordance with the requirements of the act.

Mr. Martin (Essex East): Hear, hear.

Mr. Smith (Winnipeg North): In that sentence, Mr. Chairman, I contend that the hon. member for Essex East has tried to leave the impression that the Minister of Labour violated the act and thereby did not comply with the laws of Canada. In other words, he is stating in that sentence that the Minister of Labour does not comply with the laws of this land. Despite the opinion of the hon. member for Essex East I am still prepared to stand in this chamber and say that the present minister is the best Minister of Labour this country has ever had.

I would suggest that the hon. member for Essex East read over his own words because I am sure that a man of his integrity and outstanding scholastic reputation in this country would want to correct the false impressions he has placed on the records of this house. The hon. member for Bonavista-Twillingate is another gentleman who—

Mr. Baskin: He is reading the paper now.

Mr. Smith (Winnipeg North): Yes, he is, but that is nothing unusual. However, he is one when he is not reading the paper who is—

Mr. Muir (Cape Breton North and Victoria): Knocking labour.

Mr. Smith (Winnipeg North): —prone to getting on his feet and issue challenges. I in turn in my humble position as a backbencher in this parliament will issue a challenge. I will challenge the hon. member for Essex East to resign his seat along with me and stand for re-election in the constituency of Winnipeg North on the platform of the ethics of the Minister of Labour of this government.

Mr. Winch: And you will both lose.

Mr. Howard: Mr. Chairman, I believe it is always good to relieve tension with a hearty laugh.

Mr. Drysdale: I agree. We are glad you are up.

Mr. Howard: Of course, I cannot help laughing every time I look across at hon. gentlemen on the other side of the house but I am not looking at you, Mr. Chairman, when I say that.

Inasmuch as the Minister of Labour has been in office for only a couple of years I suppose one might say he is the highest paid apprentice in Canada because he is just starting to learn, as he says, and so far as the administration of his department, his ability to present his policies and ideas to the committee and his geniality are concerned, he is progressing very well in this direction.

I suggest to the Minister of Labour that he had better stay in the committee this evening because as sure as heaven if he steps outside the hon. member for Winnipeg

North who just took his seat will have him arrested for all the dastardly things he has been accused of doing. If the minister had done what the hon. member for Winnipeg North suggested he would have broken the law and completely violated the statute and would not simply be deemed to have done so nor would it just have appeared that he had done so.

What the hon. member for Winnipeg North suggested was that the minister did not have to consult anybody but in an outburst of spontaneous graciousness and from some deep well of kindness in his heart he advised the Canadian Labour Congress with respect to this appointment. However, we have perhaps heard enough on this subject because it has been kicked around a great deal today.

My personal views are that I do not care one way or the other whether Mr. MacArthur is a member of the unemployment insurance commission. I do not think it matters one iota in so far as the discussing of personalities of the individual is concerned. This is a question of principle.

This afternoon and this evening, Mr. Chairman, we have had a tremendous display of fear—unconscious, maybe—on the part of the hon. members who have spoken of something new developing in the political movement in Canada. I suggest it could be nothing else but fear that prompted them to make all those comments that they did; and many of them, using their protected position in the house, Mr. Chairman—

Mr. MacLean (Winnipeg North Centre): As you have.

Mr. Howard: —to slander and malign individuals outside the house who have not the opportunity here of protesting or of protecting themselves. This is not in keeping with any sense of fair play, of justice or of decency.

Mr. MacLean (Winnipeg North Centre): Do you know what it means?

Mr. Howard: I hope the Tories have relieved themselves of their ulcerous pains so that we can carry on with something constructive on these particular estimates. So far, we have had nothing but a great deal of trash and tripe discussed or debated in the house.

An hon. Member: You should talk.

Mr. Howard: Apparently my hon. friend was not listening because I said so far, thereby including everybody who has spoken. I hope my hon. friend who has his tongue wagging so profusely down there will realize that I have never yet attempted to say that I know anything about a great many things. I am the first one to admit that on occasion things that I have to say may be incorrect.

Some hon. Members: Agreed.

Mr. Howard: Which is entirely different from the attitude of my friends down in the other corner of the house, as you know yourself, Mr. Chairman, because on occasion you have had to correct them for some of the things they have said.

We have had a great deal of discussion here, and certainly there has been a great deal of discussion in the country in the past two or three years, with respect to unions and the activities of unions, and there have been special references to international unions or unions that have their international or head offices in various parts of the United States. There has been a feeling that this should not be so; that it is not a pleasant thing to have international unions. We should have unions completely run in Canada; we should have Canadian unions. All sorts of people participate in this type of program, of advocating what they classify as Canadian unions, without having the faintest idea, many of them, just precisely what they are talking about or what they are trying to advocate—

Mr. Grafftey: Speak for yourself.

Mr. Howard: —except that the idea sounds good.

The Deputy Chairman: Order.

Mr. Howard: Mr. Chairman, I do not know where that blurb came from.

Mr. Grafftey: I made the comment "speak for yourself".

Mr. Howard: I suppose, Mr. Chairman, this attitude that exists and the propaganda that has been spread for the last couple of years in so far as not having international unions is concerned is probably the natural follow-up to the attitude that has been developing in Canada for the last number of years respecting anything connected with the United States. We have had election campaigns conducted by all parties on the basis of anti-Americanism. It has been said that we should not have United States control of our industry; we should not have Wall street control of our finanical structure. Our defence program is developed in Washington and when it comes to external affairs we have to consult with the secretary of state of the United States. All sorts of ideas along these lines have been developed. We do not like control of Canadian affairs resting in the hands of people in another country. I agree with that suggestion.

In so far as the development of so-called Canadian unions is concerned, the phrase that is used by others, I do not know what it means. I have my conceptions of Canadian

controlled unions and there are many in Canada which are completely run, democratically operated and every penny of the dues paid by members in Canada is spent in Canada. I am partial to that approach to things.

I should like to illustrate to the committee if I may one particular union with which I am familiar. I think this union can set a criterion or a pattern to be followed by quite a number of unions. It is an international union with offices and locals in the United States. I refer to the international woodworkers of America. This particular union —and it is not an isolated case; there are many like it—is completely autonomous in Canada. The international officers have no authority to come into any local union, to come into any district council or any subdivision in Canada unless they are invited there by the Canadian officers elected by the membership in Canada. That state of affairs has been in existence for quite a number of years. Every penny in dues that is paid by members to the I.W.A. in Canada is banked and spent in Canada for international purposes or district purposes or for what have you, but every penny is spent in Canada.

The officers of that particular union are elected by secret ballot of all of the membership. The constitution is amended in the same way. Every six months the local union that I was attached to, and others in British Columbia, had an audit of their accounts, of their books by a firm of chartered accountants. Griffiths and Griffiths was the firm. Every six months that chartered accountants' audit was submitted to the membership, to every sublocal. Every member of the organization had access to it. It is completely democratically run, completely membership controlled, and there is a close liaison between the question of authority and responsibility. I suggest, Mr. Chairman, this is a pattern for some other unions to follow in so far as autonomy is concerned and in so far as democratic membership control of trade unions is concerned. I mention this—

Mr. Chown: Why do you not preach it, then?

Mr. Howard: Perhaps the hon. member would like to explain his question.

Mr. Chown: Why do you not advocate that kind of union across the line?

Mr. Howard: I do not know what my hon. friend is doing over there but I have just been suggesting that. It is unfortunate if he was contemplating other things and not listening to what I said. That is what I said. And anybody who knows me and knows of the things I save said within the union—

[Mr. Howard.]

An hon. Member: We know you.

Mr. Howard: —and at any political meeting that I have attended where this question has been discussed knows I have used this approach exactly.

Mr. Chown: And out on the hustings, too?

Mr. Howard: On the hustings, too, yes sir. So that, I assume, answers the questions that the hon. member asked and I also imagine it answers the remark, whatever it was, of my hon. friend over there, a while ago.

Like the hon. member for Cape Breton South, I am proud to belong to my particular trade union. I worked in that industry and I suppose any union member would feel precisely the same way as I do. This is the union, Mr. Chairman, that—I will not use the word "gentleman", it sticks in my throat —the premier of Newfoundland outlawed by political domination or by by-passing the labour relations board of that province. This gentleman and the hon. member for Hamilton South suggested a while ago that unions had a number of things to look out for. He mentioned the infiltration within their ranks by communists as one. He mentioned the apathy of the membership of the unions as another. He mentioned political interference or domination by the C.C.F.

Mr. Denis: That is the worst.

Mr. Howard: He mentioned one other thing. Exactly what it was does not come to my mind. But my friend who just said that was worse is a person who belongs to the same political party as the one which did the most dastardly and unkind thing to a union in Newfoundland that has ever been done in Canada. He is sitting there and saying, that is the worst thing that could happen. These people from the Liberal party who are talking about the things that unions have to fear will find that the Liberal party in Newfoundland is doing the things that will create the need and the desire on the part of working people of that province for political action. Heaven knows what might result from it. It will be a good thing if the people will take more thought about political action.

I, for one, do not care too much about which particular party an individual in the trade union movement supports; that is his business. In so far as the thoughts we have had in regard to this new political party are concerned, it would still remain his business. There is no intention of changing that and forcing people to vote this way or that way. Anyone who suggests otherwise is talking through his hat or exhibiting his own fear of something new in a political party developing in Canada.

It is not a question of international unions; that is incorrect. It is not the international unions toward which people should be directing their thoughts today. In practically all unions today there is responsibility through the executive, through councils, through annual meetings and conventions to the membership. It does not matter whether unions have their head offices in Cincinnati or Portland or Montreal or Ottawa; it does not matter whether it is an international union or not an international union, but there may be incorrect things that creep into the organization. I am speaking about a minority element in the trade union movement—I mentioned this during the last session when these estimates were under discussion—but conditions exist in some unions under which members are denied their democratic rights within an organization.

One of the places in which we find this condition, where there is a juggling of the affairs, where there is a hiding of financial records and books, is where there is a great preponderance of supporters of the communist party in a particular union. These unions are in the minority, but this is the thing which is causing a great deal of difficulty and concern, not only outside of the trade union movement but inside as well. It is this question of not allowing the members of the union to have complete control, for one reason or another, which is causing concern. If the principles which I outline at the outset and which are followed by the union to which I belong, the international woodworkers of America, were adopted by some of these unions in which free speech does not now exist, we would have a much better attitude toward unions in Canada, whether they be international or not international. I know my friend the hon. member for Vancouver South has some knowledge of the operations of this union on the west coast, as has the hon. member for Comox-Alberni who is also in the lumber industry. I am sure that they would generally agree with the things I have just mentioned.

Mr. Broome: You are quite right; we agree with you 100 per cent on this.

Mr. Howard: Here is where the effort must be developed, in so far as the unions themselves are concerned, if they are to make any progress toward ensuring that every possible degree of democracy exists within the unions, and that every possible allowance is given for freedom of speech; that chartered accountants audit the books and that financial returns are made to the union members.

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

Mr. Howard: Wait a minute, and then I will. This minority section of the trade union movement in which these conditions do exist has to clear up these problems itself. One of the difficulties is the apathy of the membership. Certainly, this condition must be cleared up or, just as sure as I am standing here, public feeling will gather steam; legislators will hear more and more things, and there will be a demand for legislation in order to curb all these practices. The only way to prevent what might be classified as governmental or political interference in the internal operations of unions is for the unions themselves to set this goal, and to generally adopt the internal organization, the democratic procedure, that exists within the international woodworkers of America.

Mr. Broome: I quite agree with everything the hon. member has said about the I.W.A., about it being a very democratically run union. Would the hon. member agree that no trade union should be allowed to affiliate with the Canadian Labour Congress or be given recognition by the government unless that trade union meets a minimum standard in its constitution by way of democratic organization, and that there is control of the leadership by the union body? In other words, a union ought to have a minimum democratic set-up before recognition is given by the federation?

Mr. Howard: There are two parts to that question, and it may be rather a lengthy one to answer.

Mr. Broome: It just means, should all unions be as democratic as the I.W.A. before they are allowed to become members of the Canadian Labour Congress?

Mr. Howard: I do not think I can speak for the Canadian Labour Congress, but I will say this: I know the attitude of that body toward its affiliated unions. They have taken measures—and this thing is continually under review—

Mr. Broome: Like the S.I.U.

Mr. Howard: —just as the C.I.O. and A.F. of L. in the United States have done.

Mr. Broome: Would the hon. member permit another question?

Mr. Howard: Wait until I answer the first one. In so far as whether or not a union should be, as I put it and as the hon. member puts it, as democratically operated by the members themselves as is the I.W.A., I would say that would be an excellent condition to have in existence.

Mr. Broome: Would the hon. member agree that the trusteeship of a union local should be outlawed?

Mr. Howard: No.

Mr. MacLean (Winnipeg North Centre): Mr. Chairman—

Mr. Howard: Just a minute. There may be a sound reason for trusteeship in some instances. I do not think it should be used in a way in which it has been used in some instances where the local was placed under trusteeship, where the bylaws were absolutely waived, where membership meetings were cancelled for months ahead, and that sort of thing. However, for one reason or another, a local union may not be able to stand on its own feet. There may be a financial reason. Then, there is quite likely a good case for trusteeship. It is the application of trusteeship, when it goes too far, that creates difficulties.

Mr. MacLean (Winnipeg North Centre): I have one question I should like to ask and I ask it in all seriousness. The hon. member comes from British Columbia. I should like to know whether or not he agrees with all the implications or part of the implications of the recent bill passed by the British Columbia legislature with regard to labour. I think it is Bill No. 43. I should like to know how the hon. member stands on the various implications.

Mr. Pickersgill: Is this a quiz program?

Mr. Howard: I do not mind going into that matter. I think it probably verges on the question of the jurisdiction of the provincial government. I might get part way into it and find that I am out of order and then would not get the thing cleaned up. I should be quite willing at some other time—

Mr. MacLean (Winnipeg North Centre): The only reason that I raised the matter was the fact—

The Chairman: Order. I must ask hon. members please to limit their comments and questions to matters under the jurisdiction of this house.

Mr. Howard: Through you, Mr. Chairman, I would say to my hon. friend that at some other time outside of this chamber where the rules are not so strict we could sit down, for instance in an office, and discuss the matter and I should be more than pleased to do so. But from some of the remarks I will set out here later on in my discussion of the federal labour code and its relationship to union-management negotiations, you might get some idea of what my feelings are toward that particular statute.

[Mr. Howard.]

We have the question that we hear so much about, namely the question of strikes. The minister today, in some of the statistical information that he gave to us, said that during the year ending March 31, 1959 his department had handled 108 industrial disputes. I assume that figure relates to disputes which were not settled in direct negotiations, but got to the conciliation officer stage. So there may have been in addition to the 108, some other disputes which were settled by direct negotiations and which would not necessarily come to the attention of the department. Of these, 63 were settled at the conciliation officer stage and another 24 at the conciliation board stage. Six of them ended up in strikes.

I am going to submit that, generally speaking, the development of labour laws in Canada and the provinces where there is a similarity in the process of negotiations, has not kept pace with the changing moods and attitudes of unions and management in their negotiations and in their feelings toward negotiations and that the law is out of date in many respects. Here, for instance, in some cases, the question of illegality arises.

If I may, I should like to make a brief reference to the labour relations act of the province of British Columbia, previously the industrial conciliation and arbitration act. Under that law in British Columbia and because of the manner in which the international woodworkers of America—and the international brotherhood of carpenters and joiners is another union—have received their certificates of bargaining authority, because of the structure of industry and the manner in which they negotiate with the group of employers rather than with each separate employer; because of that system and the law, if and when the international woodworkers of America in the province of British Columbia finds it necessary to go on strike, it is not possible for that union to conduct a legal strike.

The minute they go on strike, it can be classified as an illegal strike if the courts want so to determine or if the minister wants to refer it to a judge of the supreme court out there. The law is written in such a fashion that it is absolutely impossible for the I.W.A. to conduct a legal strike in the province of British Columbia. What happens is this. The minute a strike takes place there is a big hue and cry about illegality and the general public says, "If you cannot conform to the law, then there is no sense of your even being in existence." Yet the lawmakers said in the first place, "We are not going to let you comply with the law." That is one instance of what happens if you end up in a strike. You get into a difficult legal position because

of the manner of the negotiations, the manner in which the Department of Labour has issued its certificate and the wording of the act itself. Here we have, as given by the minister under the federal code, a number of cases that have been settled at the conciliation stage, and a number that have been settled at the conciliation board stage, and since March, 1959, I think one that was settled by the minister would not be included in this set of statistics. But if it was included, I do not know whether he would say it was one dispute settled by the minister or just how he would classify it. In any event, from time to time strikes take place because of the law itself.

I submit the law is far out of date in this instance. This happens in some sense in negotiations. It has happened in the past and probably will happen in the future. It happens probably under the federal act because of the manner in which it is worded. It sets out that the first steps in the negotiations between union and management will be direct negotiations. Each side sits down on the opposite side of a table or in a room or wherever they want to meet. They sit down and try to bargain. Neither side, neither the union nor management will give too much. They want to feel each other out at this stage and see how much they might get on this point and give on that. That is the process of collective bargaining, giving and taking. So at the end of the time set for direct negotiations they have not reached a settlement.

So they go before a conciliation officer. If the conciliation officer is not astute and able, and an acceptable mediator and is not tactful and diplomatic—and many of them that I have come up against are not—they will not reach any settlement there. They will put off the negotiations or the collective bargaining until they get to the conciliation board stage. In many cases both management and union will then say, "We will submit our briefs to the board". The board will weigh them and will issue a report. They will say, "Well, we will not make a settlement". If the report of the board is not acceptable, one side or the other will reject it because the union has to take a strike vote. Management will say, "We will wait and see whether they will get a good strike vote, it will indicate how solid their members are behind them, and we will know how far we can go". The union might say, "We will not accept the award but we will wait for the results of the strike vote and then we will know what position we are in so far as our membership are concerned and we may be able to get a little bit extra or another word in the contract or something of this nature".

The legislation that exists now tends to promote and foster the idea of delay and protraction and putting off collective bargaining until it is just too late and then the matter ends up in a strike. I submit that it is necessary to eliminate or drastically revise these sections of your labour code where it has reference to conciliation procedure. A prime example of a good conciliation officer is the Minister of Labour's actions just a few days ago in so far as the C.N.R. and the railway employees were concerned.

I do not know what went on in the room. I do not know the words that were used or anything else. But I know the attitude of the minister. We have seen him in this house a number of times. We have spoken with him personally. We know his attitude. A diplomatic and tactful approach, is the one that should be used by a conciliation officer and that conciliation officer or mediator, or whatever you want to call him, should have the authority to make union and management sit down and bargain instead of saying, "Well, I will not do too much because we have another step, namely the conciliation board". A certain amount of authority and power should be given to the conciliation officer. Revise your act. Select good conciliation officers. Give them the authority to mediate, to conciliate, to get people to sit down together. Make sure you pick the right people, people like the minister with diplomacy and tact, people with honesty and openness just oozing out all over them so that no one can accuse the mediator of having an axe to grind. Then you will get more settlements in that way than you will get under our present system.

I would like to make reference, if I may for a short while, to the strike vote which is nowadays conducted. Many union constitutions including that of the I.W.A. say that no strike can be called unless a majority of the members by secret ballot vote to call such a strike. I submit that that is the manner in which all strike votes should be conducted, namely by secret ballot. The way a strike vote has been conducted in some cases is that you have a number of people standing in a hall and a motion is put to them: "We are going on strike; all in favour say aye". But during the course of that procedure a number of people may still desire to vote no. Union officers thereby have no clear idea of the actual feeling of the members. I also think that the secrecy of marking the ballot should not be violated. I submit that this, the secret ballot, is the method by which all strike votes should be conducted.

Mr. Chairman, I have concluded that phase of my remarks and I have only a few points to add.

The Chairman: The hon. member's time is up. Has he unanimous consent to continue?

Mr. Pickersgill: Mr. Chairman, I think there are some hon. members who would like to take part in the debate.

The Chairman: I am sorry; the hon. member's time has expired.

Mr. Chambers: Mr. Chairman, I will leave time for other hon. members to speak this evening. I would like to speak at this stage because the riding which I represent, St. Lawrence-St. George, is to a great extent composed of working people, including many members of unions recently actively engaged in union activity. I must say I was somewhat surprised at one suggestion made by the hon. member for Skeena, namely that a mediator should be given more power of negotiation. It seems to me that he was getting very close to the anathema of the labour movement, compulsory arbitration.

There has also been some criticism in the last few days, particularly from the hon. member for Essex East as well as from members of the C.C.F. party, on the question of appointments to the unemployment insurance commission. The shorter Oxford dictionary defines "to consult" as "to confer about, deliberate about, to consider". There are a few other definitions not too applicable to this case, but nowhere is the definition given as "to dictate". Yet it did seem to me from the remarks of some hon. members that what was wanted was that the C.L.C. should have dictated this very appointment. I repeat "to consult" means "to confer about, deliberate about, to consider". This was done. But as has also been mentioned, the C.L.C. is at the moment working on the formation of a political party in consultation and co-operation with the C.C.F. with the object of forming, presumably, a government in this country. If we accepted this idea that the C.L.C. had to appoint, in effect, the labour member of the unemployment insurance commission, what we would be saying is that you could not get this appointment without being a supporter of the C.C.F., or that party which presumably is to be its heir.

I think, Mr. Chairman we should consider which party in this house represents labour. In my view the Conservative party at this very moment represents the majority of the labour people of this country.

Some hon. Members: Hear, hear.

Mr. Chambers: In constituency after constituency where labour was the dominant vote the Conservative candidate was elected. We intend, or at least I intend, to go on doing my best to represent the views of the people in my riding who are in the labour movement. They support the Conservative party because the labour program put before them by the Conservative party is what they want. The Conservative party has a record throughout the history of this country of being the leader in legislation beneficial to labour. As the hon. member for Winnipeg North Centre said today, we have provided this country with the best Minister of Labour in Canada's history.

A few minutes ago the hon. member for Hull was accusing this government and the Minister of Labour of having done nothing about unemployment. With his usual heat he overlooked the fact that one chronic problem in this country with regard to unemployment, which has been a chronic problem for many years, is the problem of winter unemployment. I could mention just briefly four separate things which this government and our Minister of Labour have done to alleviate that problem. There was a conference held with representatives attending from all parts of the country from all interested bodies. Then there was the winter works program. There was the aid to municipalities for their winter works; and there was the general government program of accentuating those government undertakings which could be done during the winter months. Yet to my knowledge this problem was not even considered by the previous government. So it is difficult to see what justification there could be for the statement of the hon. member for Hull that nothing has been done. Mr. Chairman, I have only mentioned a very small part of the undertakings of the government, and in particular the Minister of Labour, in this field.

Mr. Chairman, I said that I would be brief, and I would like to end my remarks again on the question of the proper representation of labour on government bodies, and to put before you, sir, and the other hon. members present in the house that with the present situation in this country, different as it is from the United Kingdom, where there is not and never has been any likelihood of a party formed by the labour movement being successful, it would not be in the interests of the rank and file of labour to support this new group or to support recommendations or nominations by them, because if they did they would not be properly represented in government and government bodies.

Mr. Carter: Mr. Chairman, the hon. member for Skeena while he had the floor said some very harsh things about the premier

and the government of the province of Newfoundland. I am not going to take the time of the committee to reply to his charges one by one, but I do want to make a point, and it is this. The leader of the party to which the hon. member for Skeena belongs, as well as the party to which I belong, asked the Prime Minister to set up an impartial inquiry to find out and make public all the facts in connection with the labour dispute in Newfoundland. That inquiry was not set up and these facts have not been ascertained or made public. On what basis can the hon. member for Skeena get up in this house and make such charges? I ask him on what basis can he make charges and pass judgments of that sort when nobody knows the facts, because the facts have not been ascertained by an impartial body? The facts have not been made public as a result of a public inquiry. Besides, the hon. member for Skeena has not been to Newfoundland, and so he does not know what he is talking about. He cannot judge by hearsay, yet on that basis he has set himself up as a judge. In doing that he has given the lie to the very democracy for which he claims to stand.

Mr. Howard: You are very incorrect, you know.

Mr. Carter: That is all I have to say on that subject. I will let hon. members judge for themselves.

The unemployment situation in my own province has been very serious for the past two years. The level of employment in 1957 was far below the average for previous years. The 1957 fishery was far below average and during that year there was also a falling off in construction work so that there was far less opportunity for people to supplement their earnings from the fisheries. Last September, when the house was in committee of supply, those of us who have the honour to represent the province of Newfoundland in this chamber drew attention to the conditions which existed at that time, and in order to refresh the minds of hon. members I should like to quote what the hon. member for Bonavista-Twillingate said on that occasion as reported in *Hansard* for September 4, 1958, at page 4616:

> In view of conditions in Newfoundland, which have been particularly adverse this year because of the failure of the fishery and because of the difficulty of disposing of the pulp and paper products of the only other large Newfoundland industry, there is no question that the economic situation is very serious. Maintenance of existing services is going to be more difficult this year than it has been any year since confederation, particularly during the coming winter. Capital works are very urgently needed indeed.

Mr. Howard: How then could you have granted this large wage increase at all?

Mr. Carter: You get up and make your speech in your own time.

In supporting the plea which the hon. member for Bonavista-Twillingate made at that time, I had this to say, and I should like to quote a few lines from page 4618 of *Hansard* of the same date:

> Every province wants to improve its services. But if this money is not forthcoming, Newfoundland will be obliged to divert funds from the special grant from its original purpose intended by this parliament in order to maintain existing services, and the result of that procedure is going to be to retard progress in Newfoundland for at least two or three years. Not only will it retard progress but it will also nullify the plans of the government which were intended to cope with the unemployment situation in Newfoundland which today is double what it has been in the worst year since confederation.

The money we referred to was, of course, the grant recommended by the McNair commission which, however, was not made available as requested and which has not been made available to the province even today. As a result, the situation in Newfoundland is still serious in the light of an analysis of the unemployment figures for March which are the latest I have been able to study. The Minister of Labour very proudly announced in this house that the March figures showed an upward trend and a general improvement in the employment situation in Canada. For Canada as a whole, that is true. The percentage of unemployed declined from 8.8 in February to 8.6 in March, but if we analyse those figures we find that this improvement took place in Ontario and in the western provinces. In Quebec and in the maritime provinces the situation was worse in March than it was in February. In Quebec the percentage for February was 12.1 and for March it was 12.5. For Prince Edward Island, Nova Scotia and New Brunswick the figure for February was 12.2 per cent, and for March 13.2 per cent.

What were the figures for Newfoundland? In February the level of unemployment stood at 30.8 per cent and in March it was 31.5 per cent. The government and the Minister of Labour did not see fit to act on the suggestions which we made on this side of the house for coping with the unemployment problem. Instead they set great store by their winter works program and their funds for housing and public works. I commend them for what they tried to do in housing, and on their winter works program, but it may be recalled that on April 22 I asked the Minister of Labour the following question as recorded on page 2928 of *Hansard*. I propose to read this question into the record again because I think it will be useful for readers of *Hansard* and for hon. members to

have it before them when they analyse these figures. My question was:

1. How many municipal winter works projects under the Department of Labour have actually been in operation up to date in each province?
2. What is the estimated cost to the federal treasury in each province?
3. What is the estimated number of additional jobs provided in each province.

The minister replies as follows:

Province	No. of projects	Expenditure	No. of jobs
British Columbia	292	$1,191,000	3,059
Alberta	238	1,494,000	4,557
Saskatchewan	123	481,000	2,050
Manitoba	76	661,000	1,322
Ontario	641	3,565,000	10,486
Quebec	254	1,818,000	5,561
New Brunswick	208	242,000	2,324
Nova Scotia	205	445,000	7,184
Prince Edward Island			
Newfoundland	26	49,000	416
Northwest Territories	8	12,000	96

If you total the expenditures which I have just read out you will discover that they amount to $9,958,000, or just a little under $10 million. When you analyse those figures you find that the people who benefit from these projects are those who live in the wealthier provinces and not those who live in the poorer provinces where unemployment is highest. For example the province of Ontario alone gets almost exactly one-third of the total expenditure. The three wealthy provinces of Ontario, British Columbia and Alberta receive over $7¼ million or roughly 71 per cent. The maritime provinces including Newfoundland receive only $736,000 or roughly 7 per cent.

Although the hon. member for St. Lawrence-St. George took exception to a statement made by the hon. member for Hull that the government did nothing, I think in view of these figures that as far as Newfoundland is concerned if the government did nothing it certainly did next to nothing. The amount of $49,000 was the total expenditure for Newfoundland and it provided 416 extra jobs.

Mr. Broome: That is because you did not apply for projects.

Mr. Pickersgill: That is because the money was not paid under term 29.

Mr. Broome: You did not apply for projects so it is your own fault.

Mr. Carter: I have quoted these percentages—

Mr. Bell (Carleton): Without understanding them.

Mr. Carter: —in connection with the winter works program but the same proportion and percentages apply with respect to all these matching grants regardless of whether they relate to housing, public works or some other projects. Any 50-50 grant set out by the government is always divided in that proportion and the wealthier provinces get the lion's share while the poorest provinces that are in the greatest need get the crumbs.

Mr. MacInnis: What about the proportion of the population?

Mr. Carter: The other project which the government undertook as a winter works project in Newfoundland was the community stage program. I believe that this program is a splendid one but it should never be put forward as a works program. Although it is an excellent idea that should be encouraged and enlarged it should not be a make-work program but rather should be developed as an integral part of the fisheries development program.

What were the effects of the community stage program? In Newfoundland we have approximately 10,000 or 12,000 fishermen living in 1,300 communities spread all across the province. The government provided 20 community stages. It may be said that there is an equal need in each community. In each community probably 20 people got work; let us say a total of 400. In my own riding there were two projects providing work to approximately 40 people.

Mr. Small: You were lucky.

Mr. Carter: Before leaving the subject I wish to suggest to the minister that now is the time to make plans for next winter. The making of plans should not be left until next September, October, November or December. Unless well-developed plans are made now we will have the same thing happen next year. I urge the minister and the government not to make any more 50-50 grants. Such grants may be all right for Ontario but they could ruin Newfoundland and the other maritime provinces.

Mr. Paul: What do you want, 90-10?

Mr. Carter: Yes. I want the grants distributed on the basis of need and not on the basis of wealth.

I wish now to turn to the subject of prevailing rates. The Department of Labour has a division which takes samples of wages paid in various parts of each province. I do not know what formula is used or whether the average is taken. In any event they set up what is known as a prevailing rate which is used as a standard of wages paid to government employees—

Mr. Starr: Prevailing rate employees.

Mr. Carter: Yes. This is what happens. The hydrographic survey in my riding a

year ago operated two small boats of exactly the same size that were doing exactly the same work. The crew of one was recruited in Halifax and the crew of the other was recruited in Newfoundland. The Halifax crew doing exactly the same job and living side by side with the Newfoundland crew was receiving about 20 per cent more wages for the same job. The same thing is true of our public works programs. This year in St. Lawrence on the community stage, about which the Minister of Public Works knows something, the wages that were paid for the jobs were lower than the union rates that obtain in the community.

I suggest to the minister that as a matter of government policy provision should be made for equal pay for equal work, certainly for people employed by the government of Canada in the same region. If we divide Canada into three regions, the central, maritime and Pacific regions there may be differences in rates between the regions but certainly people doing similar work for the government should get the same pay within a region. The least that could be done would be to take the average for the province as a whole when the department is taking samples. The department should not take a sample from half a dozen small communities.

An hon. Member: How many years has that been going on?

Mr. Carter: I do not know how many years it has been going on. I discovered it only two years ago. That does not alter the value of the suggestion. If a practice is wrong it does not matter whether it has gone on for two years or twenty years. Hon. gentlemen opposite were elected on a platform based on a high level of righteousness that promised to eliminate every injustice in Canada.

Mr. MacInnis: How long have you been a member?

Mr. Carter: Before I sit down I wish to say a word about the unemployment insurance program. Two years ago we set up seasonal benefits for fishermen. That has been the subject of a great deal of criticism in mainland newspapers. I read something about it in the latest issue of the *Financial Post*. It has been referred to as a welfare program for loggers and fishermen. I do not know why mainland papers always have to pick on loggers and fishermen because they are not the only ones. Long before the loggers and the fishermen ever got into the scheme it was a welfare plan for all the lake seamen, for all the lake stevedores and for everybody who handled freight up and down the great lakes, and there are many other categories as well. But nobody remembers that. All they are concerned with is that the fishermen are getting something out of this.

There is a need to review this scheme for fishermen because it is not working out on an equitable basis. In the western part of my riding the fishermen fish all the year around and the winter season is the best time for fishing. Because they have to fish in the wintertime the stamps they earn then cannot be counted for unemployment insurance in the slack season when they need it. Therefore, that section of the fishermen is deprived of it altogether and I should like to make that known to the editors of the *Financial Post* and to the editors of all the other mainland papers who are interested in this subject.

There is a need to review this. It was my understanding that the present government gave an assurance that it would be reviewed and revised. Certainly, we have had it in effect long enough to know what the difficulties are and how to iron the bugs out of it.

The latest suggestion of the *Financial Post* is worthy of consideration. It was that perhaps the time has come when we should have two unemployment insurance funds, one for seasonal workers and one for regular workers, which perhaps could be put on an actuarial basis. I have not had time to give too much study to it but it looks reasonable to me and I do hope the minister will give some consideration to it.

Mr. Starr: It is being studied now.

Mr. Winch: Mr. Chairman, I have an idea that I shall speak for the full five minutes that are left. As a matter of fact, Mr. Chairman, I think I intend to speak for more than the full five minutes, although I want to make it clear that it had actually not been my intention to speak on this item at all. But, after listening this afternoon to the remarks made by the hon. member for Hamilton South, the hon. member for Hull and the hon. member for Winnipeg North I most certainly have a few remarks to make.

I admit I was a little bit surprised to find the first vote of the Minister of Labour being used by two members on the government side and one on the official opposition side to pillory the trade union movement of this country and to make some rather amazing, fantastic and startling statements relative to some outstanding trade union leaders of this country, but notably to pillory the C.C.F. and, of course, at last to bring out in the open just how much both old line parties are scared stiff of the political future because of a democratic and almost unanimous move by the useful people of our country, the working people, to have their own political expression. Yes, all three members made it very clear

how the Liberals and the Conservatives are shaking in their political shoes because of what they can see coming up in the future.

It was, of course, very interesting to listen to the hon. member for Winnipeg North—

Mr. Henderson: An hon. member says you are still wearing your overalls.

Mr. Winch: If I am still wearing my overalls it is a damned expensive suit I have on now. I am told that it suits me.

I have said, Mr. Chairman, it was interesting to listen to the hon. member for Winnipeg North, when he was trying to tilt a little bit with the hon. member for Essex East, and to hear him say he was a complete novice when it came to tilting with an hon. member of the legal profession. But yet, at the same time, as a complete novice as, he admitted not only in legal matters but in this House of Commons, he attempted to give us a trade union historical review when he told us, as he did, about how in Winnipeg North we had started the trade union movement under A. A. Heaps and J. S. Woodsworth, two very renowned names in the trade union and political history of this country.

May I tell the hon. member for Winnipeg North that the trade union movement did not start in Winnipeg in 1921, which was the date he gave. There was a great trade union movement long before 1921. Not only that, but may I say this—because of his interest in that he named J. S. Woodsworth—J. S. Woodwsworth did not learn his trade unionism in Winnipeg in 1921. He learned it in Vancouver in 1917 and 1918. I can not only pinpoint J. S. Woodsworth's trade unionism and socialism in Vancouver, I can point out 1218 Howe street in the city of Vancouver, because that is where he lived, at the home of my father, who was the business agent of the international longshoremen's association. I am proud of the fact that it was at 1218 Howe street, in the west end of Vancouver, in the home of my father, that the man who later was the chief and the founder of the C.C.F. learned his trade unionism and learned that socialism and Christianity are one and the same thing.

I see it is ten o'clock, Mr. Chairman.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, I understand we are going on with these estimates tomorrow. I wonder whether the leader of the house could throw any light on the business for next week?

Mr. Green: Mr. Speaker, the hon. member is correct about the business for tomorrow. On Monday we shall commence with the budget bills with the exception of the amendment to the Income Tax Act; then take the Unemployment Insurance Act and the Federal-Provincial Tax-Sharing Arrangements Act.

Mr. Pickersgill: Will the minister be continuing with that on Tuesday as well?

Mr. Green: Probably, but I cannot be sure. I would hope that we would get all of this finished on Monday.

Mr. Pickersgill: The minister is optimistic.

At 10.02 p.m. the house adjourned, without question put, pursuant to standing order.

APPENDIX

FOOD FOR PEACE CONFERENCE—JOINT COMMUNIQUE OF MAY 6, 1959

The conference of major wheat exporting nations convened by U.S. Secretary of Agriculture Ezra Taft Benson, implementing President Dwight D. Eisenhower's instructions to explore means of utilizing food "in the interest of reinforcing peace" took place in Washington May 4-6, 1959. The governments were represented by the following cabinet members or heads of delegations:

For Argentina: Rafael Garcia-Mata, under secretary of agriculture, Buenos Aires, Argentina.

For Australia: Sir John Crawford, secretary, Department of Trade, Canberra, Australia.

For Canada: Hon. Gordon Churchill, Minister of Trade and Commerce, Ottawa, Canada; Hon. Douglas S. Harkness, Minister of Agriculture, Ottawa, Canada.

For France: His Excellency Herve Alphand, Ambassador of France, Washington, D.C.

For the United States: Ezra Taft Benson, Secretary of Agriculture, Department of Agriculture, Washington, D.C.; C. Douglas Dillon, under secretary of state, Department of State, Washington, D.C.; Clarence L. Miller, assistant secretary of agriculture, Department of Agriculture, Washington, D.C.; Laurence B. Robbins, assistant secretary of the treasury, Department of the Treasury, Washington, D.C.

The director general of the food and agriculture organization of the United Nations, Dr. B. R. Sen, participated in the discussion. In addition to the delegates, senior officials of the five governments and F.A.O. were present.

In opening the conference, Secretary Benson emphasized the need for the food surplus nations to increase their already considerable efforts to assist those peoples in need of additional food. He invited the participants, in the broad definition of President Eisenhower's statement, to join with the United States in studying possibilities for improving existing programs and engaging in new understakings to increase the utilization of food.

Secretary Benson outlined plans of the United States to achieve more effective utilization of wheat to alleviate hunger, promote economic development, increase world consumption and expand commercial markets, which will be the subject of a separate U.S. release. He pointed out that there would be close consultation with the other wheat exporting countries to ensure adequate protection of their commercial marketings. At the same time, he emphasized that this did not in any way imply a change in the administration's policy to seek ways to reduce incentives which result in overproduction and the accumulation of surpluses.

The conference examined, in the light of principles established under FAO auspices, a wide range of subjects related to world trade and the use of food, particularly wheat, for humanitarian and development purposes in the less developed countries.

The conference recognized the importance of adequate food supplies to all nations. These exporting countries share a feeling of responsibility to assist, within their capabilities, the efforts of other nations to achieve this goal.

In a review of food availability and world food needs it was recognized that the commercial export marketings of wheat by the countries represented, even though expanded somewhat, probably would be considerably below their combined capacity to supply for the next few years. In fact, unless there are striking changes in wheat production patterns and trends in the major exporting and importing countries, it will take larger movements of wheat than in recent years to prevent further accumulations of surplus supplies in exporting countries. The conference also recognized that the real food needs of many underdeveloped countries exceed their ability to buy, and could only be satisfied commercially after a period of economic development. The wheat exporting countries do, therefore, have a very real interest in market development, in sound economic development, and in the possible use of surplus wheat in ways which will contribute to healthy economic growth and assist in emergencies.

All these wheat exporting nations, according to their individual capacities, have contributed wheat to assist other countries in past emergencies, or are doing so now.

The importance of commercial trade in wheat as a desirable force in world development was stressed. The conference discussed means of promoting the growth of such trade to mutual advantage of exporting and importing countries. There was agreement on the necessity of safeguarding the interests of all wheat exporters in their existing commercial markets and of assuring the natural growth of the commercial world market.

66968-9—219½

In the review of existing and possible means of utilizing wheat supplies in excess of commercial marketings, it was recognized that many of the surplus disposal measures developed to date have had, as important objectives, the promotion of specific economic development projects in the recipient countries and the improvement of nutritional levels—objectives to which all major wheat exporting countries subscribe. It was agreed that these objectives are not always easily attained; that there is a need for considerably greater study of the manner in which efforts in this direction can be made most effective; and that studies and actions in this field should be directed toward:

1. Projects to raise consumption directly among specially deficient groups in the population, as, for example, through direct feeding programs, such as school lunch projects, refugee feeding and resettlement, and related economic and community development projects.

2. Projects to aid economic development, on a basis which will permit most effective use of national currency funds accruing from sales of surplus foods.

3. Projects to establish national food reserves utilizing existing idle storage facilities or newly constructed ones.

The conference took a realistic view of the situation. It recognized that the world wheat supply situation and levels of prices are disturbed by the stimulation of production, in most importing countries as well as in some exporting countries, by high price supports and other measures. In this connection, it was noted that some exporting countries have made, and are making, efforts to reduce incentives to overproduction.

It was realized, also, that moderate increases in total distribution and utilization of wheat can be attained within the next few years with increased efforts by exporting and importing nations. There are physical and administrative limitations to the importation and distribution of wheat in many importing countries. Inadequate distribution facilities and lack of trained personnel can create bottlenecks which can prevent adequate food from reaching people who need it. Balance of payments problems may require consideration also. It will take time and effort, in addition to food and investment, to offset these limitations.

The conference attached great importance to arrangements for ensuring the consultation required for attainment of the agreed objectives. It was decided therefore to establish immediately a wheat utilization committee which will be a consultative body of governments represented at the conference and which will be composed of officials having policy responsibilities.

The committee will consult, as appropriate with representatives of recipient and other countries. It will maintain a close working relationship with the food and agriculture organization of the United Nations.

The committee activities will include consideration of the following:

1. Possibilities of expanding the world's commercial trade in wheat, including the development of new markets.

2. Ways of increasing and making more effective the utilization of wheat surpluses for the promotion of economic development and the improvement of nutritional standards.

3. Co-ordination of disposal programs for economic development with other development activities in the recipient countries so as to ensure that such programs will contribute fully toward increasing consumption and commercial markets.

4. The establishment of guide lines for providing wheat to individual countries on concessional terms and the safeguarding of commercial marketings.

The conference invited Secretary Benson to convene the first meeting of the committee at an early date.

The conference resulted in a better mutual understanding among the participants of their countries' policies, problems, and proposed actions. There was discussion of the advantages of holding similar consultations on other food commodities and with other nations.

HOUSE OF COMMONS

Friday, May 8, 1959

The house met at 11 a.m.

ESTIMATES

THIRD AND FOURTH REPORTS OF STANDING COMMITTEE—CONCURRENCE IN THIRD REPORT

Mr. A. R. Smith (Calgary South) presented the third and fourth reports of the standing committee on estimates, and moved that the third report be concurred in.

Motion agreed to.

OLD AGE SECURITY ACT

Hon. Donald M. Fleming (Minister of Finance) moved for leave to introduce Bill No. C-46, to amend the Old Age Security Act.

Motion agreed to and bill read the first time.

EXCISE ACT

Hon. Donald M. Fleming (Minister of Finance) moved for leave to introduce Bill No. C-45, to amend the Excise Act.

Motion agreed to and bill read the first time.

CUSTOMS TARIFF

Hon. Donald M. Fleming (Minister of Finance) moved for leave to introduce Bill No. C-44 to amend the Customs Tariff and the New Zealand Trade Agreement Act, 1932.

Motion agreed to and bill read the first time.

ATOMIC ENERGY

STRONTIUM 90—TABLING OF REPORT ON EFFECTS OF RADIOACTIVE FALL-OUT

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, some weeks ago I intimated to the house that my department's next regular report on strontium 90 levels in milk powder samples was expected shortly. This has now been completed, and is being distributed through the usual channels. In view of the widespread interest in the subject I should also like to table it for the information of hon. members. The report contains new data on milk covering the period April to December, 1958. It is the second in a series of reports which will deal with the measurements of radioactive fall-out in air, rainfall, soil, various foods and in human beings.

While the report speaks for itself, I think certain points warrant special mention. Of first importance is the fact that our findings indicate no basis for alarm about this matter. Although it is evident that the strontium 90 levels have continued to increase, it is made clear that they are well below the stringent standards suggested by international authorities.

I am also aware that there continues to be concern about the stress given to milk in this regard, and I would emphasize again that milk was chosen for sampling because of its convenience and because it is an important item in our daily diet. In addition, dairy products provide most of our food calcium, the absorption of which by the body is closely associated with the absorption of strontium 90. At the present time our findings, taken together with other available information on the biological effects of radiation, provide no basis for curtailment of the use of dairy products.

At this point I would remind the house that radioactive fall-out constitutes only one of several sources of radiation exposure for Canadians. Other man-made radiation sources have been in use for at least half a century and, moreover, the human race has always been exposed to radiation from natural sources. Estimates have been made of the relative contributions to the average radiation exposure from each of these sources, and it is apparent that radioactive fall-out contributes only a small part of the total.

In order to evaluate more completely the over-all situation we plan to expand our radiation protection activities in several ways. Currently we are extending our fall-out sampling program to include analyses of air, rainfall and soil. We are also engaged in a study of the genetically significant dose resulting from the medical use of X-rays. At a later stage we propose to investigate the variations in natural radiation levels. The results of these studies, as they become available, will be the basis of further reports.

Hon. Paul Martin (Essex East): This is a matter which is, of course, of the greatest importance. The minister has said in effect that the strontium level does not appreciably increase any danger to human health. How-

ever, he has pointed out that strontium levels themselves continue to increase. That is a matter, of course, of great concern to the minister and I am sure to his officials, as it is to scientists generally. The house and the country would expect the government and the minister to give this matter their closest attention.

The minister has mentioned that there has been an expansion in the radioactive detection facilities and activities of his department. I presume that includes the purchase of new equipment, reference to which was made by Dr. Watkinson about two months ago. Perhaps the minister might supplement his statement by advising whether or not the facilities of the government have been reinforced by the employment of at least one additional geneticist.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, hon. members of this group are interested and pleased that the minister has tabled this very important report in view of the increasing concern of the Canadian people about dangers from this source. We are glad to know that studies will continue, and we hope no avenue will remain unexplored in an effort to get the facts and present the truth to the Canadian people for their protection.

INDUSTRY

REPORTED GOVERNMENT GUARANTEE OF LOAN FOR U.S. PURCHASE OF CANADIAN PLANES

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister if he can confirm the report which appeared this morning that the government had agreed to guarantee 80 per cent of a loan by two United States corporations to buy transport planes from the Canadian subsidiary of a United States corporation.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in general the answer is no. I cannot give the hon. member full particulars because the minister is away today, but the course of securing an opportunity for Canadian industry to share in contracts such as were mentioned by the Leader of the Opposition is a course we have followed. The full particulars will be given on the return of the minister to the house.

Mr. Pearson: If I may ask a supplementary question, Mr. Speaker, it would be whether or not it is true that this particular transaction has nothing to do with defence contracts but rather with ordinary commercial contracts.

Mr. Diefenbaker: Yes, Mr. Speaker, that is true. As yet we have simply given notice of intent with a view to providing an opportunity for full consideration as between the vendor and the would-be purchasers.

FINANCE

INQUIRY AS TO TREASURY BILL AND BANK INTEREST RATES

On the orders of the day:

Mr. W. H. McMillan (Welland): Mr. Speaker, I should like to direct a question to the Minister of Finance. Will the minister comment on the new record rate established for three month treasury bills at 4.91 per cent and the bank rate at 5.16 per cent?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the figures have been published and are well known, and I do not think they require any comment. We had an extended debate on this subject in this house last week.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, would the minister comment on the recent use of the six month treasury bills, and tell us when these were last issued by the Bank of Canada?

Mr. Fleming (Eglinton): Mr. Speaker, this issue yesterday was in the amount of $20 million. It was subscribed, and the average rate on it is 5.27 per cent. It has been the custom for some time past to issue treasury bills with a 91-day maturity only. In this issue there was $115 million of a 91-day issue and $20 million of a new six month issue. I should say this is not the first time a six month issue has been offered. That has not been done recently, but it was done some time earlier by the former government.

ALLEGED PURCHASE BY BANK OF CANADA OF PART OF C.N.R. BOND ISSUE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, would the minister comment on the report that owing to depressed conditions of the market for government bonds the Bank of Canada was obliged to purchase one-third of the current Canadian National Railways issue of $150 million?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, it has not and I believe never has been the practice to disclose the subscriptions for any issue of government bonds, let alone bonds of the Canadian National Railways. This is a Canadian National Railways issue bearing the guarantee of the government. The issue is for $150 million. It was subscribed, and I think the public interest would not be served by disclosing details as to particular subscriptions. It never has been the practice to do so.

ATOMIC ENERGY

STATEMENT ON U.S. ASSISTANCE RESPECTING NUCLEAR-POWERED VESSELS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, yesterday the Leader of the Opposition asked me the following question:

There appears in today's press the news of an agreement between the United States and the United Kingdom under which, according to the report, the United States has agreed to furnish information to the United Kingdom regarding the design and construction of a nuclear-powered submarine. The United States has already agreed to provide a reactor for a British nuclear-powered submarine. I should like to ask the Prime Minister if there is any arrangement for that kind of co-operation and assistance if required between the United States and Canada in connection with not only a nuclear-powered submarine but a nuclear-powered icebreaker if one were required?

As I stated on April 21, negotiations have been proceeding with the government of the United States with a view to modification of the 1955 agreement on the exchange of atomic information for mutual defence purposes, to take account of the amendments to the relevant United States legislation which was passed in July of 1958.

I am very glad to say that the government is confident that as a consequence of the bilateral agreement which is now being negotiated, the way would be open to make arrangements for the kind of co-operation and assistance which would be required if the government of Canada were to decide to build a nuclear-powered submarine. However, the cost would have to be taken into consideration. I understand the cost runs to something like $60 million.

So far as a nuclear-powered icebreaker is concerned, information regarding a project for the non-military use of a reactor such as, for instance, to supply power for such a vessel could be exchanged by mutual agreement between Canada and the United States within the scope of the agreement on co-operation in the civil uses of atomic energy.

POLYMER CORPORATION

INQUIRY AS TO STRIKE SITUATION

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I wonder if I might ask the Minister of Labour if he can give any report on the dispute between workers and management at the Polymer Corporation, which has been in existence, as he knows, for some considerable length of time.

Hon. Michael Starr (Minister of Labour): Another meeting was held this week, convened by the conciliation officer of the Department of Labour. At the moment we are looking over the situation to see what further steps can be taken in order to bring about a meeting between both parties with a view to a settlement being brought about.

HOUSING

CENTRAL MORTGAGE AND HOUSING—REQUEST FOR SPEEDING UP OF REVIEW OF BUILDING COSTS

On the orders of the day:

Mr. J. R. Garland (Nipissing): I should like to direct a question to the Minister of Public Works. Since we are in the midst of the house-building season, will the minister ask Central Mortgage and Housing Corporation to speed up their current semiannual review of building costs and release their new basic rates as soon as possible—as he knows, this was formerly done on July 1—with a view to making more realistic appraisals in those areas throughout Canada where reductions in basic rates of appraisals were made on January 1, 1959, which has resulted only in a reduction in the level of National Housing Act loans.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I shall be glad to take up this question with the officials of Central Mortgage and Housing Corporation. I would point out to the hon. member and to the house that the loans under the insurance provisions of the National Housing Act are even higher this year than they were last year at this date. The figure for requests for undertakings to insure up to May 1—that would be for the first 17 weeks of the current year—is 12,092. Last year there were only 11,741.

HOUSE OF COMMONS

VISIT TO WINDSOR AND WHEATLEY BY MEMBERS OF PARLIAMENT

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): I should like to direct a question to the Minister of Fisheries based on a report in the Windsor newspaper to the effect that 24 members of the House of Commons visited Windsor and Wheatley on Thursday. Was the transportation provided through the Department of Fisheries? Can the minister advise the house as to how air transport was provided, and at whose expense?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, I believe the standing committee on marine and fisheries visited some fisheries

plants in the Wheatley area yesterday. The transportation was not provided by the Department of Fisheries.

Mr. McIlraith: Was it provided by the government at government expense? How was it done?

Mr. MacLean (Queens): I think that is the case, but I am not in a position to say.

Mr. McIlraith: Will you get the information?

Mr. Speaker: I suggest that the hon. member put the question on the order paper. It is asking for statistical information.

HEALTH INSURANCE

BRITISH COLUMBIA—OUT OF PROVINCE BENEFITS

On the orders of the day:

Mr. Harold Hicks (Fraser Valley): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. I feel rather uncomfortable about my position in connection with the national hospital scheme. Can something be done to see that the regulations are amended so that I and others can be in Ottawa, away from our home province of British Columbia, for more than three months at a time?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I should like to thank the hon. member for Fraser Valley for giving me notice of his intention to ask this question. I might point out that within the last few days we have been informed by British Columbia authorities of their intention to amend their regulations regarding out of province benefits. As a result of these changes, which are expected to be made in the near future, I understand that an insured person temporarily absent from British Columbia will be eligible for a total of three months' hospitalization benefits during the year following his departure from the province. In other words, if he has to go to hospital during the year of his temporary absence because of acute illness or injury, he will be covered up to a maximum of three months' stay in hospital. I imagine this will take care of the situation.

PUBLIC SERVICE

TARIFF BOARD—INQUIRY AS TO APPOINTMENT OF CHAIRMAN

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder whether I might ask the Minister of Finance if he is having difficulty finding suitable candidates for appointment to the chairmanship of the tariff board.

Hon. Donald M. Fleming (Minister of Finance): No, Mr. Speaker. If the hon. member is interested perhaps he would submit his application in writing.

Mr. Pickersgill: Mr. Speaker, I can assure the hon. gentleman I am interested, but not in the appointment for myself. I am interested in seeing that an appointment is made, and I should like to ask the minister a supplementary question. If he has had no difficulty finding candidates, why does he not fill this important post?

Mr. McIlraith: He cannot make up his mind.

Mr. Fleming (Eglinton): It will be filled in due course, and in the meantime the work of the tariff board is proceeding. They have been hearing a number of appeals.

Mr. Pearson: Without a chairman?

Mr. Fleming (Eglinton): Yes. The tariff board can function with a panel of three, and it has been functioning quite satisfactorily.

EXTERNAL AFFAIRS

LAOS—REQUEST FOR RECONVENING OF SUPERVISORY COMMITTEE

On the orders of the day:

Hon. Paul Martin (Essex East): I should like to ask the Prime Minister if he is in a position to advise the house as to what attitude the government has taken with regard to the reported request by India and Poland for a reconvening of the international supervisory committee on truce arrangements in Laos.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, there have been differences of opinion over the possibility of attempting to reconvene the international commission for Laos which was adjourned *sine die* on July 19, 1958. Early this year a request for the reconvening of this commission came from the Poles, who urged resumption of the commission's activities in Laos on the ground that the commission should continue to carry out its supervisory functions there. North Viet Nam and communist China also requested a resumption of the Laos commission's activities. In December, 1958 north Viet Namese incursions into Laotian territory occurred. The Indian government, following upon this frontier dispute, urged a meeting of the Laos commission to deal with this specific problem.

Hon. members may also have seen press reports to the effect that the Soviet embassy in London handed a note to the foreign office on April 29 requesting the return of the international commission to Laos. The Canadian government received a similar request

from the Soviet ambassador on April 28. It will be recalled that the United Kingdom and Soviet foreign ministers are the joint co-chairmen of the Geneva conference, and in that capacity act as a channel of communication with the international commissions in Indochina.

During the negotiations leading up to the adjournment *sine die* of the Laos commission in July, 1958 the Canadian position was that with the achievement of the political settlement in Laos and the integration of the dissident Pathet Lao into the national community, the commission had completed its supervisory task and should be dissolved. Because the Indian representatives did not accept that view, Canada agreed to the compromise formula of an adjournment *sine die* against the opposition of the Poles. However, the Canadian commissioner was instructed to make it quite clear, at the final meeting of the commission, that Canada could not agree to any further commission action which would infringe upon Laotian sovereignty.

I understand that the government of Laos is opposed to the reconvening of the commission. The Polish request, in the view of the Canadian government, did not bring forward adequate reasons for reconvening the commission, and since it called for a reconstitution of the commission secretariat in Vientiane, it would have been an obvious infringement on Laotian sovereignty.

I think that in general represents the situation at this time.

SUPPLY

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

DEPARTMENT OF LABOUR

General administration—

163. Departmental administration including grants as detailed in the estimates and the expenses of the international labour conferences, $1,105,745.

The Deputy Chairman: This item will be found at page 35 of the blue book, the details at page 231. Shall vote 163 carry?

Mr. Herridge: I wish to make a few remarks on this item—and I shall try to be brief—with respect to the problem of unemployment which exists at the present time and may be worse next winter. We in this group consider that unemployment in a country like Canada is a serious injustice to those who suffer by it. In the second place, it is an unnecessary waste of human resources. In the third place, it is a challenge to governments in general at all levels, to industry, to labour and to the people as a whole. Personally I believe it is unthinkable to accept the dictum that we must accept a hard core of unemployment in Canada throughout the year, and that that core should be larger during the winter because of seasonal unemployment.

During the last session of the British Columbia legislature the labour committee gave considerable consideration to this problem as it affects British Columbia. That committee was composed of representatives from all parties, and I am informed that it made a unanimous report to the legislature. I want to bring to the attention of the committee at this time a portion of that report with respect to its recommendations concerning the national government.

The committee invited representations from labour, industry and other sections of the community. It received briefs and representations from the British Columbia federation of labour; the mine, mill and smelter workers representing the miners of British Columbia, and other unions. It heard from various sections of industry through employers' representatives. It heard from the alma mater society of the University of British Columbia, which organization in my opinion made a thoughtful presentation. It heard from the research council of British Columbia, and finally it heard from some of the minister's officials in the regional offices at the coast.

In dealing with this question, Mr. Chairman, the committee considered all aspects of the problem—and I thought they did so in a constructive way—and dealt with the extent of unemployment in British Columbia from January, 1957 to January, 1959. They then sought to find the major causes of unemployment in British Columbia during 1958, and then made certain proposals as to the responsibility of the national government, the provincial government, the local governments, the trade union movement and industry.

I want just to place on record the recommendations of the committee with respect to responsibilities, from the committee's point of view, of the national government to meet this situation. In the report of the committee on labour of the legislative assembly of British Columbia, dated March 18, 1959 this is what I read with respect to the responsibilities of the national government. The committee had this to recommend:

I. The national government

By virtue of its control over the collections and disbursements of unemployment insurance funds, as well as constitutionally within the framework of the British North America Act as accepted by the national government when taking over certain taxation privileges from provincial administration, the primary responsibility for employment in

Canada rests with the national government. With that authority lies the power to sustain a climate conducive to industrial expansion and the creation of new industries with a consequent high level of employment of the working force. Specifically, your committee considers that the national government of Canada should:—

1. Materially assist in a large-scale works program at appropriate times of the year on such projects as:

(a) Forest access, transprovincial, and interprovincial roads;
(b) Park and campsite improvement;
(c) Diking and drainage projects;
(d) Stream clearance projects and the creation of artificial spawning areas;
(In this latter connection it is contended that, since the improvement of fishways on the Fraser river eight years ago at a cost of $2 million, the salmon yield has increased by $127 million at cannery prices, and it is therefore evident that such projects would in time be self-liquidating because of the tremendous dollar market value increase in a comparatively short period of time.)
(e) Fraser river flood control consistent with a policy of fish conservation.

Then No. 2; the committee recommends that the federal government:

2. Institute an enlarged program of apprenticeship and trades training during adverse seasons of employment by extending the scope of the unemployment insurance commission.

Mr. Chairman, I have had a good number of representations along those lines which I intend to deal with when we are discussing the amendments to the Unemployment Insurance Act. It goes on:

3. Adopt a carefully screened immigration policy on the basis of the stated needs of industry and agriculture thus ensuring the planned assimilation of immigrants into the national working force.
4. Encourage and promote the construction of coastal shipping and national defence requirements in Canada.
5. Foster the expansion of a research program designed to encourage the use of coal and coal by-products in our industrial economy.

No doubt that recommendation, Mr. Chairman, springs from the fact that the coal industry in British Columbia, particularly in the Fernie area, is suffering a decline at this time.

6. Initiate the formation of a joint federal-provincial trade investigation team to the republic of China for the purpose of inquiring into trade possibilities with that country.

I would like to bring to the minister's attention that this recommendation was made both by industry and labour, because the working people of British Columbia as well as the industrial interests realize the great possibility of expansion of our markets for primary products if we can obtain greater trade in that direction.

7. To provide the ways and means to extend low cost credit in order to:—
(a) Promote and expand economic development and stimulate revenue, income, or self-liquidating projects or works by the province and its municipalities; and to

(b) Assist and encourage the establishment and growth of local industries.

Then, Mr. Chairman, the last recommendation is:

8. Give leadership and co-operation in the calling of a federal-provincial conference to seek a Canada-wide solution to the unemployment problem, requesting representation from all levels of government.

Now, Mr. Chairman, while I heartily support the proposal of the committee for a federal-provincial conference including all levels of government, I think for such a conference to be effective in providing a clear picture of the situation, and at the same time adequately representing the view of the Canadian people generally, that conference should also include representatives from labour, from industry, and from agriculture across this country.

When I say representation, I mean decentralized representation. I am a great believer, Mr. Chairman, that in the development of our domestic society we should decentralize authority and administration. I would like to see all sections of labour have the opportunity to be represented at such a conference. For instance, I think all sections of labour from the Atlantic to the Pacific, such as the forestry industry, the mining industry, the steel industry and the oil industry, should be represented. Then you would have a conference where the government would get the rank and file point of view in dealing with these day to day and very important problems.

The same thing, I think, Mr. Chairman, applies to industry. It is not sufficient just to call in the Canadian Manufacturers Association and have two or three big shots express their views. We have a diversified industrial structure in Canada, and I would like to see at such a conference representatives of various sections of industry, including the small industries, from every province in Canada, and in that way you would get all the information these people would be able to give.

Then with regard to farming, I would like to see a diversified representation in the same way, so that the grain farmers, the general farmers, the dairy farmers, the fruit farmers and the poultry farmers would be all represented at such a conference on a diversified basis, instead of having two or three people speaking for the whole industry. That would give the conference and the government a clear picture not only on a national or a provincial basis but also on a local basis.

Before taking my seat, Mr. Chairman, I would like to bring another matter to the minister's attention. I see he is busy chatting at the present time but I hope he will read my remarks later on. I am not blaming him

entirely for this, because I think the blame can rest in other quarters too. But I would like to bring to his attention the success which has been achieved in this direction in the little country of Norway. I have recently been reading some books about the Norwegian government, for which I have a great respect. I have a great respect for all Norwegians. They are a simple and resourceful people who have had to meet some great problems both in peace and in war, and they have met them successfully, and I think countries of our size can learn from such lesser countries, countries with more experience and possibly more maturity when it comes to handling the organizations which represent the various groups of society.

I have been very interested to note how they have formed just such an advisory council representing industry, labour and agriculture in order to deal with the problems of inflation, monetary fiscal policy, unemployment, industry and economy generally. Their conferences have been called somewhat on the basis I have suggested this morning, so they get the local rank and file touch in meeting these problems.

I think that is a principle which can be explored to advantage in Canada. In this way not only does the government get the opinion of various sections of labour, industry and agriculture, but the persons who have the opportunity to represent these people also learn the problems of government and the difficulties which have to be faced. Out of this blending of ideas, this association of different interests, which has such a constructive approach to the problems facing us at this time can be evolved, as was done in Norway, a program which will receive the support of all classes of the people. I do urge the minister to give consideration to a conference of that type.

In addition I think other advantages flow from that type of conference. All programs have to be financed, and when it comes to bond issues for capital investment in self-liquidating projects, I think flowing from such a conference would come an understanding of the problems which face the government and a greater understanding of the program the government may desire to carry out. But it is desirable to have this local interest.

For instance, if I may refer to a local industry in my own district, say the government intended to do certain things with respect to access roads or provincial roads as the result of a program designed to meet the challenge of unemployment. In that case, if you floated a bond issue I think even in the smallest communities of Canada there would be people who would, under those circumstances, willingly purchase government bonds to assist in such a program because of their greater knowledge of the circumstances and the need, and also because of their interest which would spring from local participation in the development of that program. I think it would be most beneficial in designing a program to get an understanding of it, and from that I think would flow quite an interest in assisting to provide some of the funds which are necessary to give effect to such a program. Many more people would then feel that they were a part of this program and that they should accept some personal responsibility by making what financial contribution they could toward any bond issues which were offered to meet any of the challenges of national development at this time.

That is all I have to say at this time, and I put the suggestion forward as a constructive approach toward meeting the problem of unemployment as it faces us today.

Mr. Hellyer: Like other members of this committee I am very much concerned about those Canadians who are unemployed. I am afraid we refer to them some times rather blandly as mere statistics, forgetting that they are human beings with human problems and human needs. I think the time for taking practical steps in an effort to alleviate their position is overdue. It is not my intention to give a lecture on economics or to talk about the situation in a general sense. I wish, rather, to put forward a specific proposal.

I am becoming more and more distressed about the situation of the unemployed. When I go home at week ends I talk to many people, some are young, some middle aged, some of them older, some of them skilled, some of them without any skill or training at all. Each has a common problem. Each is unemployed. Many of these people have mortgage payments which are overdue. Many of them have doctor bills and other bills to meet. Many have family responsibilities and must keep a roof over the heads of their children. Almost every week end I talk to some person who has just lost, or is just about to lose, his home because of inability to meet the financial obligations connected with it.

Chronic unemployment makes cynics, petty crooks and communists out of decent people, and in a rich, young and dynamic economy such as we have in Canada it should be a fundamental right of any able bodied man to be able to work at a wage which will keep body and soul together and provide not only for himself but for his family. Our task as elected representatives who come here to take cognizance of the needs of the people we

represent is to try to determine what solutions are best able to meet this grievous situation. Our task is to maintain employment and, through employment, the values of human dignity and decency.

The problem is very difficult to solve completely. As is well known, a significant proportion of our unemployment is seasonal. Many improvements have been made in this respect in the last few years. There have been great strides in technology, and dislocation due to seasonal unemployment is, I think, diminishing. Great strides will be made in the future, and we should press forward in research and study in an effort to find every means possible of mitigating still further the effects of seasonal unemployment.

I think, however, it would be too much to expect that we could ever completely overcome this problem which is indigenous to our climatic conditions. We experience, in addition, the type of unemployment which is called frictional, by which is meant people changing their jobs in the normal course of events. This is something we will always have with us, and something which need not cause us too much concern.

In our search for a solution to this whole problem we require the fullest possible information. The statistics available at present do not give us the whole story. I think we need more detailed information and a more careful study. In approaching this question seriously I feel that the first step required would be a national manpower survey. How extensive this survey ought to be should be left to the experts to determine, but the survey would have to accomplish certain things. It would have to give us a complete analysis of the unemployed labour force, it should determine into which age categories the unemployed workers fall, and give us a more complete breakdown of a variety of information including marital status, training, educational background, vocational training background and, perhaps, job history; sufficient information to enable us to tackle the problem in an all-out manner. It should not be difficult for the national employment service and the unemployment insurance commission to obtain all this information. It would, of course, be an additional job for them at a time when they are already overtaxed, but it is one which is within their capacity and one for which they have the machinery in being.

If such a survey were made, we should then know accurately how many of those people registered as seeking employment were actually unemployed. We should know whether they were plumbers, carpenters, nurses, stenographers, unskilled labourers. We should know just what their background happened to be. We should know the extent of their educational background, whether they had completed grade school, high school, college; whether they had received apprenticeship training or vocational training; whether they had been self-taught, or whether they had received no training at all. I am sure it would be possible for the commission to obtain sufficient information along these lines to provide material for a very careful and detailed analysis.

At the same time it would be necessary to make a study of the extent and nature of job openings in this country. We should seek to determine what skills will be required not only at the present time but in the months and years which lie ahead. Employers can give a great deal of assistance in this respect. Most of them can forecast their requirements at least for a year or two ahead, and know the type of jobs they are likely to have available. Such information as this is, of course, essential. Whether or not it would be necessary to cover the entire working force in connection with this survey is something I am not prepared to say. That is a decision which can be taken by the people who make these matters their day to day business. The survey should be just as broad as is required to enable us to obtain all the information necessary to meet the situation fully and do the job properly.

The question may be asked, if this is a good suggestion why was it not done some years ago? I think if it were a good suggestion then, it is a good suggestion now. Moreover, the problem is of greater urgency today than it was previously, due to the increase in unemployment since the summer of 1957. Besides, this is a matter which is far too important for quibbling. Completion of such a study as I have suggested would provide facts and eliminate reliance on hearsay.

We are told, for instance, that a great number of those who are at present unemployed are of a mature age and that as a consequence they find a great deal of difficulty in obtaining employment. We are told day after day that people over 40 find difficulty in obtaining employment due to company pension plans. I have no doubt that this is true, but we should know specifically to what extent it is true. If necessary we should examine individual pension plans and find out which provisions make it difficult for employers to engage people over 40. It may be we shall need to do some rethinking and take the initiative in making changes in the pension plans which now exist.

I am sure, and I know the minister agrees with me, that it was not the intention of

either management or labour to set up these pension plans in such a way as to constitute a deterrent to the employment of mature and experienced workers and keep them from rejoining the labour force. This is something which might have been done inadvertently; it would not have been done deliberately. If this should be the case it is our responsibility to find out about it and take the initiative in changing whatever has to be changed.

Another common complaint we hear is that many of the people seeking employment are incompletely or inadequately trained. It is difficult to know to what extent this is true. One suspects from interviewing people that there is considerable validity to this statement. Our survey would show whether or not there is correlation between training and employment, and to what extent lack of training is responsible for unemployment.

Many people in the unemployed labour force went into the labour market in the early post-war years. This was a natural thing to do. Many went in without finishing their schooling. The attraction at the time was very great; high wages prevailed, and it was easy for almost anyone to get a job. This tended to seduce people from their academic or professional studies and persuaded them to enter the labour force perhaps earlier than they would have done in other times. These people now lack the training which they would have had in the ordinary course of events, and for them there is a special problem.

We hear from day to day that for the employment opportunities that do exist there are not skilled applicants. I have personal knowledge of some of these cases. I mentioned earlier this session a period last summer when there were not sufficient trained plasterers to meet the demand. Just two weeks ago in Toronto I was talking to a coat manufacturer who had openings for three machine operators. He was unable to hire adequately trained machine operators. I also know that in the construction industry there could be openings for highly skilled estimators, inspectors, material handlers, material expediters and for other classes of people if they had sufficient technological training to fill openings of this kind. There must be many other trades and vocations where there are employment opportunities if the people were available who had the training and skills required.

In the unemployed labour force at the present time there undoubtedly are a number of skilled workers whose skills may be in overabundant supply or for whose skills there may be continually contracting requirement. This is a situation that is likely to continue in the wake of automation. Inevitably there will be change, and our responsibility is to face it and use it to our national advantage.

We should not attempt to impede the progress of automation, from which a great deal of dislocation can be expected and much adjustment will be necessary. Automation will be a great boon and a blessing if we are prepared to plan for it and use our displaced personnel to the best advantage of the total economy and channel their productivity and creative talents into new, productive enterprises and outlets. This is a program that will require some imagination. It is a problem that has not existed for very long and one to which we perhaps have not given sufficient attention. It will require imaginative and well-planned study. This is a problem which I know we can and will face and solve if we really set our minds to it.

Once the facts had been determined by our survey the next step would be to launch a massive rehabilitation program. It seems ironic that during wartime big men present big plans and achieve big success with almost universal public support, whereas in peacetime we seem reluctant to face big problems and procrastinate sometimes almost interminably in seeking solutions. If we could just maintain some of that sense of urgency which we feel during wartime we could achieve miracles.

This program of massive rehabilitation could be patterned on the experience gained by the Department of Veterans Affairs in the early post-war years. At that time, as you will recall, the government made it possible for veterans to undertake academic or vocational training at government expense. More than 60,000 veterans took some university training under that plan, and almost 100,000 were approved for vocational training. Many, of course, did not complete their studies, but there is no doubt but that they have been able to contribute much more to the growth and potential of the Canadian economy as a result of the opportunity made available to them.

The massive rehabilitation program would, in effect, be a massive program of adult education. It could be set up in various centres right across Canada from Newfoundland to British Columbia. The number of trades and subjects taught would, of course, be related both to the demand for these particular courses and to the result of the survey and future surveys held from time to time, indicating the extent to which any trade or skill would be required in the economy. Participants would be given complete freedom of choice in their selection,

but it would probably be advisable to provide counselling service. In addition, though I personally am somewhat leery of them, aptitude tests could be given if requested.

I do not know why persons drawing unemployment insurance and for whom there is no immediate prospect of job openings should not take advantage of the opportunity to increase their knowledge or improve their skills. I am confident that many would welcome the opportunity. In many cases, no doubt, it would be a first introduction to vocational or technical training; in other cases an extension or supplement to previous courses. For others it would be the commencement of acquiring a new skill as an alternative to one already possessed which is in oversupply. Such a plan, of course, would not necessarily be limited to those persons drawing unemployment insurance but should be available to those on municipal relief, etc.

It may be said that there is a constitutional problem involved, and someone may wish to argue that such a program may be outside the federal jurisdiction. I doubt if this objection would be seriously raised. The veterans rehabilitation program was designed to give Canadian veterans an opportunity to better fit themselves for return to, or absorption by, the Canadian labour force. This proposed plan would be for exactly the same reason, to take people from the rolls of the unemployed and prepare them for return to and absorption by the Canadian economy. When a person trained in Newfoundland, for example, is able to obtain employment it will relieve, indirectly, the tax burden on every other Canadian from coast to coast. For each person able to obtain employment as a result of such training it would reduce the burden on all the Canadian taxpayers.

I might say, Mr. Chairman, that whether this plan is administered by the federal government or by the provinces is not too important. However, I feel the federal government must take the complete financial responsibility and not load any part of the responsibility on the provinces, and not make the implementation of the plan dependent on additional provincial financial responsibility. I know some of the background as to why it is suggested that the provinces should participate, but I feel the provincial governments already have such a heavy burden that we could not reasonably expect them to participate financially. Particularly would this be true of some of the smaller provinces such as the maritimes, and some of the other provinces which are not as wealthy as the central provinces. I would hope that it could be done completely on federal initiative. Whether or not it is administered by the federal government is a matter of detail that I would have to leave to the administration.

Notwithstanding the constitution, unemployment is by its very nature and because of its relationship to federal policies particularly federal fiscal and monetary policies, a federal problem, and no federal government can escape its over-all responsibility in this regard. Unemployed people can pass freely from one province to another and they are the concern of all Canadians, and as such should be the concern of this parliament and of this House of Commons. Our labour force must not only be trained but mobile. A pocket of unemployment anywhere in Canada is the concern and responsibility of people in every other part of Canada. I expect the provincial governments would welcome any proposal which would tend to reduce the ranks of the unemployed and to mitigate, whether directly or indirectly, those many economic and social problems connected with unemployment.

I wish to compliment the minister on the increased emphasis he is putting on vocational training. I note the increase in expenditures for vocational training under item 170; but most of this money is being used to train new people who are coming into the labour force, young people who are just making their way into the labour force. A very small proportion of it is being used for the rehabilitation and training of unemployed workers. The increase in this year's estimate specifically on behalf of unemployed workers is very small.

I think modern society accepts the responsibility, though not adequately, for people without jobs. People who are unemployed must not be denied food, clothing and shelter. We have reached a state in our evolution where we believe we are our brothers' keepers at least to the extent that we have to provide them with the basic necessities of life. It would be incredible if we in a great, rich, growing country such as ours could not supply our unemployed people with at least sufficient of the basic requisites of food, clothing and shelter.

Whether these are paid for through unemployment insurance, municipal relief, or through some other means, they are a charge on the community at large and are paid for by the taxpaying and consuming public. We find ourselves, I think, believing that this money comes out of some pot of gold at the end of the rainbow. If we trace it back we find that it all comes from the same source, namely from all of us as workers, from all of us as consumers, and we all have to pay the shot.

The unemployment insurance fund and relief are just two more of those fixed costs which we talk about, costs which raise the prices of our products and make it more difficult for us to compete in world markets. Expenditure for a rehabilitation program—and it would be a considerable expenditure; I do not deny that—would be in the nature of an investment. It would result ultimately in very handsome dividends, not only in the self-respect and dignity of the individuals themselves but to the community at large. This is a program which, though not self-liquidating in the normal terminology of self-liquidating, would be far more than self-liquidating in the ultimate and total effect on the Canadian economy. More important, Mr. Chairman, would be the tens of thousands of individuals who would regain their dignity, self-respect and independent place in the community.

This plan, Mr. Chairman, is complementary to the one put forward yesterday by my leader. These are both partial solutions to a very serious problem. They could be studied. At the same time they could both be discussed with the provinces at a conference such as that suggested yesterday by my leader, the leader of the official opposition.

In conclusion, I would suggest that the government give serious consideration to this proposal. I can assure them that they would receive wholehearted support and backing from members on this side of the house. This is the type of progressive peacetime policy which we as members of parliament and as representatives of the people have an obligation and a responsibility to put forward, and not only just to put forward but to implement.

I suggest with deference to the government that, just as with the proposal for next year's winter works program, they do not leave consideration of this until next fall but that they consider it urgently and immediately, because the days and weeks have a habit of slipping by so quickly that before we know it next winter will be upon us, and only plans which are commenced now can possibly be achieved and implemented by the fall of the year. As a matter of fact, Mr. Chairman, provision could be made in the supplementary estimates which would enable a start to be made and the machinery to be set up. It is obvious that it would not be possible to achieve maximum enrolment at once because of the difficulty of obtaining and perhaps training the teachers, the supervisors, the instructors and other personnel necessary to organize such a large scale enterprise. But once it was started it would grow and would be a permanent and dynamic fixture of our economy in a growing technological age.

In conclusion, Mr. Chairman, I would like to thank the committee for listening so carefully to this proposition. Again on behalf of those on this side of the house I recommend it to the sympathetic consideration of the government, and I can promise that if they would implement this, or some scheme based upon similar lines, they would receive enthusiastic and considerable support from all of us over here.

(Translation):

Mr. Ricard: Mr. Chairman, as I represent a riding where workers account for about 50 per cent of the population, I feel I must take part in this debate so as to acquaint the house and the Minister of Labour (Mr. Starr) with the views of the people in my riding as regards unemployment insurance.

But before doing so, Mr. Chairman, I want to say a few words in rebuttal of some arguments advanced in this house, more particularly last night by hon. members for Hull (Mr. Caron), and for Dollard (Mr. Rouleau).

I should like to ask the house to look back on conditions as they were at the time when hon. members of the Liberal party were managing the affairs of this country. They would have us believe that Liberal times were invariably prosperous times, whereas under Conservative administration, Canada lapsed into unrelieved hard times.

If I may, Mr. Chairman, I should hark back to the late twenties, when a Liberal government was sitting on the government benches. Farmers remember, for instance, that butter, at the time, was selling for 18 to 20 cents a pound; eggs, 12 to 15 cents a dozen; hogs $10 to $12; and milk about 80 cents a hundredweight.

On leaving college, I spent a few months looking for work, because it was a period of unemployment, although, it will be noted, this was under a Liberal government. Finally, I found a job that was paying me $6 a week. The facts, therefore, are somewhat different from what hon. members in the opposition would have people believe. But these gentlemen have so taken advantage of the good faith of the public that, sooner or later, they are bound to regret their irresponsible statements.

I also like other citizens of St. Hyacinthe, witnessed practices bordering on inhumanity resorted by the town's mayor, a Liberal. During the depression of the 30's, people were being hired at 10 cents an hour

to break up stone with a sledge-hammer. Please note, sir, that this was under a Liberal administration, for it was the Hon. T. D. Bouchard, mayor of St. Hyacinthe, who was responsible for those conditions.

In 1933, the business picture brightened up somewhat. However, at that time, when I was working for the Goodyear Company, men were being paid $6 and $7 a week. This went on until 1939. Now the conditions I have referred to were those that existed during the years 1936, 1937 and 1938, therefore under a Liberal regime. Yet, according to our good friends, whenever they were in power these were years only of prosperity and even of opulence.

I am pointing this out Mr. Chairman, so as to give a complete picture of the conditions then prevailing in Canada. It is easy to brag about prosperity while looking at only one side of the picture, but in these matters, as in any others, it is necessary to look at both sides.

Since the beginning of this session, and especially since the house took up the estimates of the Department of Labour, our Liberal opponents have been painting a very dark picture of the present situation and of unemployment.

Mr. Martin (Essex East): And they have been right.

Mr. Ricard: If you will allow me, Mr. Chairman, we shall look in retrospect at conditions which prevailed under the Liberal regime.

Mr. Martin (Essex East): They were not as bad.

Mr. Ricard: In so far as my constituency of St. Hyacinthe-Bagot is concerned, figures which I got directly from the local unemployment insurance office show that, in January 1953, 1,696 unemployed were registered there. The figures also show that 2,835 were registered in January 1954, 2,438 in January 1955, 2,553 in January 1956 and 2,809 in January 1957. That was the situation under a Liberal regime. On the other hand, according to the latest statistics supplied by the same local office, 1,298 unemployed registered in the city of St. Hyacinthe in December 1958.

As reported on page 2 of the English Appendix to yesterday's *Hansard*, the hon. member for Dollard (Mr. Rouleau) stated:

> In yesterday's edition of *La Presse*, I found still another headline which might also help write the story of this Conservative government. Indeed, in its issue of yesterday, May 6, *La Presse* had a heading which read:
>
> Workers' unemployment insurance contributions are going up.

To that, I would oppose a heading from another newspaper. In its editorial of today May 8, *Le Devoir* has an item headed:

> A commendable extension of the social security idea.

And the item goes on to say:

> It is feared that news agencies have not understood a thing about the new amendments to the Unemployment Insurance Act.
>
> In their dispatches they emphasized only what was bound to make the greatest impression on people's minds, i.e. the higher contributions, but left in the dark the increased protection guaranteed to each contributor.

Mr. Chairman, any unbiased person will agree that the present Conservative government has done much to help those who are unfortunately out of work. At this stage of the discussion, I should like to remind the house of some of the measures taken by this government at the suggestion of the hon. Minister of Labour (Mr. Starr), who, is everywhere recognized as the best minister of labour the Canadian parliament ever had.

Mr. Martin (Essex East): He is a good man, no doubt, but I think you are exaggerating a bit.

Mr. Ricard: Mr. Chairman, let me first of all draw the attention of the house to the restrictions which applied to married women and which were removed during the very first session. The elimination of such restrictions has had the happy effect of putting $5 million more into the hands of married women who, under the old act, did not qualify for unemployment insurance benefits.

I would also point out to the house that this government twice extended the benefit period, by six weeks and two months respectively. In each case, it was at the suggestion of the present hon. Minister of Labour.

(Text):

Mr. Starr: Two months and six weeks.

(Translation):

Mr. Ricard: The first amendment provided for a six week extension, and the second an extension of two months in the duration of seasonal benefits. About 100,000 workers were helped by this wise measure, and received additional payments amounting to approximately $48 million.

Mr. Martin (Essex East): As a result of their own contributions.

Mr. Ricard: Yes certainly. The hon. member for Essex-East, just as hon. members to his right, apparently expects to get everything

for nothing. However, I do not think we have yet reached that stage, and we hope with God's help that present conditions will go on improving as they have done until now.

Meanwhile, our Liberal friends keep on saying that this government has done nothing to alleviate hardships. They are not the only ones who feel sorry for the unemployed. We on this side of the house are concerned with human suffering and are just as anxious as are our opponents—perhaps even more concerned, because we are proving it—to alleviate the regrettable effects that are being felt by these people.

Just to go on with my enumeration, let me also remind the house that it was through the actions of this government that unemployment insurance benefits were granted to fishermen. Following an amendment introduced by the Conservative government, 13,000 fishermen received an amount of about $15 million.

And finally, at the suggestion of the present Minister of Labour, the duration of unemployment insurance benefit payments will soon be extended from 36 to 52 weeks per year.

If you add up all the money spent by this government to help the unemployed, you reach a figure of $68 million. I think our Liberal opponents should at least be realistic and admit that the payment of such an amount certainly deserves the gratitude of the people concerned.

And now, Mr. Chairman, what about the winter works promoted by this government? Such works, amounting to $97,903,000—or almost $98 million—provided employment to close to 40,000 people—39,961, to be exact.

In the province of Quebec, this winter works program reached an amount of $33,450,000 and provided employment for 6,229 persons. I therefore suggest to our Liberal friends to take a good look at the present situation and to represent it in its true light, instead of raising the cry of depression and trying to have everyone, including people in employment, believe that there is a shortage of jobs.

In closing, Mr. Chairman, I wish to assure the house that, as a consequence of the tireless efforts of the Minister of Labour, Canadian workers can certainly look forward to happier days.

(Text):

Mr. Howard: Last evening I had occasion to make a few comments on this particular item, but because of the time limitation I was unable to complete and give expression to the thoughts I desired to express.

In the latter part of my remarks I was making reference to the effectiveness, or lack of it, of the conciliation arrangements in effect under the jurisdiction of both the federal government and the provinces, which are in most cases somewhat similar. The suggestion was that following an initial period of negotiation between the representatives of the workers themselves and the representatives of management, if no settlement is reached in this direct stage of negotiation every effort should be made at the conciliation officer stage to effect a settlement and to insist upon collective bargaining taking place to the fullest possible extent.

At the moment we have the system of a conciliation officer and then a conciliation board. In many cases the conciliation board does nothing but duplicate the activities of the conciliation officer. It may be that because the conciliation officer failed to effect a settlement for one reason or another, the conciliation board finds itself in this position of having to perform the duties and the functions which are properly those of the conciliation officer.

I look upon this situation as we look upon most matters of duplication, namely as being nothing more than a waste of the money of the federal treasury in the payment of the costs of the chairman of the conciliation board. I am sure we could scrap the conciliation board procedure without too much difficulty, thus realizing a great saving in costs to the Department of Labour for those particular services, and probably channeling that money in the direction of conciliation officers, if more of them are needed, or in terms of additional money to them in order to get the right type of person for a conciliation officer.

I believe the minister mentioned that last year 24—I have not the figures right before me at the moment but I believe that is the figure he used—negotiations were settled before conciliation boards last year. Here then are 24 cases of duplication, 24 industrial disputes or negotiations that could quite well have been settled at the conciliation officer stage.

Another failure which I believe exists in our conciliation procedure is that—as has happened in a number of cases, especially major industrial disputes affecting large corporations and a large number of workmen—when these industrial disputes get beyond the conciliation and strike vote stage, either preceding the time the strike is to take place or after a strike has taken place, the minister invariably is obliged to go outside of his own departmental officials and call upon private citizens to assist in the conciliation or mediation process in order to effect a settlement.

I do not think this is giving due credit to the officials within the department. It may be that they are not capable of performing their duties in that sense and at that stage of negotiations; that I could not say. But when we have a conciliation structure; when we employ conciliation officers whose duty and responsibility it is to effect a settlement, to mediate, to get both sides together, to ensure that collective bargaining, give and take takes place and a contract is signed, it seems rather senseless that we should be obliged to go outside and call upon the services of private citizens to do the things that Department of Labour officials should be doing in the first place.

Another unfortunate matter that arises from the operation of conciliation boards is in the selection of people as chairmen of conciliation boards who are not departmental officials. This is so in practically all cases. Some private citizen is asked to be chairman of the conciliation board. He may be a judge of some court, as happens in a number of cases. He may be a retired individual. He may be someone who has done a considerable amount of work in conciliation and arbitration procedures, such as university professors, lawyers and so on. But in some cases it has happened that the appointment of persons as chairmen of conciliation boards has been nothing more than a recognition of the contribution a person has made to a political party in one way or another over the years, and political hacks are appointed as conciliation board chairmen.

I have participated in conciliation boards where this has happened, and that procedure is extremely detrimental to labour-management negotiations and to peace and harmony in those negotiations, and in regard to effecting a settlement at that stage. In many cases the individuals appointed in this way are not too interested in the process of negotiation. They do not have too much of a conception of the industry itself or the play of human psychological forces in labour-management negotiations; therefore the process of conciliation falls down at that stage where these things happen.

I would certainly suggest to the minister that when he does take steps to amend the present Industrial Relations and Disputes Investigation Act, if he would do so along the lines I have suggested I do not think he would find there would be too much argument or rejection of those proposals by the people affected by them. Certainly as far as I am concerned, as well as others on this side, the minister would not find much objection.

One of the other difficulties which arise in the enactment of legislation governing the relationships between the working people, through their unions, and management is that those laws are often enacted in the dark. Legislators in many cases do not have too much of an understanding about the forces involved in the process, as well as the psychological factors at work. In this instance we have legislation along these lines which has been in effect for too long without any revision being made to it, and without it being kept up to date.

Legislation oftimes is restrictive. I point again to the case in British Columbia under our labour relations act where in some cases it is absolutely impossible to comply with the provisions of the act, and if a strike does take place the union is automatically on an illegal strike because the law says so. The law is restrictive in that event, and consequently causes difficulties and much trouble. Then the lawmakers come along after they have caused these difficulties and trouble and say, "We will have to put even greater restrictions in the legislation. You people are not complying with the law; we will impose such drastic penalties that you will be required to." But they do not deal with the problem at its roots by designing the proper legislation in the first instance which would, in the first place, be acceptable to both sides, and second, take into account the human factors involved.

I hope when the minister does get around to it, though I do not imagine it will be until next session, he will introduce amendments to the Industrial Relations and Disputes Investigation Act somewhat along the lines I have suggested, and that he will not fall into the trap into which other people have fallen of making the legislation so restrictive and damaging that it will defeat the very purpose which it is supposedly designed to accomplish, namely promoting labour-management harmony, promoting collective bargaining in the true spirit of give and take, and promoting peaceful relations between the two groups who are directly involved in the negotiations. As I say, I hope he will not fall into this trap but will have the foresight, which I know he is capable of exercising, to introduce legislation which will not only not be too drastic in this light but will also, in effect, have the result of promoting labour-management harmony.

Mr. Chairman, if I may I would like to comment on some of the remarks made last evening following my remarks. First of all, the hon. member for St. Lawrence-St. George spoke directly after I did, and he made the suggestion that the proposals I had put forward with respect to the power and authority of conciliation officers was bordering on compulsory arbitration. Surely the

hon. member, especially in view of the experience he himself had when he bailed the government out of its difficult position with respect to the C.B.C. in Montreal, cannot reasonably expect anyone to think that this is bordering on compulsory arbitration. Far, far from it.

Then my hon. friend from Burin-Burgeo, who also spoke following my remarks—I regret that he is not in the house at this moment so he would have the opportunity, if he so desired, to reply to what I am about to say—made some comments in connection with certain remarks of mine to which I would particularly like to make reference. I say at the outset, Mr. Chairman, that I have a great deal of respect for the honesty, ability and integrity of the hon. member for Burin-Burgeo, and I am sure if many other hon. members in the house had the same openness and sincerity, not only internally but also outwardly, we would have much less difficulty with the problems which face us at the present time.

The hon. member for Burin-Burgeo started off in a very impassioned and emotional way which was apparently occasioned by the remarks I had made originally, and I cannot for the life of me see why he started off on that tack because I do not think I said anything untoward in my comments so far as the recently enacted labour legislation in Newfoundland is concerned. My remarks were confined specifically to that legislation and were not bordering on the question of article 29, and so on, about which I have other views. But I did make two comments which I think were quite factual and had nothing to do with whether I was in Newfoundland or whether the facts had all been brought out or not. One of my comments was that the premier of Newfoundland had instituted legislation, which incidentally the legislature subsequently passed though I did not say so in my remarks last night, which in effect decertified and outlawed two locals of the I.W.A. Mr. Chairman, that is a fact; there are no two ways about it.

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

Mr. Howard: I would prefer the hon. member to wait until afterward, but if he insists—

Mr. Pickersgill: It is on the definition of a word. I would like to hear the hon. member's definition of the word "outlawed"?

Mr. Howard: I do not want to make any unkind remarks about you, sir. I did not use the word "outlawed"; I used the word "decertified".

Mr. Pickersgill: No. The hon. member will find on checking *Hansard* that he said both decertified and outlawed just now.

Mr. Howard: Just now I said decertified and outlawed, but last night I just used the word decertified, and I used it in this context and in the same way because that is precisely what happened. In this instance the two words are synonymous. It is factual. The act which I have before me, of which the hon. member for Bonavista-Twillingate was kind enough to let me have a copy for my own information, makes no reference to "outlaw", it is true. It refers to decertification.

Mr. Pickersgill: Exactly; and that is all.

Mr. Johnson: Mr. Chairman, could the hon. members carry on their private conversation outside the house?

Mr. Howard: My hon. friend wants us to carry on our private conversation outside the house. I must admit, Mr. Chairman, that I did not make the interjection; the hon. member for Bonavista-Twillingate did. I am only trying to accommodate other hon. members by giving as full as possible a discussion of this particular question.

The other comment I had to make last night was in my opinion another factual matter, except that it related to something which might happen in the future. However, I do not think even that remark should have provoked the comments made by the hon. member for Burin-Burgeo. The suggestion I made was that this type of action by a group of political people outlawing a union—or decertifying it, if the hon. member likes a euphemistic term better—could have the result of provoking working class people into taking political action. It could, and that is a factual statement.

I could go further into this question if the hon. member for Burin-Burgeo—and again I am sorry he is not here—wished me to do so. I could discuss this question of the invasion of the rights of individuals, of the by-passing of the labour relations board, of the removal of jurisdiction from the administration's own quasi-judicial board which deals with certification, and with political interference in the conduct of union affairs. I would be quite prepared to do this, for the act is right here before us. Any hon. member can get a copy, and it represents nothing more than a group of politicians denying to the people of Newfoundland their just and moral rights under the law.

What would be thought in this parliament if, for instance, the Minister of Labour, who has under his jurisdiction a board which issues certificates to unions, were to introduce

a specific piece of legislation stating that the brotherhood of locomotive engineers no longer had the right to represent the firemen on the C.N.R.? Yet that is precisely, in effect, what was done in Newfoundland. Suppose the Minister of Agriculture were to introduce a specific piece of legislation to the effect that a particular farmer no longer had the right to sell his wheat to his own elevator. Yet precisely the same principle is involved. If we accept this legislation saying that certain people no longer have the right to belong to a particular union, it is no different from accepting the principle that a law may be passed saying that an individual no longer has the right to belong to a particular religious organization because it is not one which the government likes.

I imagine that the hon. member for Burin-Burgeo had reference to the economic position of the Anglo-Newfoundland company and its ability to pay certain wages and taxes, if in fact the company pays any taxes to anyone other than the federal government. I do not wish to become involved in discussing the economic affairs of the company. Information on that subject is readily available from the company's own annual reports. Whatever conclusions may be drawn from this information, the fact remains that as soon as Premier Smallwood got rid of one union and established his own politically dominated union, the company was able to pay to its employees the wage increase which earlier it had said it was unable to afford.

I should like also to make reference, if I may, to the relationship which exists between wages and prices, because that is certainly part of our economic system. The general cry in the last couple of years has been that every time there is a wage increase prices to consumers must immediately rise. It has been accepted that the company affected by the wage increases was obliged to increase its prices. Consequently the working people who received the increases were labelled as irresponsible by the rest of society.

I think the facts themselves in no way bear out this attitude. In some cases, it is true, increases in wages could have an effect upon prices, especially if a company is in a marginal position or if the company concerned cannot afford to pay wage increases without raising prices to the consumers of its product. However, I submit that in the great bulk of cases this is not the situation. Then again we constantly hear the cry that we are pricing ourselves out of world markets because of high wages, because the working man desires a sufficient income to provide for himself and for his family. It is said that the only way we can get these markets back is by cutting wages so we can produce more cheaply and compete with other suppliers of world markets.

This is the gist of the arguments we hear. But let us take the case of the aluminum industry. In Canada the notable company is the Aluminum Company of Canada, which for a long while has been virtually in a monopoly position. It was not too long ago that the Aluminum Company of Canada, or Alcan as it is briefly referred to, found itself in difficulty in so far as the United Kingdom market was concerned because aluminum from Russia was being sold in the United Kingdom at a price lower than that at which Alcan was selling to the United Kingdom. The cry went up that because of high wages the Canadian aluminum industry had priced itself out of the market, and that consequently we should be obliged to curtail production, lay people off and so on.

One of the first things we have to determine, if we can, is how the cost factor in Russia is calculated. I myself believe this to be impossible. How do the Russians determine their cost of production? What is it based on? We have no idea. I am sure the manner in which the economy of that country operates would make it impossible for us to compete with them even if we were in a position to find out how they compute their labour costs. So that argument has not too much validity.

Again, one of the facts about this industry which few people seem to realize—or if they do realize it they do not say too much about it—is that for more than 50 years the aluminum industry has operated in the world market in a monopoly position, protected by cartels and price fixing arrangements. The price of aluminum has never had anything to do with the wages received by the employees in that industry or in a particular company. Alcan or Aluminium Limited, the holding company which owns Alcan in Canada, was for many years the agency through which Alcoa in the United States entered into these international arrangements in so far as price fixing agreements were concerned.

I wonder if I might call it one o'clock?

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Howard: Mr. Chairman, I gather that I have about five minutes or more at my disposal in which to conclude my observations. At one o'clock I was dealing with the question of the effect that wages may have

on price increases and said that this is an insignificant part of the pressure on price increases. In fact, I made mention of the aluminum industry in general and the Aluminum Company of Canada in particular. The question of price fixing arrangements, of combines, of participation in international cartels and the question of price increases without any relationship between the amount of the increase and the wages paid and other costs of the industry form one of the major factors affecting an increase in price or the devaluation of the dollar or inflation.

For some twenty years Canadian farmers were at the mercy of a price fixing combine in the steel industry. The Steel Company of Canada, Dosco, New Brunswick Fence, Lundy Fence and Canadian Fence are a few of the names that come to mind as being companies that were engaged in a price fixing combine and that were subsequently charged and found guilty under the Criminal Code just a short while ago. This served to point up the fact that over a twenty-year period farmers were at the mercy of these corporations that charged whatever they wanted to charge. It was found that the wages paid to the employees in the steel industry had absolutely no connection with price levels and price increases with respect to farm fencing and other fencing.

There have been a number of prosecutions in the Canadian courts with respect to other combines. Some of the industries and names that come to mind are the rubber industry, the electrical industry, the E. B. Eddy Company's match factory, the pulp and paper and fine papers industry, and so on. Case after case arises across Canada involving corporations that engage in price-fixing arrangements with other corporations in the same type of industry the design of which is to charge the highest possible prices they can, there being no connection whatever between the wages paid in the industry, the other costs which industry had to meet and the prices which they charged.

There are many other cases which have not yet been considered by the courts but which have been reported by the restrictive trade practices commission and which as far as we can gather from information gleaned from the press and from questions raised in this house the Department of Justice is considering prosecuting under the Criminal Code. We cannot deal with this question at any length because some of these cases are presently before the courts or under consideration.

Time after time in industry after industry and in corporation after corporation attempts were made to enter into price-fixing arrangements. The larger the corporation the easier it is to do so. There have been price-fixing arrangements, instances of uniform bidding on government contracts, uniform price setting and uniform increases introduced which constitute one of the major factors in the increasing cost of living and one of the major factors in prices having reached the level they have now attained. I mention these illustrations only to show the other side of the coin to those people who spread propaganda from one end of the country to the other saying that the working-class people are responsible for the increased cost of living because of demands for wage increases or other adjustments in their remuneration.

The working force is not entirely to blame although they may be to a slight degree or in some individual instances. Certainly, however, they are not entirely to blame. By far the greater part of the blame rests with those corporations that engage in price-fixing schemes, combines, monopolies and international cartels with companies in other countries. If we would attack this problem with the same energy that is devoted to spreading propaganda about the working class being to blame more significant strides would be made toward meeting the problem than have been made up to the present time.

Mr. Fane: Mr. Chairman, I should like to take a few moments of the time of the committee. It may seem strange that a member from what is almost entirely a farming community should rise in his place to speak on a labour vote but there are plenty of precedents established in this committee of people—as it were—talking out of their natural habitat.

The first thing I want to do is tell the Minister of Labour that the people of my constituency as well as the members of this party are 100 per cent behind him. We approve very much of his actions and are happy to have as the minister in charge of this portfolio a man who is so naturally unruffled, even-tempered and keen-minded. We know that he has the interests of labour at heart because he has been a member of a union for many years. We also commend him for the appointment of Mr. MacArthur to the board of commissioners of the unemployment insurance commission. The minister's decision indicates that he does what he knows to be right and that political considerations do not influence his actions.

I wish to make particular reference to the addresses made yesterday by two hon. members, the hon. member for Cape Breton South and the hon. member for Hamilton South. I thought they were very able addresses.

The thing that I want to talk about particularly this afternoon is the situation in

so far as farm labour is concerned, at least in western Canada. It is very difficult to get sufficient help on the farms and I do not know what possibly can be done about it. People do not seem to want to work on the farms any more. I know why perfectly well. You cannot run a farm on a 40-hour week or less. While there are alleged to be half a million more or less unemployed people in this country, yet at the same time there are probably 250,000 or 300,000 jobs available on farms. I will admit that everybody who is unemployed is not suitable for work on the farm but a great many of them could work there if they wanted to.

The people who work in industry have contributed to the unemployment insurance fund, and rather than work on farms they are satisfied—I do not say contented—to draw what unemployment insurance they can and not work on the farm. This is something that farmers find difficult to understand. They cannot understand why, when there are so many jobs of one kind or another that perfectly physically fit people could take, they do not take them. This lack of help on the farms is one thing that is causing the situation that has been called vertical integration to take place on the farms. The farmer cannot get sufficient help to carry on the way he should and the way he wants to; therefore, he is forced into this situation.

Another thing that farmers fail to understand is why so many of the unions in this country are controlled by people from a foreign country. It does not seem right that the national economy of Canada should be controlled by perhaps a gangster or gangsters from a foreign country.

Mr. Peters: Does the hon. member know of one instance where there has been a foreigner in a union in Canada?

An hon. Member: Hal Banks.

Mr. Peters: Give us the name of any union which has an executive officer who is a citizen of any country other than Canada.

Mr. Fane: How about Banks? How about the teamsters union?

Mr. Peters: Hal Banks is still a United States citizen.

Mr. Ricard: That is what he says.

Mr. Fane: Or, he was. A great many people do not seem to know that of the unemployment insurance which the unemployed workers collect, five-twelfths of what is in the fund is paid into the fund by the workers. Another five-twelfths is paid in by the employers, leaving only two-twelfths, or one-sixth of the amount contributed to the fund by the government. Therefore, that is one reason why some organizations, or people in some walks of life, are averse to unemployment insurance. I have heard it many times. They do not seem to realize the proportion that is contributed by the workers.

A short time ago I was very happy to hear the minister say that unemployment insurance for farm workers is being considered. It might make a great difference to the farm labour situation if farm labourers were eligible for unemployment insurance, although it is very difficult to think of anybody who is a farm worker being unemployed.

Last winter we had a winter works program initiated by this government under the Minister of Labour. For the few who were unemployed and who were not on a farm basis that was a very good thing in my constituency. For example, in Elk island park alone jobs were made for 100 men all winter, and that really did help the situation out there.

I have now had my little say about the farming angle of the unemployment situation and again I want to tell the minister how happy the people in my constituency are to have him in charge of this department.

(Translation):

Mr. Brassard (Lapointe): Mr. Chairman, I do not intend to take too much of the committee's time in order to deal with labour conditions on the first item of the estimates of the Department of Labour. I mentioned the matter briefly during the budget debate, but I want to recall certain points and, more particularly, to make a few suggestions to the government.

I have pointed out before in this house, that labour conditions in the riding of Lapointe and throughout the Saguenay-Lake St. John area, are on the whole pitiful. Just about one family head out of four is without a job and, considering that next week, that is in mid-May, supplementary benefits paid out to the jobless will come to an end, I think this is a very deplorable situation, urgently in need of attention. It is all right to help the unemployed so that their wives and children may eat, but I am of the opinion that this is a short-sighted solution from those who are responsible for administrating this country's business.

As I said, there are in my constituency of Lapointe, and in the neighbouring area about 17,000 people—fathers or heads of families—who will be out of work and most of whom will no longer receive supplementary unemployment insurance benefits. Among the many people affected by

unemployment in my area, there are a good many young men, and to me, this is one of the most tragic situations that can exist.

Unemployment can foster all the seamiest aspects of society. Young people of 17, 18, 20, 25 or even 30 years, who have no work can engage in any adventure, even in crime, because of the despondency they feel when they find that, as they have no work, they cannot help their family to subsist and to eat when they are hungry.

I am aware of such cases as are, I am sure, many of my colleagues.

During the Easter holidays—I am not setting myself as an example, I am merely stating a fact, and I am sure many of my colleagues have had the same experience—I had to send out several hampers of food—paid out of my allowance, since I have no other source of income—to families whose fathers and older children were out of work, even after they had desperately tried to find jobs. I called on those families; I did not content myself with receiving the heads of families at home to give them money directly; on the contrary, I rented cars and paid them a visit, thus seeing with my own eyes that there was hardship in many families of my constituency. I am of the opinion that this is the problem that the Minister of Labour (Mr. Starr) should try to solve for next fall and next winter.

Mr. Chairman, I should like to quote from the words of His Eminence Cardinal Leger, but before I do so, I should like to make a statement. There are many politicians who like to quote church authorities or hobnob with the clergy, in order to gain more prestige with their constituents. I should like to state here, and very categorically, that I am not quoting His Eminence Cardinal Leger, merely because he is the highest Catholic church authority in the province of Quebec. I do so, because he wrote a letter about unemployment which, in my opinion, is a genuine charter from which the federal government could derive inspiration in its search for a solution to the evils from which we are suffering today, and to those which threaten us in the future.

Concerning unemployment, here is what His Eminence Cardinal Leger said:

> It has been stated by an economist that, if a man suffers from unemployment for an extended period of time, morbid reactions will almost certainly affect his quality as a man and as a worker. Not only will his technical ability be impaired through disuse but he will lose the habit of working, with consequent loss of self respect and self confidence. So when an opportunity later arises, this man, who previously was merely "unemployed", will have become "unemployable". Meanwhile, his private life may have been shattered, and the atmosphere in which his children grow may have been poisoned.
>
> Though full employment theories remain a subject of discussion among economists, unemployment is no longer considered a natural necessity.
>
> Unemployment places the social order in serious jeopardy, because it can foster, among the unemployed, feelings of discontent and bitterness towards a society which has proved incapable of making use of vital forces crying for an outlet.
>
> The experience of foreign countries tends to prove—

And I want to draw the attention of the government and of the Minister of Labour to that last sentence—

> The experience of foreign countries tends to prove that agitators and demagogues always find there a choice field to promote class struggle. Because of the lack of stability from which it rises, unemployment becomes one of the great scourges of mankind.
>
> While impoverishing its victims, unemployment decreases consumption, leads to economic stagnation in other branches of the economy, and paralyses progress. Not only does society not benefit from the development of resources, which are thus truly sterilized, but it has moreover to meet the needs of the unemployed.

The situation has become so serious, as I was saying a few days ago in this house, that throughout the province—and I thought it was only happening in my riding—young people are forming groups in order to rouse public opinion and appeal to the leaders of this country.

I have here an excerpt from *La Presse* of March 24, 1959, which is preceded by the following headline:

> In a pool room, young men are forming an association of jobless.

We also have in my riding such groups of young unemployed men, as well as in the three other ridings of my area.

Mr. Chairman, there is no need to quote statistics, because I know that the Minister of Labour and all hon. members can see, through those statistics, the plight of those who are unable to earn their living and provide for their families. That is why I ask the Minister of Labour to think not only of unemployment insurance benefits, but to try and find some formula to alleviate the terrible scourge which affects not only my own riding, my area and my province, but the country as a whole. There has been some progress I admit, but the situation is still intolerable and the government must do more.

In a letter about unemployment—and I shall come back on this later—His Eminence Cardinal Leger spoke of the responsibility of our leaders with regard to unemployment. I want to quote a passage on page 2897 of that pastoral letter entitled:

Those chiefly responsible

Social justice asks all those who are responsible for our economy to create general economic conditions in which it will be possible and easy to exercise the natural right to work. Leadership and economic responsibility are divided among individuals, professional groups and the state. Each must intervene in his own way according to the function he assumes within the economic system.

In our economic system, the responsibility for maintaining existing jobs and for creating new ones rests chiefly with employers and their professional associations.

But the public weal requires much more urgently than in the past that the state intervene in "the division and the distribution of work". Thus, the state in this regard must take new and daring steps, while respecting what Pope Pius XI called "the suppletory function of the state". It must encourage intermediate organizations to take the necessary steps; it must facilitate their action and, if necessary, remedy their deficiencies.

I believe that, in this regard, the right hon. Prime Minister of Canada (Mr. Diefenbaker) said something that came close to the statement of Cardinal Leger about the economic field; but the Prime Minister of Canada has the means at his disposal and can take the necessary steps to carry out what he has advocated.

I have here a clipping from *La Presse* of July 9, 1958—that is during the visit of the President of the United States to the parliament of Canada—where I find these words from the right hon. Prime Minister of Canada:

"I believe that the nations of the free world, now united for defence, must, on a world basis, initiate in the field of economy, a new and bold policy designed to ensure prosperity everywhere. It is urgently needed. The communist forces will not wait. Time is against us".

The Prime Minister of Canada understands the problem quite well—I know that, on account of that quotation—and he, more than anyone else in this country, can put in concrete form the ideas he put forward at the time of the United States President's visit. He has colleagues with whom he can discuss the matter. I know it cannot be settled overnight, by why, for instance, a commission could not be set up which would be composed of employers, labour representatives and representatives of certain well-known public organizations, whose devotion to the national common interests is well known? Why could not the government set up such a commission? I am not suggesting anything new to the government, since my leader, the hon. member for Algoma-East (Mr. Pearson) proposed the setting up of such a commission during the 1958 election campaign. That commission could, with the help of both employers and especially workers study the effects, in several fields of automation in our industry. It could, after such a study, make recommendations to the government which could bring about, over a period of time, concrete results which, each fall and each spring, would save us from the evil of unemployment which affects so many Canadians and so many Canadian families.

Mr. Chairman, I do not wish to take more of the time of the house, but I do want to ask the Minister of Labour to consider that matter. I agree he has no time to consider it himself, but why—and I emphasize this point—does not the government think of setting up a commission to consider that problem? It has set up similar commissions in several other fields. It is setting up, for instance, commissions to avoid certain subjects being discussed here in the house. Why not set up a commission to consider the means that could rid us of that spectre of unemployment which afflicts us each fall? That suggestion is not my own, but it seems that next fall and next winter, the unemployment situation will be very serious in Canada, because by next fall many people out of work at present will not be entitled to unemployment insurance benefits.

Mr. Chairman, I should like to close my remarks by quoting again a suggestion made by His Eminence Cardinal Leger, in his letter on unemployment:

We hope that the unemployment problem, as well as so many other urgent matters today, will bring the opportunity of proving by concrete action that overriding community of interests. Would it not be advisable that such a solidarity, which must unite all factors of economic life, take shape through the setting up of joint commissions, grouping labour and employer leaders, in an undertaking of common study and concerted action? Such organizations could also seek efficient means of alleviating the present crisis, of offering concrete plans and obtaining from the state the support and the services deemed necessary. Only such an initiative of employer-labour co-operation, taken in a spirit of co-responsibility with the state, could protect our economic life from the abuses created by either unlimited liberalism leading to anarchy, or by oppressive state control.

Mr. Chairman, may I point out in closing that I have not quoted the words of His Eminence Cardinal Leger in an attempt to cover myself with the cloak of religion, or to try to give more weight, as it were, to the words and suggestions I have offered to the government. I have read this letter from Cardinal Leger at least five or six times, and I think it contains some advice which the government should follow. Here are suggested solutions which would benefit not only the

people of my constituency, or of my area and province, but the whole country, and indeed all the free world.

And let me add this. The other day, the hon. Minister of Labour suggested that Mr. Jean Marchand, who has resigned as labour representative on the unemployment insurance advisory committee, was perhaps a C.C.F. supporter or a Liberal, but was certainly not a member of the Conservative party. I think that has absolutely nothing to do with Jean Marchand's resignation from the unemployment insurance advisory committee. Mr. Chairman, Jean Marchand should be considered only as a representative of labour.

Mr. Martin (Essex East): That is right.

Mr. Brassard (Lapointe): I know Jean Marchand. He is one of the people most devoted to the cause of labour in the province of Quebec.

Mr. Martin (Essex East): Hear, hear.

Mr. Brassard (Lapointe): Jean Marchand is a very able man, and has devoted the major part of his life to the cause of labour, though he is still young. Ever since he left university, he has devoted his full time and his moments of leisure to the workers. He is now employed full time by the labour unions, and he looks after the labouring people. No one can say that Jean Marchand is attempting to mislead the people. Jean Marchand has a very keen mind, he is quite unselfish, and I believe he is a sensible man. I was somewhat taken aback the other day when I heard the Minister of Labour accusing Jean Marchand of being perhaps a C.C.F. supporter or a Liberal, but not a Conservative. I think a man can disagree with the views of the Conservative party and still be an able and intelligent man, and Jean Marchand is one who has always worked for the good of his province and his country. I hope the Minister of Labour will take back what he said about Jean Marchand, and will withdraw his statement.

Mr. Martin (Essex East): Hear, hear.

(Text):

Mr. Peters: Mr. Chairman, I should like to congratulate the Minister of Labour on the job he has done over the years, particularly when a number of his colleagues rise in this chamber and show their ignorance in labour matters, his job must be that much harder and the work that he is doing that much more difficult. It has been said today that a number of unions have officials from other countries. I would defy any member of the house to cite more than two instances where any Canadian union or any union operating in Canada has foreign organizers or official representatives.

I think something must be said about this matter of gangsterism. It is all very well for Joey Smallwood from the province of Newfoundland to make these charges, irresponsible as he is; but it certainly is not in keeping with the facts for these statements to be made in the rest of Canada. I know of no individual trade union official in this country who could be classified as a gangster, with the exception of the one that has already been mentioned. I think the Minister of Labour is not completely unaware of what happened in this specific case. Certainly the Liberal party can take no credit for the fact that Hal Banks is in this country. I think that this is one of the things that the Canadian people should know.

One of the problems arises when the government will co-operate with unions that are not doing the job that a union is organized to do. One of them was this particular case where Hal Banks was brought in from the United States with the assistance of the government through a crown company, namely the Canadian National Railways. He was brought in, set up, a backdoor agreement was negotiated and there were all types of manoeuvring and manipulation by the employer and by the government in allowing this to take place. I therefore do not think that labour unions in general can be criticized for something for which they themselves are not responsible. Judging from the remarks that have been made by several of the members, one or two of them representing large labour ridings, I think they should take a close look at what unions are supposed to do and what they do.

I think a great deal has been said over the past few years, particularly since the investigations in the United States concerning one particular union, which would have been better said in its proper context or with the emphasis which it deserved. I think it would be very difficult for any Canadian, yes probably any American, to name half a dozen Americans who are in key positions in the unions and could be called by the name gangster or rowdy, or any of the other names which have been applied or could be applied to trade union officials. In the main, where the investigations took place in the United States—

Mr. Henderson: On a point of order. The hon. member is absolutely wrong when he says there are no gangsters in the United States in these unions.

The Deputy Chairman: Order. Has the hon. member a question to ask the member who has the floor?

Mr. Pickersgill: Mr. Chairman, perhaps you did not hear. The hon. gentleman raised a point of order.

The Deputy Chairman: What is the point of order.

Mr. Henderson: The point of order is that there are gangsters in the United States.

The Deputy Chairman: Order. I fail to see the hon. member's point of order. Will the hon. member who has the floor proceed?

Mr. Peters: I am sure the hon. gentleman is right. In that particular investigation there were quite a number of people whom I would class as gangsters. However, what I said was that I thought it would be very difficult for a Canadian citizen or even a United States citizen to pick out by name more than half a dozen in the United States. I repeat that I would defy anyone in Canada to name two in Canada, although one of them has been already discussed.

Mr. Henderson: What government brought him in here?

Mr. Peters: Mr. Chairman, the hon. member is not listening very well. I leave that question on the doorstep of the Liberal government. If we go into the history of this particular case, although it is not a matter I wish to speak about, this subject was investigated and consideration given to this particular immigrant, and the Conservative government has taken no action against him and has said that probably no action is intended against him.

Mr. Henderson: I do not want to get into an argument with the hon. gentleman, but the Conservative government has tried to get him out. He is a murderer and a gangster.

Some hon. Members: Oh, oh.

The Deputy Chairman: Order.

Mr. Peters: Mr. Chairman, I think it is generally agreed that this particular gentleman comes under the category of a gangster, but I repeat that the Conservative government has taken no action whatsoever to eliminate this unwanted immigrant in Canada. The trade union movement did not ask for him. He was invited to come here by a crown-controlled company.

Mr. Henderson: Pardon me. Does the gangster belong to the C.L.C.?

The Deputy Chairman: Order.

Mr. Pickersgill: That is a good question!

[Mr. Henderson.]

Mr. Peters: I understand his union is affiliated with the C.L.C.

An hon. Member: Answer the question.

Mr. Peters: Quite frankly, Mr. Chairman, my union belong to the C.L.C., but I do not know that I am a member of the C.L.C. I said his union is affiliated. These charges have been made continually over the years, yet the people who have the opportunity to do something about it have no intention of doing anything but are glad to make use of him. The Minister of Labour is also aware of another situation, although there have been very few cases in Canada where there has been bad unionism.

This matter also rests pretty well on the doorstep of the government. Last year, or two or three years ago, when the trans-Canada pipe line started crossing northern Ontario we found that the workers who were being hired were already in a union which had a contract already signed. This contract was negotiated between the crown corporation on the one hand and another union on the other, obviously with the government's knowledge and without any objection from them. This is the type of thing which gives unionism a bad name, because it is a sort of backdoor agreement where you sign the contract without having any employees. It means, of course, that the workers themselves have no say in this situation.

But this is always good for news. If there is anything happening which is not happening just the way it is supposed to, then the newspapers play it up. When investigations take place in the United States, although they have no similarity to those in Canada, then we see great big headlines in all the papers. We are not always very helpful to management but I would like to suggest to them that if they continue to do this type of hatchet job on organized labour and do not realize that trade unions are here to stay—they are probably the most democratic organization we have in the country—and if they fail to see the function which a trade union has in industry and in our national affairs as a whole, then they will force those organizations and the various unions into taking other steps to protect the things which they were set up to provide. A union is fundamentally set up to provide its membership with a higher standard of living and to maintain it, to obtain wage increases if they are necessary, to continue to fight for better working conditions, better conditions in the plant and in the community. No union functions only in the plant; all trade unions are publicly minded. More than that, the membership have obtained an education in practical democracy which makes them in many

cases much better fitted for taking their position in the community than many others.

Mr. Chairman, I belonged to the united steelworkers of America in Timmins, and when I was president of the local there we engaged in many things about which I think the country should know but does not normally pay much attention to. We assisted in setting up such things in the community as blood banks. We set them up because there was a need for them, not only for our own members but for all citizens in the community. We supplied the blood to the hospital free on request. We did some of the administration which was necessary to see that this blood was supplied to the needy at a very nominal cost.

We also participated in such things as community betterment, beautifying the town and trying to change the course of a particular creek through the town which had drowned a number of children. In that particular case we did try very hard to get the creek diverted. We were always very interested in civic elections, not only as trade unionists but as individuals. We also took an active interest in the affairs of the community. We helped in addition many welfare organizations, and a lot of trade unionists throughout Canada have headed some of the largest welfare agencies in the country. I think it is safe to say that in Toronto, Windsor and Hamilton they are very proud of the trade unionists who take their places and carry their share of the load in the welfare agencies and in the raising of money for these agencies.

I think these things are too often forgotten. Some fear has been expressed in the last day or two about a third party, the new party, whatever its name might be. I suggest this party will come into being if the trade unions are forced to take action because the need is there. It will not be imposed from the top as has been suggested; it will come from a desire on the part of the worker, because when a worker listens to the budget and legislation he is immediately in politics. Fears have been expressed by people, who in my opinion should be more familiar with the operations of the trade unions than they are. They have been expressed by a number of people who, I suggest, should take a closer look at the operations of their local unions.

I am sure that the hon. member for Cape Breton South would be quite welcome to attend a trade union meeting in his own riding—it would presumably be a meeting of the united mineworkers—and I believe the same would apply to the hon. member for Hamilton South, both of whom discussed trade union operations in a very cursory manner. If the hon. member for Hamilton South would drop in at a meeting of the steelworkers union in Hamilton, I am sure he would learn a great deal about parliamentary procedure and about the democratic working of an organization. I am certain, too, he would find that none of the officials was behaving as a United States citizen or as a citizen of any country outside Canada.

Some concern has quite properly been expressed about the manner of the election of a commissioner to the unemployment insurance commission. The unemployment insurance fund is not as simple in its workings as some people believe it to be. It is not a fund which can be pulled out of a hat to end the recession. It is a fund set up to help cushion the effects of seasonal unemployment, to tide over workers employed in industries which do not operate all the year around. All the workers in Canada contribute toward this fund. In fact, they contribute almost half the money, and a portion of the other half is contributed by management.

Management does not hesitate to tell the workers: this is the amount of money we have to spend as our contribution toward your unemployment insurance fund. This contribution is taken into account in the total wage picture which the companies put forward at negotiations. The companies also include other things such as contributions to medical plans, pensions, where they exist, and benefits of that nature, but unemployment insurance enters directly into the wage picture of all employees. So it adds up to this, that the workers are, in effect, paying nine-tenths of the money which goes into the fund. I suggest that if there was not this contribution coming from the employers, the workers could get its equivalent in the form of wages. Labour has asked, through its democratically elected organizations, for some voice in the appointment of these commissioners, and this was granted in the act. I maintain that more consideration should have been given to the representations which were made on this occasion than was in fact shown. This fund, which is operating for the benefit of Canada as well as of the workers who contribute toward it, should always be managed with the utmost consideration for the representations made by labour with regard to it.

The fact is that in the last two or three years, this fund has had two main objectives. One has been the relief of unemployment—the job it was set up to do—and the other has been its usefulness as a means of stemming the tide of the recession. In my view the fund was never set up for that purpose. The fund should be divided into two parts

so that it may be clear in which areas it is functioning, and to the extent that it is being used to carry out part of the government's financial policy, contributions should be made to it from the consolidated revenue.

I think the minister might well take some of the advice which has been offered to him. Fortunately, the Minister of Labour is one who has always sought advice and given it some consideration. I think he could follow his well known pattern of behaviour in the past and give some further consideration to this question of the unemployment insurance commission and the representations which have been made to him with regard to it. Knowing, as I do, the attitudes taken by some of his colleagues, I am surprised that the minister has been able to accomplish what he has with regard to unemployment insurance. The workers will certainly appreciate what he has done, though they will not appreciate having to raise the increased amount of money necessary in order to continue the benefits which they are to receive.

Mr. Martin (Essex East): You are referring to the proposed rates of contribution?

Mr. Peters: These are the changes which will be made in the unemployment insurance regulations.

We had hoped that the minister would by now have indicated his intention to introduce changes in the federal labour code. We had hoped he would have announced his intention to revise this code. Changes in the code are even more necessary now, in the light of events involving labour in the province of British Columbia, and in Newfoundland than they were some time ago. They are also necessary in view of the situation in Ontario. The other day I was discussing with officials of a union in Toronto some of the problems with which they were faced under the industrial relations act of that province. It was pointed out to me that the labour board by stalling and delaying its decisions was making it almost impossible for a union to function. They told me of a situation which had arisen at a plant where some 33 workers were engaged. A request was made for certification. Six months later the board got around to asking for a vote because one employee had, apparently, objected. When the vote was finally taken, only four people were there, the man who had intervened and three of the union people. This is one of the problems they are facing.

As another example, I recall a strike which took place in a small lumber mill at Field, Ontario. Decertification was applied for and the union, as I think the membership would confirm, was ready to agree that any decision taken would be binding on both parties; if the decision went against the union, they were willing to leave that particular plant. The period for entering into negotiations was drawing close, and some decision needed to be taken. Mr. Chairman, that strike was over a few months ago, and only the other day the union concerned received a letter saying that it was hoped in the near future to be able to render a decision on the decertification hearing which had been held six or seven months earlier. These delays cause problems in many of the industries enjoying labour contracts.

I wish to thank the Minister of Labour for the assistance he gave to some of the people in my part of the country. In his diplomatic way he intervened in a serious situation in the gold mining industry. I believe he suggested that it would be a good thing if they sat down and negotiated but I am not sure if he sat in on the negotiations. Shortly after that a settlement was reached in the dispute. A few years ago an identical situation developed involving an eight-month strike resulting in the loss of all concerned of thousands of dollars and the settlement reached at that time was not much better received than was the recent one which the minister assisted in obtaining by intervention.

The minister on a number of occasions has said he is investigating all the aspects of the labour code. This is necessary in Canada. If we are going to have a bill of rights I think we should also have a bill of rights for trade unions.

The situation in Newfoundland was probably more dramatic than that which develops in most cases. The results in British Columbia, as the hon. member for Skeena pointed out, will not be much better and it will be longer before we find out what those results are.

The minister must ensure that Canadian labour is guaranteed certain fundamental freedoms under the labour code. The Newfoundland situation illustrates the need of this. It must be remembered that the international woodworkers of America did not go into the province uninvited. The president of district 2 of the I.W.A. was invited to speak at a convention of a company union in 1956 which he accepted. During the course of the convention a motion was put on the floor recommending that this particular union join forces with the I.W.A. As was the case in some of the constitution mentioned by other hon. members who have spoken, the membership did not have the right to affiliate with I.W.A. at that time.

The loggers themselves invited the president to bring the organization into the province which he did. In 1957 organizational work was started in the bush. Eighty-seven per cent of the loggers in the A.N.D. company signed

up in the I.W.A. They applied for certification under the labour relations board and the government turned them down on a technicality. They re-applied to the board in June 1957. I think hon. members should know that in most provinces a bare majority or a majority of 55 per cent will grant certification automatically. In this instance a vote was ordered and held with 86.4 per cent of the loggers voting. It had to be conducted by referendum, I am told. Committees were set up and there are many union committees in the outports and small communities where the loggers live. The I.W.A. in Newfoundland is democratically constituted, has set up committees and holds conventions of its membership.

The union opened negotiations with the Company after certification but these broke down. They applied for conciliation services but these too, broke down. They then applied for a board. The surprising thing is that this board comprising a representative of management, of labour and an impartial chairman voted unanimously in favour of their being granted a 5 per cent increase over a period of two years. The hours were to be reduced from 60 to 54. The company then refused to negotiate and the strike resulted.

My time is nearly up although I should like to continue.

Mr. McMillan: Mr. Chairman, as I listened to the Minister of Labour present his estimates to the committee yesterday I realized he was not dealing with the basic causes of unemployment at all but with the results and with his work in trying to overcome those results. I want to compliment him because I think he is doing the best he can in the circumstances. If the minister wanted to help eliminate unemployment I should think, however, he would speak to the Prime Minister and ask him to forget about the diversion of trade.

The last time the Minister of Trade and Commerce spoke in Port Colborne he said there had been a great deal of trade switched from United States to England and that more would be switched but he has not made a pronouncement to this effect in this house.

I want to relate a few remarks to unemployment in my area. Hon. members will recall that in December 1957, the government sent a trade mission to England comprising 40 or 50 men. They went over to buy but not to sell. That was at a time when England had almost full employment and Canada had considerable unemployment. It will also be recalled that the mission was headed by Mr. Duncan, chairman of the Hydro-Electric Power Commission of Ontario, and that the Prime Minister went to Montreal to wish them bon voyage. He said at that time this mission would reap rich rewards. One of the rich rewards obtained for my district was an increase in unemployment.

Hon. members will recall that before departing with the trade mission Mr. Duncan announced a $10 million order for large turbines, generators or something of that nature. Whatever it was, we were told in this chamber that they had never been made in Canada before. I was informed by an engineer that this was true but also that they had not been made in that size in England before, either. Canadian industry expected to have an opportunity to bid on that order. Canadian subcontractors were working on components for that order but Mr. Duncan's announcement killed it altogether. I am not saying that if it had bid Canadian industry would have got the order but I believe Canadian industry should have had an opportunity to bid. If Canadian industry did nothing else, or if Canadian industry was incapable of building that particular turbine or generator, why did it take 40 or 50 men to go to England to buy it, because we have never heard of anything else that they have bought?

It is true that the mission cost Canadians well over $500,000, and when they came back they gave work to some printers down near Toronto to print the report of that particular mission. If you read the report you will find that it reads something like the social pages in the press, the social register. It deals mostly with the social functions they attended, who entertained them, when the Minister of Trade and Commerce joined them, when he left them and when he joined them again and when he left them again, and so forth.

The Deputy Chairman: I wonder whether the hon. member would stay away from trade and commerce and come back to the Department of Labour.

Mr. Pickersgill: Mr. Chairman, we have listened almost all day to discourses on the minister's estimates about matters that are within the concern of provincial legislatures and not of this parliament at all. It does seem to me strange that when an hon. gentleman seeks to show that the policies of this government have produced an unemployment situation that the minister is having difficulty in coping with he should be called to order. It may not be completely and strictly relevant in the narrowest sense but at least it is within the purview of this parliament and under the jurisdiction of this government and not a shocking intrusion into the affairs of other jurisdictions which are none of our business in this house. I feel that members

should be treated alike in this house and there should not be discrimination against an hon. member.

The Deputy Chairman: I am sure the hon. member for Bonavista-Twillingate realizes that the hon. member is going a little far in discussing trade as long as he has been discussing it.

Mr. McMillan: I shall try to stay within your ruling. It is true, though, that our unemployment is related to our trade and certainly in Britain they have complained about the trade they are getting from Canada. I have already put on *Hansard* the complaints of Conservative members of parliament, particularly in England, that Canada was not carrying out her obligations undertaken at the Montreal conference.

I think trade has a great deal to do with unemployment, and I also think that if the municipalities and the provinces could get money cheaper they would go ahead with different projects. I know that every time the Minister of Finance comes out with a new loan, and particularly if we think the interest rate is too high, he invariably says that the municipalities will be able to borrow money at a more favourable rate.

Mr. Harkness: Order.

Mr. McMillan: Certainly, I do not think this helps unemployment or helps to pick up the slack of unemployment. We would get more help in Canada toward solving the unemployment problem if Canadians felt they had a government with a sane trade and fiscal policy, something they could depend on, and something that the businessmen could count on. I feel that business would go ahead with greater confidence and we would have more employment in our country.

Much of the unemployment is due to our fiscal policy. I do not think anybody in Canada will deny that our fiscal policy flows from the greatest of all transactions, namely the conversion loan, with which I do not intend to deal.

I regret to see the unemployment insurance fund depleted by some $250 million last year, and I should like to have the minister comment on the loss of $10 million from that account through the sale of bonds. I think my leader and the hon. member for Trinity made excellent contributions in their suggestions to the minister for dealing with unemployment, but I cannot help but think that the trouble is more basic. Today I read an article in the Montreal *Gazette* which was a report of a speech by the Right Hon. C. D. Howe, the former minister of trade and commerce, who spoke last night to the dominion mortgage and investment association.

[Mr. Pickersgill.]

Mr. Martin (Essex East): Who is that?

Mr. McMillan: The Right Hon. C. D. Howe.

Mr. Harkness: If you would listen you would hear.

Mr. Starr: Very important.

Mr. Martin (Essex East): One of the great men of our country.

Mr. Pickersgill: More and more people remember him every day, too.

Mr. Anderson: They will never forget him.

Mr. McMillan: In his speech he dealt with inflation and unemployment. After saying that during the time he was in the government there were two periods of inflation he went on to tell how the government of that time tried to overcome inflation. I shall quote something he said concerning inflation:

> I am not going to claim that we were 100 per cent successful in our efforts to curb inflation.

Mr. Harkness: Order.

Mr. Martin (Essex East): Inflation is one of the most important problems in relation to unemployment.

Mr. Harkness: That has nothing to do with labour estimates.

Mr. Martin (Essex East): The minister ought to confine himself to soybeans and do something about them.

Mr. Harkness: I have a wider horizon than the hon. member.

Mr. McMillan: I continue:

> But I do think it is fair to say two things: first, that the federal government itself did not contribute to increased inflationary pressures; it consistently acted to restrain inflation; and, second, the public never seemed to lose confidence in the value of money.

Mr. Harkness: Order.

Mr. McMillan: Concerning confidence, he had this to say:

> But confidence is a tender plant and it is not sufficient for a government merely to express confidence in the future, or to say that there is nothing to worry about. A government must inspire confidence by deeds, as well as by words.

Mr. Pickersgill: Hear, hear.

Mr. McMillan: Then he went on to say that he realized advice is the cheapest of commodities, but he does give this government advice and it is the same advice that has been given by many managers of banks, by managers of trust companies, and so on, over the last two years. These are the two courses he says the government should take:

> The first is that the government must give the clearest possible indication that its budgetary deficits are temporary and will be turned into

balance or into surplus when the slack in the economy is taken up, and competing demands threaten to push up prices.

The second is that the government must give evidence that it has an effective plan for dealing with unemployment.

In my view, we need to take a new look at unemployment. The problem is changing in character, and needs re-examination to determine more precisely its composition, its causes and how it can be cured.

Unless the problem is thoroughly understood, serious mistakes in policy could be made . . . there is great danger in the crude idea that it is possible for governments to spend their way out of recession and unemployment.

I might say that when the Minister of Finance presented his baby budget in December, 1957 I expressed this in a somewhat different way. I said at that time that the government had the mental complex of a man who came to my office. He saw the *Globe and Mail* lying on the table with big headlines across the top giving the net earnings of the Ontario liquor control board for the previous year, which were very considerable, and he said: "I think we will drink ourselves out of debt yet." Quoting further from Mr. Howe:

The threat of inflation cannot be checked by government alone. The government must, however, inspire confidence and give leadership, first by setting its own house in order, and then by establishing rules that it expects every citizen to follow.

He concludes with these words:

I am confident that the battle against inflation can be won if government leadership is forthcoming.

I think government leadership needs to be forthcoming in order to overcome inflation and unemployment. The government has received advice from financial men over the last two years and has not taken that advice. Mr. Howe is a man who had much experience in parliament. He has said that he never intends to enter politics again and I think it would be well if the government would take his advice at this time because it is certainly parallel to the advice given by many other men in the financial field.

It seems to me that the government could do more to get our unemployed re-established. The minister is doing the best he can but I think he might do more. So many of our unemployed have been out of work so long that they have lost heart. The unemployed make periodic trips to the unemployment insurance offices to get their cheques when they can qualify. They look over the list of vacant jobs and when they cannot find one they go home. They come back again the next week or in two weeks' time. They draw unemployment insurance as long as they can and then they drift to the municipal relief rolls. At least, that is true in my area.

It certainly was not difficult for men to qualify for unemployment insurance in the winter of 1957-58. In fact, the government was so solicitous about the unemployed in my area that they wrote letters to people who were retired and on pension telling them to be sure to go their unemployment insurance offices and get their cheques. Of course, these people had votes and the government was attempting to buy votes with money being contributed by people who were working.

Mr. Starr: What a story that is.

Mr. McMillan: The government is not so generous today. It has mismanaged the fund so that at the present time they are calling on industry and the workers to contribute to make up the $10 million loss in bonds and the cost of some of these votes.

Mr. Henderson: Do you really believe that?

Mr. McMillan: I believe it. It certainly happened in my area.

Mr. Starr: You must have instigated it.

Mr. McMillan: There is nothing that injures a person's morale more than idleness. After a time people give up and lead rather aimless lives, making no contribution to our society. There are a good many skilled or semi-skilled jobs for which these people could be trained. It seems to me that since we have so many shortages in certain skilled and semi-skilled occupations and have been going to Europe to get such workers we might have a look among the unemployed and see if we cannot train some of these people.

The government certainly could co-operate with the provinces. In my opinion many of these unemployed people are bright and would be industrious. I think they could be trained. In many hospitals at the present time there are shortages of nurses aids and male attendants, and I think we could easily train such people. There is a marked shortage of nurses. I know one hospital that up to two months ago could not open its new addition because nurses and proper personnel to staff the hospital were not available. I think the government might take the lead in co-operation with the provinces so that many girls might train as nurses. Many of them cannot do so on their own resources and I think that the federal and provincial governments should co-operate to this end.

I happen to know of a very young person who was unemployed last year and got into trouble by stealing. This person was sent to the house of correction for one year and while

there learned a skill which she has put to very good use since. As a result, she now has a thriving business. It does not seem to me to be a very good thing that this person should have to go to the house of correction to learn something that she wanted to learn before going there.

There are also many young men idle who might be taught different skills such as carpentry, plumbing and a multitude of others. To my mind it is more expensive not to teach them than it is to teach them. Many of these people are bright and industrious and they should be given a chance. I think it would be a very easy matter for the Department of Labour to classify these people. I do not suggest that a costly commission with expensive economists should be set up but I think that the government could come forward with some type of committee that would make recommendations respecting the unemployed.

I do not think that the government is doing anything about older workers. I know that the other day the minister referred to the fact that this is quite a problem. By "older worker" I mean people between 35 and 40 whom industry will not hire because of the various pension plans. During the last campaign I believe the Prime Minister promised —I remember seeing this in the press although I have not the article here—that working men would be able to take their pensions with them. I do know that it has been said by some that this would not be constitutional but I think it would be constitutional if the government would refuse, in whole or in part, to allow industry their right to deduct their contributions toward pension plans for income tax purposes unless industry is willing to grant workers an earlier vesting of pension rights or give them the right to take their pension with them to another job. I imagine that would probably be constitutional because, after all, we would only be dealing with the Income Tax Act.

There are many reasons why I think workers should have earlier vesting of their pension rights. The plant where a man is working might close down. A mine might run out of ore. Woods operations might close down. Then there are many medical reasons. For instance, a man working in an industry might develop a chest allergy or skin allergy and while he would not be sick he could not continue working in that particular plant. I think that the government should devise some means by which there would be earlier vesting of pension rights. I think that this would in itself clear up much of the trouble of the older worker in changing jobs.

I think my time is about up. I would say this. I think unemployment is a great social problem in our country. We are a young country. We have many resources but we do not seem to know how to handle them. I think this government should take the advice that people have been trying to give them in the last two years. I think it is extremely important that we solve our unemployment problem because it would be to our economic advantage.

[Mr. McMillan.]

Mr. Broome: Mr. Chairman, I had not intended to participate in this debate but since the opposition apparently propose to keep it going all afternoon I think I should take a few minutes in which to put forward a few of the ideas I have and to call attention to a few of the sins of omission and commission of the opposition, as I see it. I can understand how, when this debate first started, the opposition thought they had a tremendous issue in the manner of the appointment of Mr. MacArthur to the unemployment insurance commission. Led by that seasoned member with usually a keen nose for a political issue, namely the hon. member for Essex East, they went tearing off on that trail until the force of public opinion showed them that they were completely off base.

Mr. Martin (Essex East): We are still pursuing the same policy.

Mr. Broome: Prior to that, in a press release to the *Globe and Mail* of last Saturday, May 2, the Leader of the Opposition led off with a statement to the effect that labour organizations had been shockingly ignored and he went on to say there had been government bungling in this matter and that the government would have to take full responsibility. The very fact that the talk on this particular issue has sort of died out is the clearest indication that the government did not bungle on this matter and that the government acted in the proper and right manner. I should like to talk about it for a moment or two since the opposition seem to have dropped this subject. I should like to refer to what the hon. member for Essex East said as reported at page 3364 of *Hansard* when he was detailing what the duties of the unemployment insurance commission are. He said this:

> This is a body that is called upon not only to administer, by way of formulation of policy, matters having to do with unemployment insurance, but this commission actually is a trustee of many millions of dollars contributed not only by the employers but by the workers of this country. At one time there was almost a billion dollars in the fund.

To that he could also add that the fund is built by general contributions of the taxpayers of the country and through government contributions as well. The very fact that it is a semi-policy making commission,

that it is an advisory committee to the minister, that it is called upon to advise, in an impartial and unbiased way, the minister as to what action he should take with regard to the operation of the commission and to future legislation with regard to unemployment insurance surely is, as newspapers all across the country have pointed out, a reason why that commission must be non-political and unbiased.

Mr. Martin (Essex East): Hear, hear.

Mr. Broome: I would suggest that the hon. member for Essex East might have taken a look at *Hansard* at page 2228 or might have consulted with his colleague to his left, namely the hon. member for Bonavista-Twillingate, with regard to the supplementary question to the Prime Minister in the matter of the R.C.M.P. in Newfoundland, when he said as follows:

> I would like to ask the Prime Minister a supplementary question. Is the government reluctant to act because they are afraid of incurring the displeasure of Mr. Knowles . . . and other politicians now in the labour movement?

Mr. Pickersgill: Was that not true?

Mr. Broome: It proves that the opposition speaks with many tongues and that consistency is not one of their virtues. The fact is that Mr. MacArthur's record speaks for itself. The records of the nominees who were not chosen also speak for themselves. It is clear that if the recommendation of Mr. Jodoin had been accepted there would have been political bias. In this way there is no political bias. So no wonder this has become a dead issue as far as the opposition is concerned.

Mr. Martin (Essex East): The hon. gentleman may be assured that this is not a dead issue.

Mr. Pearkes: The opposition is dead, anyway.

Mr. Broome: It speaks well for the persistence of the hon. member but it does not leave him in quite the high plane in the judgment I formally had of him on political matters.

An hon. Member: Why did you revise it?

Mr. Broome: With regard to general labour policy, I believe a great deal has been said in the press and by organizations which tends to damn all labour for the sins of a relatively few unions. Out of some 200 unions in the United States only some seven are involved in the present senate investigation. I think it is at only those seven unions that any public censure has been directed. We always play up in the press the strikes and the walkouts but we do not play up the literally hundreds of settlements which are made every year where management and labour get together and through collective bargaining iron out their differences and come to a decision between the two parties which is fair to both. The whole essence of labour peace is through honest collective bargaining, with recognition by labour of the problems of management and with management recognizing that labour is entitled to a just share in the wealth of this country.

However, there are conditions which arise—and this matter has been laboured in the house previously—where some of these unions, the odd one of them do certain things. In this respect may I say that I am not talking about the I.W.A. The hon. member for Skeena who spoke about the I.W.A. last night and pointed out what a democratically run union it is, has my full agreement. I know the I.W.A. and I know what a good union it is. It is a good tough union but it is a good union. But I have also heard the hon. member for Kootenay West lambaste Mr. Banks of the seafarers international union. I have also committed that error myself because it is an error to go after Mr. Banks. It is not Mr. Banks who is important but it is the conditions which allow a man like Mr. Banks to have the power and control that he has. If Mr. Banks left the country tomorrow, there would be another man with another name, but the policy would still be the same, namely the policy set out by Mr. Banks. Therefore you must get at the root of the problem before any improvement can be made.

In this regard, just in order to give an instance to the house, I should like to refer to a letter which I received. I may say that I have checked on the facts in this case myself. I received a letter from a Vancouver man, namely Mr. A. Gourley, Sr. who told me—and I think all hon. members received copies of this letter—about the record of his son in the S.I.U. I will quote two paragraphs only. They are as follows:

> I instance the case of my son, and I invite the fullest investigation by the Department of Labour. My son was a union seaman for 12 years before the S.I.U. acquired jurisdiction. My son then joined S.I.U. and paid $75 entrance or initiation fee, $4 monthly dues and an assessment of $15 a year. That represents a serious reduction in take-home pay of an ordinary seaman.
>
> Then like a bolt from the blue, my son was charged verbally with non-payment of union dues although he was working for the Union Steamship Company under the check-off system by which union dues are deducted from pay cheques and are sent direct to the union by the employing company. The fact the charge was a manifest lie did not prevent my son's expulsion and deprivation of the benefits for which he had so dearly paid.

The letter goes on to point out that an actual statement had been received from

union headquarters indicating that these dues had been paid and I received the check-off book, and the man's ticket showed that the dues had been paid. It is instances like this where a labour leader is given the power to say a man shall work at his profession, his job, his avocation, or whether he shall not. Those conditions can only be changed by labour itself; they cannot be changed by government action. The government cannot police the wrongs of labour; labour must clean its own house.

In this regard I would suggest to the labour movement that they set up what I call a minimum constitution for their unions. That minimum constitution might be a bill of rights for labour unions, and that would set the standard. The minimum standard which I would suggest would be that leadership of the union must be elected democratically and by secret vote; that there must be a secret vote in all cases of strike action, not only for the sake of the men but also for the sake of the leaders so that they would know they really had the men behind them. Even if these two simple changes were made, then the odd rotten union which is rotten only because of the way its constitution is written which gives its leadership overwhelming dictatorial power, would fall by the wayside. I suggest that if that were a condition of recognition by the Canadian Labour Congress, so then should it be a condition of recognition by any government.

Perhaps it would change a few of the methods of working of some of our unions, for example the railroad unions. They are the oldest unions in the country. In many ways they are the sanest of all unions; they have a tradition and integrity behind them. But even when they call a strike they have open ballots which are sent in to their central regional headquarters for counting. Hon. members remember the recent disagreement which was so ably settled by the Minister of Labour between the firemen and the C.N.R. When the decision was made to strike, that decision was made by the chairmen; perhaps a score or so of men across the country. Now that is not right. Secret ballot is the way that this parliament is elected, and it should also be the way in which unions are operated.

With regard to the question of union publication of their financial statements, I have pointed out before that there are large companies operating in Canada which do not publish their statements, and until we can say that all the affairs of business are open to the public, then we cannot in justice ask that the unions do the same. The labour policy of this government is a progressive one.

[Mr. Broome.]

It is a policy which has been praised, particularly in the session of 1957, by hon. members in the Liberal party and hon. members in the C.C.F. party, and it has also been praised this session. The Minister of Labour has received much praise, and no members on the opposite side dare attack the minister. They are playing fair on that point; they do give the minister credit for having done a job which I think ranks him with the best ministers of labour this country has ever had. The criticism we have heard, as I have said before, is backfiring, and I do not think the opposition have a very good case on any matter concerning the Department of Labour.

There are two other points I would like to touch on, Mr. Chairman. With regard to the winter works program which has been so successful, I agree that it would be a good thing for the planning to start as soon as possible so that it can get off to a good start next fall. Even in the very short time which was allowed for the plan to get into operation last year it was an outstanding success. I am concerned too about the problem of older workers. A young engineer came to see me. At least, I thought he was a young engineer. He was 35 years of age and he came to me and wanted to know about a particular company, because he felt he could only make one more job change and then that was the end until he retired, because companies just were not hiring men over 35 years of age. Part of the trouble is because of pension plans. Pension plans are needed and are necessary, but they place a disability on workers, professional people and day labourers who wish to change their jobs after a certain stage in life, because it then becomes too expensive for the company which would have hired them to take them in because of the cost to their own pension scheme. If the pension could be vested in the worker so that he might carry it with him and make his own contribution to the pension scheme of the company he would be moving to, I think it would be very worthwhile. We must also accept the fact that a man of 55 or 60 years of age still has a worth-while contribution to make.

Mr. Chairman, as I said before, I rose to speak in this debate for just a few minutes, and I will close my remarks with the same topic I commenced with. The hon. member for Essex East said that this was still an issue. I would like to quote to him part of an editorial from the Toronto *Star*, which is certainly not a supporter of this party but I think is a fairly vocal supporter of the party to which the hon. member belongs. This is what the main organ of the Liberal party has to say in its issue of May 4 last. It is headed, "No Injustice to Labour".

We find it hard to summon up a sense of outrage at the government's appointment of A. F. MacArthur of Toronto to the unemployment insurance advisory committee over the objections of the Canadian Labour Congress. And why are the Liberals and C.C.F. making noises as if labour civil rights are being trampled, and talking darkly of raising the issue in parliament? What issue?

It makes sense that the Unemployment Insurance Act should require consultation with organized labour about appointees to represent labour on the committee. But no government can abrogate its right of final decision, after the advice is assessed. Advice is one thing, dictation another. Not the Canadan Labour Congress, nor the Canadian Manufacturers' Association, nor anybody else, should be able to dictate appointments to the Canadian government.

Mr. Peters: Mr. Chairman, a few minutes ago I was stating how a properly organized union would function, and I mentioned some of the considerations which must be given to it. I did that to give the lie to some of the statements made in the newspapers about the dictatorial methods which are sometimes said to be used by unions. I used the example of the international woodworkers of America and the situation they found themselves in in the province of Newfoundland. This is only an example; there are many others. They conducted such things as organizational drives and they obtained a large number of cards. They received support from a large percentage of the workers, which involved both the paying of money and the signing of cards. Then they applied for certification which was granted by the government. They applied for services from the conciliation branch which were supplied. Then they went through a conciliation board, and that is where they justify to the public at large the conditions they are asking for and the requests they are making in their negotiations. In this particular case it resulted in a unanimous decision of the board.

This decision was agreed to by the conciliation board, but it did not have to be accepted by either the union or the company, and in this case it was not accepted by the company. I think everybody is familiar with the road blocks which were set up by the government intervening in this case. They finally passed a law which said that this union was no longer to be allowed to operate in this particular situation.

How different this is from the justification which must be made by the companies when they wish to obtain an increase in the price of their products. They do not go to anybody and ask permission. They just raise the price, and because of the monopoly control which is evident in a large number of industries, and high prices result. In this particular case as in many other cases some of the road blocks which were put in the way of the union involved a hostile government, a hostile board when certification was applied for, and a vote taken under adverse conditions. And then there was what took place after the strike began, when heavy fines were imposed for obstruction and jail sentences were imposed on people for taking part in picket lines and using moral persuasion to prevent other people from stealing their jobs.

I think the complicated operations which the union was willing to go through was a good example of how unionism works in Canada. We hear talk about the right to work, what is meant is the right to "scab" and take somebody else's job, also, in this case, the right of a government to set up an alternative union which is under government control. These are the things that the newspapers should be talking about.

This has been no credit to government, and it should be pointed out that the federal government itself cannot guarantee to all the workers in Canada the right to organize, negotiate and bargain in good faith in any of the provinces in Canada. In this particular instance the board of public opinion was given the facts. For instance, in the mill, the wage rate is not $1.05 an hour; it has been increased to something like $1.78 an hour. At the same time, a wage increase was paid to those millworkers of between five cents and seven cents an hour, when the basic rate was $1.75. It was also established that this company was not paying the taxes which other companies were paying. The union had to establish in its public relations work before the country in general, that conditions were as they had stated them to be in their negotiations. They not only had to justify themselves to the government, but justify themselves before an impartial board and then, through the board of public opinion, to the country also.

All these things have been done, and yet the rights which a union can normally expect —the rights which a bill of rights would guarantee to all citizens—have been denied in this particular case. There has certainly been an oversight in our federal labour legislation when we cannot, as the hon. member for Vancouver South has just said, have at least a minimum federal labour code to guarantee certain basic rights.

Unions continue to be willing to express their democratic point of view. For years one particular union in which I have been interested, one that is not in the Canadian Labour Congress, has been accused on many occasions of not fighting for the workers whom it represents. Nevertheless, those workers have continually over the years supported that union. Only recently, within the last year, a strike took place in that union. It fought a bitter strike with defection inside its own ranks,

even between worker and fellow worker, but it came out with a settlement. Those unionists were unsatisfied with the leadership they had received, and they did throw out the majority of that leadership and establish a completely new executive. But what help are they getting now from the people who always said: "Let us get rid of the commies who are in this particular union."? What assistance do they get? The other day, one of the staff representatives who has been accused of supporting the old guard in Sudbury was fired because the new executive had put in an auditor and the books were being audited to find out exactly what had happened during past years. This particular staff representative was burning and destroying certain documents, and he was fired. Well, the newspapers, this democratic organization which stands for fine sentiments, did nothing to help the workers who had already made a decision, democratically reached, and who had decided to do something about the position which had been rumoured for a long time. No, the newspapers came out with an article condemning the union for having fired this staff representative, instead of saying: "Let us get to the bottom of this and find out what the situation is."

I remember, also the work done by the newspapers over the years in other areas. In the mining area in Timmins, when I was a miner, we decided we would change unions and bring in the Canadian Congress of Labour so that they should be our bargaining agents. We set up an organizing committee and democratically did the work necessary to bring in these unions, applying for certification and so on. Then we transferred to the steelworkers and we negotiated with the gold mining industry. But we got no help from newspapers which had previously said the unions to which we belonged had been communist dominated. Did we get assistance in setting up better working conditions? I should say not. They immediately changed their tactics and said: the poor industry is in such bad shape that it does not matter who has got control of the unions or what the unions are; there is going to be no assistance. Did the newspapers give any consideration to the other work the unions do in the community? These newspapers have always been on the other side of the fence, and no matter whether a union was under a democratic or any other kind of administration they were more favourable to the industry than they were to the union.

I think the unions over the years have done a great deal of good, and one of the things the minister could do on behalf of organized labour is to draw attention to the story of how the unions work and are supposed to function. I would not be opposed to the minister developing a minimum constitution for these unions, and I think that if he examines the constitutions of the major unions he will find they are much further advanced than the constitution he would consider to be the minimum.

If the workers wish to change their union, they have that right. When they do not have that right it is being run by people we do not want in this country. Usually the worker has not too much control over that. The only time a union has been at fault or has been guilty of being undemocratic has been when some of the union and company officials co-operate among themselves to sign backdoor agreements or agreements under which money is exchanged under the table and where the union membership has no say in the matter or is not taking an active part. I know of only one or two cases where this has taken place. These cases have been the subject of extended investigation, reams of reports and page after page of newspaper comment. These instances are given much publicity but nothing is said about the thousands of unions that function properly and fairly.

We sometimes hear reference made to the right to work clause. This sounds very good. Most of us would agree that there should be a right to work clause but the right we mean is the right to obtain a job and have full employment. Thousands of people have been unable to enjoy that right this year. This is not the right that would be given under the proposed law in the United States. It would mean that an employer could engage cheap labour working long hours with low pay and few benefits. The dog-eat-dog attitude would prevail and there would be bickering back and forth. There can be no harmony in industry or in labour affairs if a situation of that kind exists.

We have a working force of five million people in Canada and approximately half a million people are now looking for work. If there were no unions today and no contracts and labour legislation as we know them people would be underbidding each other for jobs and a man who lost his employment would offer to go back to work for five cents less. This would lead to a chaotic situation. I do not think anyone in Canada wants that. I do not believe this is what is wanted even by those in industry who are opposed to labour unions. I have heard it said on many occasions in the past by people engaged in management that they are quite satisfied with the unions they have and they have expressed a willingness to continue to increase the

union security. They have expressed appreciation of the co-operation and assistance that only a union can give.

I should like to mention only one illustration. A few years ago I had the honour of organizing a plant in Kirkland Lake in one of the few industries in that area that is not connected with the gold mining industry. The latter industry has been one of the last strongholds of anti-labour and as far as I know there is no union security in the whole industry. This little plant was organized in a town that is engaged in the gold mining industry. The management of that plant promised that the union security would be increased if the union functioned satisfactorily and lived up to the agreement. It has been increased and there is now a union shop. This happens to be an I.W.A. local. The management was so happy that it negotiated a profit-sharing program. We are very surprised to find that the program is paying more money to the employees now than we would have got under our original negotiations which amount the company said would bankrupt the firm. Management and labour enjoy a good relationship there and management is happy to tell any segment of the industry about their happy experience with the trade union.

This experience has been repeated across the country. The only place where differences of opinion arise is around the bargaining table but this is to be expected because the union is pledged and has the responsibility of getting as much for its employees as it possibly can get. Management on the other hand has the responsibility of getting for the shareholders as much as it can get. One way they can get extra money is through low-priced labour. Both management and labour have an obligation and as the hon. member for Skeena pointed out so clearly this morning they share the obligation to sit down and negotiate in good faith. When contracts are allowed to drag along for a year or two inharmonious labour relations result. Many things build up over the period of time that should never enter into the negotiations. We should endeavour to cut down the length of time that is necessary following an application for conciliation services and the length of time in which a board may sit and bring in its report. Limits must also be imposed when a union goes on strike or when a company locks out the workers from the plant. These limits should be definitely expressed and rigidly adhered to in order to eliminate much of the strife that has been experienced.

I have been interested in the comments of those hon. members representing western constituencies who have participated in this debate. They have been educated through weekly and monthly farm newspapers to think that all farm problems are caused by labour. They should demand that the minister conduct an investigation into this allegation. It is true that a part of the price of an automobile is represented by labour costs and we should know this. I am informed, however, that labour costs represent a total of $300 of the price of a $3,000 car. As the *Financial Post* pointed out last year the production cost in assembling an automobile is $57. We should know these things. If these facts were brought out by the Department of Labour I do not think the farmers would object. I know they would not be opposed to an automobile worker receiving $300, figuratively speaking, of the cost of a $3,000 car when the manufacturer, dealer and distributor each receive $600.

Mr. Speakman: Mr. Chairman, would the hon. member permit a question?

Mr. Peters: Certainly.

Mr. Speakman: Are you suggesting that the worker who has no investment except the labour he has to offer should share equally with the manufacturer, dealer and distributor and others who invest large sums of money?

Mr. Peters: I certainly suggest that the worker should not receive just one-half of what is received by the distributor, dealer and manufacturer. This raises another point. The worker has a big investment in the industry in which he is engaged. A worker may invest his lifetime in a plant. The value of the investment of his working life cannot be estimated in dollars and cents. In many plants the worker does not enjoy pension plan benefits which are, as it were, depreciation. The manufacturer and dealer are allowed depreciation for their equipment. The only one not allowed depreciation by law is the poor worker. The minister should give urgent attention to the question of the establishment of a national portable pension program. This is something that consideration must be given to, because the matter has been raised so often. Everybody else who has an investment is permitted to state what the investment is and to depreciate it but the poor workers who work in those plants are not given the same right.

A good example is that of the international woodworkers in Newfoundland. Those loggers are working in the bush and they are investing in an industry which is returning to them only $1.05, $1.06 or $1.07, or whatever the company has decided to pay since they

formed Joey's new union. They are investing their lives in that particular industry and there is no pension plan for them. They are not allowed any depreciation on their income tax for the lifetime that they are spending there nor for the years of seniority they have established. By law we shall have to establish a national portable labour pension plan which will take into consideration the work that a worker does during his lifetime. He invests in the same way as a man who is setting up a factory. He invests in that plant a certain amount of his life and he should be compensated to some extent by having a pension plan which he can carry with him from job to job and from plant to plant. In other words, the Newfoundland workman could carry his pension into the logging industry, into the fishing industry, or into any other plant or allied industry he may be in so that when he spent 20 years of his life working he would have established a pension plan that would give him some consideration for the work he has done.

I do not think the farmers—I am sure this is true—in western Canada or in any place else will disagree that the worker has some rights in a particular plant and that he should be given some consideration. I am quite sure they will not be too concerned because they know it is the workers who buy their agricultural products; it is the workers who keep them on the farm; it is the workers who supply them with the market for their products. They know that the manufacturer eats only the same amount of food as a worker; he eats the same number of eggs as a worker will eat. Because the workers are more numerous, the farmers are much more concerned and should be much more concerned with the workers than with other various aspects of industry. I would strongly urge that when the minister is considering a national labour code he consider putting in something that will give protection in a bill of right for labour, as the hon. member for Vancouver South mentioned, and that he will also give consideration to and be much more willing to recommend the disallowance of legislation in the provincial field that eliminates the rights to which labour is entitled. The minister could give consideration to other matters also.

I should like to refer to one case which comes under the field of the Department of Labour. I refer to the uranium industry. In this instance the workers have not the right to join a second union if they wish. They have not the alternative they wish. Staff representatives of one union are not allowed to go on company property, are not allowed to visit the bunkhouses of this particular company because the company says this will create some difficulty. It should be pointed out that this union has been in the forefront of organized labour for some time. Consideration should be given to seeing what can be done to allow those workers who may wish to make a change the opportunity of talking to the representatives in their own domicile, which happens to be the company bunkhouses. They should be given this consideration so that they can make a democratic choice for themselves and decide whether they wish to belong to the union of which they are now members or if they wish to change. This would apply also to the other plants and to the other bunkhouses in the area.

I think that workers should also be given the right, when they wish, to join the steelworkers union. They should be given the right to do what they wish. If they wish to join the mine, mill and smelter workers union they should have that right. They should have the free choice to join that union if they wish, and this right should be insisted upon by the Department of Labour.

We have been very concerned also with the fact that the federal Department of Labour has farmed out some of its responsibilities to provincial governments. The instance in Blind River is a good example. The workers have continually complained over the last two years about the safety conditions that exist in that area. They have complained to the provincial government and they have received no redress. Because this falls under the jurisdiction of the federal government they should have the right to ask the minister at least to intervene on their behalf in matters which are not covered by the provincial government but the responsibility for which may have been assumed by the provincial government. We believe that conditions, and particularly the safety factors, should be higher under the federal government than under the provincial government which has accepted the jurisdiction over the particular industry. When the federal government safety factors are higher, then they should apply, and I suggest this would be the case in the uranium mines of Blind River.

Mr. Batten: Before the hon. member for Fort William begins his remarks may I have permission to ask a question of the hon. member who has just sat down? He made some reference to the scale of wages paid to Newfoundland loggers. May I ask him whether he has the scale of wages paid to Newfoundland loggers?

Mr. Peters: I referred to only two particular figures. One was the figure used in the

conciliation board report, which was $1.05. The second figure is the figure that is paid as a base rate in the mill by the same company and that figure is $1.78 an hour, base rate.

Mr. Batten: Thank you, Mr. Chairman.

Mr. Badanai: Mr. Chairman, I must confess we have been regaled with much oratory here this afternoon. I was rather surprised to hear the hon. member for Timiskaming refer to the matter of profits made by distributors of automobiles and dealers. I want to assure the hon. member who has just sat down that I do not know of any automobile distributor or dealer who made a profit of $600 on any automobile. The average profit for all Canadian dealers across Canada in 1958, for which I have the figures, was approximately 1½ per cent on the total turnover of their business. I do not think that is an excessive amount and in many cases I might say for his information and edification the dealers lost money. I know of some companies which lost thousands and thousands of dollars in the operation of the automobile business, notwithstanding the volume of business. Therefore, I wish to say to him that it is not the dealer who is making the money or indeed the manufacturer. The returns are evenly distributed. As he knows, the workers do receive a fair wage in the automobile plants, and adequate fringe benefits to boot.

I just wanted to say that in passing to correct the impression that the dealers are making so much money on the work of the workers.

Mr. Peters: Before the hon. member leaves that, may I ask him a question?

Mr. Badanai: You have made two speeches this afternoon, sir, and I think you can wait until I am finished. Notwithstanding statements made by members of the government on many occasions, to say nothing of solemn promises made in the course of the election of last year, the unemployment situation is still grave enough to cause anxiety in many places, and anything that anyone can say to the contrary does not alter the fact that the situation is serious. I realize that the Minister of Labour has the matter of unemployment very much in mind and that he has tried to relieve it with the winter work program in co-operation with the municipalities and the provinces.

In the city of Fort William there are now approximately 100 persons working under the scheme but this is only a drop in the bucket in the face of some 2,760 still seeking employment at the present moment. Had it not been for the active co-operation which the citizens of the community of Fort William have given to the winter do-it-now campaign, which is separate from the winter work program of the government, several hundred more would have been out of work all winter. Individual citizens, industry, business and labour are to be congratulated for their united support in assisting the effort put forth by the lakehead employment advisory committee. The members of this committee worked like beavers to create work.

I must also pay a compliment to the manager and staff of the national unemployment insurance office at Fort William for their untiring efforts in publicizing the need for co-operation. It is my belief that these campaigns fulfil a vital role during the winter months in assisting to create and spread employment to those who are unfortunately without the means of livelihood through no fault of their own. The success of these campaigns leaves no doubt that they are a part of our responsibility and a challenge that our economy must face and effectively solve. The suggestion made by the Leader of the Opposition that a federal-provincial-municipal conference be held as soon as possible for the purpose of planning a winter work program for the next winter season is one that should be carried into effect without delay.

It is rather regrettable, and I am sure no one regrets it more than my good friend the Minister of Labour, who I must confess is sincere and hard working, but I must say that the government has not given evidence to date that it has an effective plan to deal with unemployment. I have no doubt that the government receives advice from many quarters because, as was pointed out by the hon. member for Welland this afternoon, advice is one of those commodities that are offered free of charge to anyone who wishes to listen. Nonetheless, sometimes there are some suggestions made which bear consideration. One of these appeared in the issue of the *Globe and Mail* of January 22, 1959 and I wish to read part of it for the record:

> If one is to judge by recent discussions of economic problems, the nation has to take a choice between unemployment or inflation. Since inflation inevitably leads in the end to massive unemployment, it may seem there is no choice at all.
>
> Fortunately, defeatism is not a Canadian characteristic and some of our better minds are not prepared to admit the impossibility of providing work for those who want to work constructively, and yet increasing real prosperity.
>
> As something to think about, a proposal has been put forward by Eugen Berkovits, an international businessman and economist whose name has appeared in this column before. In his opinion, unemployment as a recurrent and urgent problem might be overcome by establishment of new manufacturing plants in this country on a large scale.

Evidence in support of his idea can be found in the way secondary industry has grown as a large employer here in recent years, far outstripping primary industry. If we would speed up that growth, says Mr. Berkovits, government might consider offering incentives and inducements, instead of having to make work itself and also make handouts to people who sooner would earn.

To this end, Mr. Berkovits suggests government should grant assistance to those who would establish new plants in Canada, in the way assistance is provided for housing, using the industrial development bank as the agency.

So the industrial development bank would be authorized to issue insurance policies in respect of industrial development loans granted by approved financial institutions, up to an aggregate of perhaps $1 billion. Industrial development bank would have the right of approval and each loan would be no greater than 80 per cent of the outlay necessary to get such new plants going. Repayment would be spread over 30 years, with a fee of possibly two per cent of the loan to cover the cost of insurance. Behind the industrial development bank would be the government—if required.

Mr. Berkovits does not believe government would get "caught" by such a guarantee system. New enterprises, as is well known, have a multiplying influence on production and between thus creating additional activity adding to the nation's wealth, the investment would start bringing back to goverment substantial taxes, so that the whole outlay might be balanced by income within four or five years. In contrast, housing loans, which also help employment, are not constant and expanding inducers of revenue.

While there might be a need for government to put up some money, as it has done for housing, Mr. Berkovits sees most of the capital under his plan coming from regular sources of funds, in greater volume when insurance reduces the risk.

This suggestion merits the consideration of the government and should be explored in every way. Our economic recovery depends to a very large degree on employment of human resources. The dangerous curves on the road to recovery are unemployment and inflation and these are the twins of misery which we must cope with, and so long as they are present so long will distress and unhappiness prevail.

The Deputy Chairman: I am sorry to interrupt the hon. member but it being five o'clock it is my duty, pursuant to section 3 of standing order 5, to rise, report progress and request leave to sit again later this day or at the next sitting of the house as the case may be.

Progress reported.

The Acting Speaker (Mr. Rea): Order. It being five o'clock, the house will now proceed to consider public bills pursuant to section 3 of standing order 15.

CANADIAN CITIZENSHIP ACT

AMENDMENT RESPECTING STATUS OF NATURALIZED CITIZENS

The house resumed, from Thursday, February 5, consideration of the motion of Mr. Pickersgill for the second reading of Bill No. C-2, to amend the Canadian Citizenship Act and the proposed amendment of Mr. Roberge.

[Mr. Badanai.]

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, hon. members will recall that when this bill was introduced on February 5, my friend the hon. member for Megantic (Mr. Roberge) late in the day moved an amendment which I want very warmly to support, namely that the bill should not be read a second time but that the subject matter thereof should be referred to the standing committee on external affairs. That motion was made after a previous motion that the bill should be referred to a special committee to be set up was found by the chair to be out of order. Of the standing committees, the external affairs committee therefore seemed the most closely related—although I admit it is not too closely related—to the subject matter of the bill. However, as we all know, it is a highly competent committee; and I am perfectly sure that if the subject matter of the bill were referred to it, the experience and the quality of the members on that committee would make them eminently well qualified to deal with the subject matter of this bill.

In introducing this bill originally I attempted to be as non-controversial as it is in my nature to be. It is not for me, of course, to be the judge of how well I succeeded. I found that some of the hon. gentlemen opposite were perhaps a little bit more controversial than I was or at least so it seemed to me. But I do not seek to say anything whatever about any of the personal references that were made to me or any of the objections that were taken to my administration of the department when I was the minister or to any of the other things of perhaps a not entirely complimentary nature that were said in that debate.

As I said at the outset, Mr. Speaker, it was my hope—and it is still my hope—that this matter could be considered and decided in a completely non-partisan manner in the best interests of all the people of Canada, for what we are talking about here is something that I trust all members in the House of Commons, to whatever party they may happen to belong, value equally. I refer to our common citizenship which I think binds all of us together more than anything divides us in this House of Commons, or at least that is my hope. I must say that I hope the hon. gentleman who is a learned member of his profession will not think it presumptuous of me, a student in the same profession, to say so but I thought the hon. member for Marquette (Mr. Mandziuk) was rather devastating in his legal criticisms of the bill.

In defence of the bill itself, I may say that it was drafted rather hastily in the house at the last session and was not revised. It was based upon an assertion that was made at that time by the Minister of Citizenship and Immigration (Mrs. Fairclough) to the effect that the particular matter to which it had reference was the only disability still existing in the act; that is to say, the only disability under which naturalized citizens suffered and natural born citizens did not. I thought that the hon. member for Marquette completely demonstrated that that foundation was wrong. The moment I heard him cite the section of the act that he cited, I realized that this bill was imperfect and that it would not be a proper bill to pass in the form in which it was introduced.

Of course, as hon. members will recall, I said at the outset that I was not in the least wedded to the terms of the bill, that I felt the purpose of the bill was clearly stated, that the principle of the bill was clear and that there would be no difficulty in revising the terms of the bill itself in a committee in order to fit the essential purpose that was in mind. However, in all the circumstances, I think it would be better to have the subject matter of the bill go to a committee where a new bill could be drafted based upon the principle of this bill.

I also thought that the hon. member for Marquette—I keep wanting to say "Portage" for some reason or other but I know it is "Marquette"—was quite right in thinking that the disability in section 18 should also be removed from the act. I think so too.

I want to go back to the real purpose of this bill. I want to say again—and try again to say this in a way that will not be controversial—that I do not think there was really any injustice in the old act as it was before it was amended at the last session of parliament. But there was a psychological situation that had developed. It seemed to me that on balance, the correcting of that psychological situation was more important than were the advantages of the old act. I think one can make a strong argument for the retention of section 18 in the citizenship act. But if you retain it or if you retain any other disability or any other difference between the legal status of a naturalized citizen and a natural born citizen, our citizenship is open to the charge that we have two kinds of citizens. In other words, it seemed to me that you must either do the whole job or there was really not much point in tampering with the act at all.

I come to the other argument of the hon. member for Marquette which I must say did not impress me nearly as much. I refer to the argument that these persons who were still excepted by the one section of the act which I was seeking to have amended do not deserve to carry the honourable name of "Canadian" and, of course, I quite agree. I quite agree that if, in fact, they are the kind of people it would be charged that they were, that is quite true. But I am afraid there are many other citizens who do not deserve to carry the honourable name of "Canadian". You either have discrimination or you do not have discrimination. You cannot have almost no discrimination and have equality. That is one of those mathematical propositions on which I am sure the hon. member and I would not disagree. It therefore seems to me that either one has to do what hon. gentlemen opposite or some of their leaders before the election in 1957 said they would do, or not do it. If you do not do it, we would probably be just as well off—in fact, I am not sure that we would not have been better off with the old act—and I am going to explain briefly why.

The hon. member for Winnipeg North Centre (Mr. MacLean), who also made, I thought, a very interesting, illuminating, thoughtful and scholarly contribution to the debate, on which I would like, if he will not take offence, to congratulate him, pointed out something which had never occurred to me when I was minister as being a discrimination, but obviously is once it is pointed out. That is that there were certain kinds of so-called natural born citizens, although they were not born in this country, who did not have an equality with the natural born citizens who were born in this country. It is quite clear that if this task of establishing a status of complete legal equality is going to be performed, it does require a careful examination of the whole act. It seems to me that that would be very well worth doing and there would be no harm in going ahead with it in anticipation of the wider study of the act which we hope there will be at the next session of parliament.

The hon. member for Winnipeg North Centre, however, did make another argument which did not impress me nearly as much as the legal argument he made, and that was his argument about the desirability of retaining the disability which is now in the act to which the bill has reference. The hon. gentleman was arguing that it was very important to be able to strip of their citizenship those Canadians who, on being accused of treason, left the country or were not in the country and would not come back to stand trial. I think a lot can be said in favour of that, but surely there is just as much to be said in favour of stripping of their citizenship those people who have been convicted

of treason or of disloyalty to the country and who, after serving their sentence, leave the country and sever their connection with it for a considerable period of time. As hon. members know, that was the law up till it was changed by the present government a year ago.

At the time I was minister a very celebrated case arose. It was the case of a man who had been a member of this house at one time and who had subsequently been convicted in the courts, who after serving his sentence, had left the country and gone to live in the country where he was born, who had lived there for the statutory period and on whom I caused to be served the necessary legal instrument, who appealed against my announced intention of recommending that his citizenship be stripped from him, and whose appeal was listened to and dismissed. I am not using these terms in a legal sense, of course, but rather in an administrative sense. I then recommended that his citizenship be taken from him, and the governor in council saw fit to accept that recommendation and that person lost his citizenship. That is not possible any longer. Since the law was amended by the present government, that person would retain his citizenship although he had been convicted, had served a sentence, and then had gone out of the country with the apparent intention of severing his connection with it. In that case we could not now take his citizenship away from him.

It seems to me that since the present government saw fit to remove from the act the possibility of taking citizenship away from a person of that sort, it is very illogical indeed to retain in the act this other disability of removing citizenship from a person who has never been convicted of anything, against whom a charge has been laid but who does not see fit to come back and have the charge heard. It might be conceivable, in spite of the very best efforts which might be made to find him and acquaint him with the charge, that he might not be aware of the charge or the circumstances. I must say that it does seem a little odd that it should be argued by hon. gentlemen, as the hon. member for Winnipeg North Centre seemed to argue—and when I asked him a question he told me I was trying to wriggle out of it, but it struck me that the wriggling was all being done not by me but by the hon. gentleman—in view of the fact that later this session hon. members will presumably be supporting a bill of rights which we are told in the speech from the throne is to be introduced by the leader of the government, that it would be wise to maintain disabilities against a person who has never been tried but remove disabilities against someone who has been tried and convicted. It is rather an odd conception of equality of rights. I do think myself that there is a very strong argument for taking citizenship away from people like that. There is also a strong argument for equality. It is an argument that induced me to introduce this bill, and notwithstanding the strong arguments on the other side, left in my mind a balance in favour of making all Canadians legally equal. I must say I am unrepentant in the views that that is what we should do.

The hon. member for Cartier (Mr. Crestohl), with approval from some other hon. members, did suggest that there was another way of doing it, and that was to impose disabilities upon natural born citizens and to strip them of their citizenship in certain circumstances. I do not think that we would ever get this parliament to do that, and I do not think we would ever get parliament to do it for this reason. When we strip those people of their citizenship we would be making stateless persons out of them deliberately. In the case of some naturalized persons, what we are doing is simply restoring to them the citizenship which they had before, though in some cases we are not. Again I think that is another important consideration. The idea of making outlaws of individuals is to my mind very reprehensible and completely out of accord with the notions of jurisprudence which exist today in most of the civilized countries of the free world. It seems to me that this is another very strong argument for our bringing the law completely up to date in this regard. I must say that in all the circumstances I do feel that by one means or another we should try very hard in this parliament to reach agreement in regard to equality of citizenship.

Another point raised by the hon. member for Winnipeg North Centre was this. I do not want to take up a lot of time in reading over the previous debate, although if the hon. gentleman thinks I misrepresent anything he said, I would be only too glad to be corrected at once because, as I say, I am seeking to be completely fair and uncontroversial. The hon. member raised the question of fraud. It seems to me that a person who gets a citizenship certificate by fraud has not in fact become a citizen. I think we should deal with such cases judicially. The determination of the facts as to whether he got his certificate by fraud would be a matter, I think, not for any government but for the courts. The hon. member for Winnipeg North Centre seemed to think that that would make the law more rigid than if some administrative discretion were allowed. I think this is a judicial matter.

No minister should have it in his power to decide whether someone else is guilty of fraud. That is what we have law courts for,

and if that is going to be done at all I am sure that is the way it should be done. Of course, it may be that the language of the drafting was not all it should be, but I think the hon. gentleman would find that using the word "court" meant whatever was the court of competent jurisdiction with whatever rights of appeal there would be. I would think that there should be all the rights of appeal that there would be in many other similar kinds of cases. I can see that the hon. member for Winnipeg North Centre was, I think, properly concerned about one problem, because there is a problem here. It is conceivable that someone might 20 years ago have obtained a certificate of citizenship or, as it used to be called 20 years ago, naturalization, not having complied with the law. That person, during all this long period would have been regarded as a Canadian citizen, and it would seem to me—and I thank the hon. gentleman for putting this idea in my head—that we would not want to frame the law in such a way that notwithstanding the fact that that man never really became a citizen he would have to start all over again and be landed as an immigrant, if that was necessary, and have to wait for another five years before he could become a citizen.

I do think the hon. member has found another gap which ought to be filled. It is a gap which, I imagine, exists as much in the existing law as in the one suggested. Some provision should be made in cases where either there was good faith in the beginning or good conduct in the country since that time—some process by which citizenship could be conferred with a very slight delay indeed.

Perhaps the court could be given the power to make that kind of favourable decision on application immediately after an adverse decision had been reached in the other case if it seemed desirable.

It seems to me those were the only points of substance which were raised. I looked over the debate the other day when I thought this matter was coming up but it did not come up because of our higher interest in divorce which I am sure is a matter of great interest in some parts of this country at the present time. I am not going to detain the house any longer but I am going to appeal to hon. members to bring this matter to a vote, because all it will do is to send this subject matter to a committee where we can perhaps have a preliminary canter over the subject. In view of the complexities which have been revealed during the debate I do not think we would probably reach a decision this session, but I think it might be useful to have one or two meetings to see what ground can be covered so that between now and next session the law officers can be working on this problem with a view to dealing with it at another session.

Mr. John MacLean (Winnipeg North Centre): I must say at the outset that unlike the hon. member for Bonavista-Twillingate (Mr. Pickersgill) I cannot see my way clear to supporting or accepting the amendment which is before the house at the present time. The hon. member has all but admitted, in the first instance, that his bill is bad in many respects, and there are other defects which, if I have time, I hope to point out in the course of my comments today.

Aside altogether from the initial unsoundness of the bill, I do not think that any amendment such as is now proposed shoud be considered by any committee other than a select committee. I agree that the time has come for a careful examination of this whole act, but I cannot support an amendment which would have the effect of sending this bill to the standing committee on external affairs.

The hon. gentleman, when he spoke a few days ago, was very prone to make confessions about things he had done while in office. I had hoped he would confess an error today and withdraw the bill and perhaps remedy some of the defects inherent in it before, if necessary, presenting another bill. This, to my mind, would have been the most workmanlike approach to the whole affair.

Apart from the bill itself, I should like to draw attention to a matter which did not receive too much consideration during the debate which took place in this house, namely the fact that at the present time we have two orders in council in effect under the War Measures Act which would nullify any work the committee might do with regard to the principle of the bill. The hon. member for Grey-Bruce (Mr. Winkler) brought this out during the discussion which took place on Thursday, February 5. I think this is very important because these orders in council are noteworthy and deserve to be brought to the attention, not only of the house but of the hon. member for Bonavista-Twillingate who, I imagine, has not even read them. One of them was brought into effect in November of 1942—

Mr. Pickersgill: I wonder if the hon. member would permit me to make an observation? I did not join the government until 1953, and I had nothing to do with what was done by the government before that date. I had no responsibility whatever. I should also like to take this opportunity to ask the hon. member a question. I understand that the War Measures Act can only come into effect upon

proclamation by the governor in council, and that a second proclamation was made after the end of the war, saying that it had ceased to be in effect. For the life of me I cannot believe that there are any orders in council which have the effect of law today and which were passed under the War Measures Act, unless they have been continued by some other statutory authority.

Mr. MacLean (Winnipeg North Centre): I made no personal reference to the hon. gentleman—

Mr. Pickersgill: I understand that.

Mr. MacLean (Winnipeg North Centre): This order in council was passed by the Liberal government in 1942. I do not know whether it is in effect or not. I have not looked into it in detail. But it merits consideration. If we are going to go ahead with the committee work, I think we should look at this. There are two orders in council, one of which, dated November 26, 1942, stated:

> Any person who is a British subject by reason of marriage, or by reason of birth or naturalization in Canada, or by reason of the birth or naturalization of his father in Canada, and who makes application for repatriation to any country which at the time of application is at war with Canada, shall, as from the date of his departure from Canada for repatriation, cease to be a British subject.

Mr. Pickersgill: That is not in effect. It has not been in effect for more than 10 years.

Mr. MacLean (Winnipeg North Centre): I do not know whether it is or not. There was another order in council dated December 15, 1945, which states:

> Any person who being a British subject by naturalization under the Naturalization Act, Chapter 138, R.S.C., 1927 is deported from Canada under the provisions of order in council P.C. 7355 of 15th December, 1945, shall, as and from the date upon which he leaves Canada in the course of such deportation, cease to be either a British subject or a Canadian national.

Mr. Pickersgill: That is not in effect either.

Mr. MacLean (Winnipeg North Centre): Whether it is or not, this was brought to my attention when I learned that this matter would be debated, and I should like to have some more information with regard to it, if possible, before I can go ahead and discuss intelligently the principle of this bill in committee.

There are other defects in the bill which were not pointed out by the hon. member for Bonavista-Twillingate during the day-long debate we had back in February. I think one more should be pointed out to him, and that concerns section 19(1). The purpose of the bill is ostensibly to restrict revocation of citizenship to cases of fraud, misrepresentation or concealment of material circumstances and to provide that in such cases where citizenship is revoked it shall be deemed never to have been granted.

In so far as loss by revocation is concerned, this would effectively place naturalized citizens upon the same footing as natural-born citizens, since a person whose citizenship had been revoked could not be considered ever to have been a citizen. However, the amendment is worded in such a way that no procedure for the institution of revocation proceedings is left, because the proposed amendment deletes the present preamble to section 19(1), which reads:

> 19(1) The governor in council may, in his discretion, order that any person other than a natural-born Canadian citizen shall cease to be a Canadian citizen if, upon a report from the minister, he is satisfied that such person—

And so on. I point this out in case the hon. member wishes to bring up this matter again or present another bill. This would be another ground for consideration with regard to the drafting.

Mr. Pickersgill: I wonder if the hon. member would permit a question? Has the hon. member not noticed that the new section—

An hon. Member: Question.

Mr. Pickersgill: My question is this. Does the hon. member not think that since the courts would determine whether the certificate would be revoked the governor in council would not need appear in the matter and that it would be a matter for the courts?

Mr. MacLean (Winnipeg North Centre): I still think you would need a process whereby the proceedings would be instituted in the first place. You cannot have a simple declaration. You would have to have something to put it in effect whether it be done by the court or the governor in council. In all earnestness I suggest that this is a serious omission in the bill as drafted.

Another point which I believe is of importance is that the hon. member for Bonavista-Twillingate and the hon. member for Cartier (Mr. Crestohl) took directly opposite stands with regard to what they want done and with regard to what they think this bill does. In the first instance I shall refer to the statement made by the hon. member for Bonavista-Twillingate in this house last year as reported at page 4759 of *Hansard* of September 6, 1958, when he said:

> No. What I am saying here is that he never was a citizen because he did not comply properly with the law that he is required to comply with to become a citizen. The only difference between what I am suggesting and what the hon. lady—

That is the Minister of Citizenship and Immigration. I continue:

—is putting forward in her bill, now that she has taken out that highly objectionable section (c) which really would have instituted thought police in so far as these naturalized citizens were concerned, is that it will no longer be competent to revoke the citizenship of the person who has been charged with the offence of treason, is outside the country and does not come back to be tried. That is the sort of thing that happens once in a great while. It is perhaps desirable to be able to do this. However, if we are going to take away all the other reasons, why leave this one? The main purpose of this whole exercise, as I take it—and I think the house is not divided on this point any longer—is to give complete equality, the psychological feeling of equality.

We turn now to the remarks made on the same issues by the hon. member for Cartier as reported at page 4760 where he said:

I should like to ask the minister a question. The minister speaks in terms of a naturalized citizen who has committed an offence, leaves the country and does not come back for trial and therefore should lose his citizenship. I agree with that. But assuming that a natural born citizen also commits the offence, also leaves the country and also does not come back to trial, why treat him differently from the way in which you treat a naturalized citizen? He has committed the same offence. He has left the country the same as has the naturalized citizen, and he does not come back for trial. They are both on an equal footing. They have done the same thing. Why differentiate as between the one and the other?

Throughout the debate on the 1958 amendments as presented by the hon. member for Bonavista-Twillingate the view appeared to be taken that the citizenship status possessed by a natural born citizen was inalienable and that a naturalized citizen should be placed as nearly as possible on the same footing as the natural born citizen. It is clear that the fact that the natural born citizen may lose his citizenship by the effect of the law under certain circumstances was not appreciated at that time.

During the course of debate on this question last February I attempted to detail the sections under which a person may lose his natural citizenship and I think the two hon. gentlemen to whom I have made reference appreciate that point now. The Minister of Citizenship and Immigration (Mrs. Fairclough) replying to a question asked by the hon. member for Cartier answered him fully in these words reported at page 4698 of *Hansard*:

The hon. member for Cartier (Mr. Crestohl) I know felt very strongly about this bill, but even he seemed to feel that instead of making concessions it was imposing additional discriminations. I am sure on reflection he will see that is not true, but the main part of his remarks seemed to me to be directed towards an argument in favour of imposing restrictions on natural born Canadians rather than removing them from those who are naturalized. I doubt very much that that would go down too well with either natural born or naturalized Canadians.

During the debate last February I asked the hon. member for Cartier if he thought that the bill presented to the house accomplished what he wanted it to, and he replied that he thought so. The hon. member for Bonavista-Twillingate gave his interpretation of what the bill does and it was an entirely opposite conclusion. I suggest to these hon. gentlemen that they should agree in their interpretation of what the bill accomplishes. This must be done before there can be agreement with regard to whether or not to send it to a committee.

I know that there are other hon. members who wish to speak on the bill. I have no reason to not want it to come to a vote because in the first instance I cannot see how a committee could treat this subject in the light of the bill we have before us. The bill is poorly drafted and is bad through and through.

We have the suggestion that the bill be sent to the committee on external affairs. I know it had to be done in that way at the time because notice would have had to be given with regard to a special or select committee. In all seriousness I say this procedure is not conducive to any serious study of the bill. It is obvious that if we are going to study this subject at all the whole question would have to be examined by a special or select committee.

Mr. Pickersgill: Mr. Chairman, I wonder if the hon. member would permit a question? Would he like to amend the motion of the hon. member for Megantic (Mr. Roberge) to send it to the special joint committee on Indian affairs?

Mr. MacLean (Winnipeg North Centre): Mr. Speaker, I could never live with myself if I were to agree to sending this bill to a committee in the form in which it is presently drafted. The amendment is an absurdity and I know the hon. member for Bonavista-Twillingate is only too well aware of that.

The minister stated in introducing her estimates that there would have to be a careful examination of the citizenship act. I do not think there will be time to do that this session but it should be done at the earliest possible opportunity and I hope it will be done next year. Each section of the act should be examined by a special or select committee which could make recommendations to the house with regard to changes in the act.

For the reasons I have outlined I am compelled to say I cannot support the proposed

amendment with regard to sending this legislation to the standing committee on external affairs.

Mr. Murray Smith (Winnipeg North): Mr. Speaker, I thought this amendment would give the hon. member for Bonavista-Twillingate an opportunity to unravel some of the statements he placed on the record when he presented this bill to the house but he has not taken the opportunity to do so. He has not satisfied my mind as to the need for this amendment, or the reasons why it is being introduced by him at this time after his term of office as minister of citizenship and immigration. While he occupied that position I do not think there were any major amendments made to the Canadian Citizenship Act, and I am sure that citizenship in those years was as important to Canadians as it is today.

I have been connected with the newly formed citizenship council in the province of Manitoba, and the discussions that they are having and the problems that they are encountering in getting their organization on its feet and in trying to promote better citizenship in this country. They certainly are not having any problems with people outside of Canada who have been charged with treason. This is a very small and insignificant matter when you consider the whole matter of citizenship in its entirety. There is no discrimination in Canada between natural born Canadians and naturalized Canadians. If there is any discrimination in our act at all it does not affect citizens who are in Canada; it affects Canadian citizens who are outside of Canada. In my estimation, that is a more important point. When we consider that a great many countries of this world allow dual citizenship—by that I mean citizens of those countries can come to Canada and obtain their Canadian citizenship and still retain citizenship in the country from which they came—this puts us into a difficult position, or it could put us into a difficult position in certain circumstances and in certain instances. For example, a person who has such dual citizenship could come to Canada and commit an offence which would prompt our law officials to lay a charge of treason, and then leave the country and refuse to return to stand trial. In such a situation we would have a citizen who could go all over his native land or into countries which are ideologically opposed to us and brag about being a Canadian citizen. I for one do not like to think of that happening. I do not know whether it would ever happen but I suggest that just because the incidence of occurrence may be very small that is no argument for removing something from the statute books.

[Mr. MacLean (Winnipeg North Centre).]

I think we should have certain protections on our statute books to provide a deterrent or a punishment for situations that could arise in the future which might be embarrassing to us as far as our neighbours in the world community are concerned. I might even go so far as to agree with the hon. member for Cartier (Mr. Crestohl) when he says that a natural-born Canadian citizen should also lose his citizenship under the same circumstances. I would be inclined to agree with him except for the fact that we should be creating a person with a stateless category. That is something that is repugnant to our way of thinking and it is something that I would certainly have to do a lot more thinking about before I would permit myself to advocate it.

In this country we have a certain amount of pro-communism and a great deal of anti-communism. I think the anti-communist element is more pronounced in those communities which are made up of new Canadians or naturalized Canadians. I do not hesitate to say that if any naturalized Canadian found himself within the confines of the section of the Canadian Citizenship Act that we are discussing today his fellow naturalized Canadians would not have too much sympathy for him; for these people have seen what happens in countries where persons sell their souls and their morals to a political philosophy that in effect means slavery and means imprisonment and lack of freedom. They have seen this happen first-hand. One of the main reasons why many of them came to this country was to get away from places where that could happen. I would think that possibly, instead of worrying ourselves today with how we are going to treat people who are charged with treason we should be worrying ourselves as to how we are going to, or whether or not it would be a good idea to get rid of certain people in our society who are trouble-makers and who are openly opposed to the democratic system as we know it.

I am not by any means advocating expulsion because one holds a communistic belief or a socialistic belief, but I would think we would be much better off discussing that point, or discussing how we can help new Canadians rather than discussing how or whether we should deal with people charged with treason in the manner in which this act stipulates.

Mr. Pickersgill: Will the hon. member permit a question? Do I understand from his argument that he is opposed to legal equality for all Canadian citizens?

Mr. Smith (Winnipeg North): If the hon. member for Bonavista-Twillingate gathered

that from my remarks, then I suggest he must have been reading his paper again.

Mr. Pickersgill: Will the hon. member explain what his remarks do mean?

Mr. Smith (Winnipeg North): There is no inequality in Canada. The inequality exists for those who have been charged with treason and who are outside of Canada. The hon. member for Bonavista-Twillingate is very quick to get on his feet now and to charge this government with discrimination when in fact his own government practised discrimination to an extent that had never before been experienced in this country, not only as far as immigrants were concerned but as far as natural born Canadian citizens were concerned and, to my mind, this bill which he has proposed to this house is nothing more than an attempt to get back into the good graces of some of the people of this country.

Mr. Nicholas Mandziuk (Marquette): Mr. Speaker, the hon. member for Bonavista-Twillingate (Mr. Pickersgill) knows full well that I do not engage in personalities. I value his sincerity, his honesty—

Mr. MacLean (Winnipeg North Centre): His good looks.

Mr. Mandziuk: —his debating ability and his ability to make the headlines.

Mr. Muir (Cape Breton North and Victoria): That comes first.

Mr. Mandziuk: I can visualize what the hon. member for Bonavista-Twillingate would like to see in the Liberal press all across the country—"Pickersgill Fights Against Dual Citizenship". If that is not the purpose of the bill then I do not know what is.

Mr. Pickersgill: Thanks for the headline.

Mr. Mandziuk: On February 5 last I think we threshed out the bill. Everybody expressed their opinion. It was generally agreed that the only people the bill purports to protect are those who have been charged with treason or with a breach of the Official Secrets Act and who fail to come back to our courts and justify themselves. By their very failure to answer the summons they convict themselves of being guilty.

But, Mr. Speaker, if the aim of the hon. gentleman is to make headlines that he is the only one who is fighting for equal citizenship for all, I believe I am expressing the opinion of every member of the house, including members of the opposition, that Canada is proud of her naturalized Canadians.

Mr. Pickersgill: Hear, hear.

Mr. Mandziuk: Mr. Speaker, it is a known fact that one-third of Canada's population is either naturalized or descended from naturalized Canadians. These people came from all parts of the world and they have helped to pioneer and develop this land. They have contributed to every part of the economy of the country. They have fought on the battlefields of France, Holland and Belgium and their names, some of which are hard to pronounce, are on the crosses of Flander's fields.

I do not know whether hon. members realize that a Victoria Cross holder of Ukrainian origin works downstairs in this building. He holds the highest honour in the British Empire. I do not know how many of us are aware that today is the 14th anniversary of V.E. day. The west fought in that war for freedom and we won the war but how many people lost their freedom after V.E. day if for no other reason than because of Quislings and such people.

An honest, naturalized Canadian is not worried about this section being in the act. I cannot express myself any better than by quoting part of an article by Mr. Harold Weir which appeared in the Vancouver *Sun* of October 19, 1957. It reads as follows:

> Naturalized persons who feel "insecure" because their citizenship is subject to review by the government must derive their feeling of insecurity from a bad conscience. It doesn't make any more sense than the complaint of light-fingered gentry that their freedom is in jeopardy because, if they commit a robbery, they'll be thrown into jail.
>
> The only naturalized citizens who run the slightest risk of losing their citizenship are those who obviously don't deserve citizenship in the first place.

They are very very few. If the hon. member for Bonavista-Twillingate expects to make the headlines because he has fought for equality of citizenship I can only say that he is fighting for probably one in a million. I do not know whether we have had one case since the last war and I do not think we will have one in the next 14 years. I continue:

> Men and women who change their minds about Canada, men and women who get sour on Canada, men and women who have come into this country with bad intentions, these are the only ones likely to run afoul of cancellation clauses.

These are the only people who are liable to have their citizenship taken away from them. This country has accepted a large influx of immigrants. We are a country with wide-open spaces. We have room for many, many more people. I believe that this government or any other should have that one clause giving the right to revoke the citizenship of anyone who refuses to answer a charge of treason. Treason is a serious crime. It is punishable by death in some countries and

in the past it was punishable by death in all countries. All these people have to do is to come forward and answer the charge and their citizenship will not be revoked. If they answer the charge, if they face the music, as the saying goes, and undergo the penalty their citizenship is absolutely safe. When only an odd case may arise once in 50 years, is it worth wasting a day or an hour of the time of the house, all this under the smokescreen that there is at least one member of the house who is fighting for equality of citizenship for all? I can see him make the headlines, but all over one case in probably 50 years or maybe never.

I object to the bill. I do not want to be repetitious. I do not want to go into my objections to the bill. The same opinion I expressed before still stands. I would not be afraid to vote against the bill no matter what the Liberal press of Canada said. I am quite satisfied that is the opinion of most hon. members and I think we have wasted a lot of time.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder whether the leader of the house could confirm the business for Monday and perhaps indicate a little more for the rest of the week.

Mr. Green: The business for Monday will be, first of all, second reading of the act to amend the Excise Act, then the act to amend the Old Age Security Act, then the one to amend the Customs Tariff and the New Zealand Trade Agreement Act, all of which follow from the budget. Then we shall take second reading of the Unemployment Insurance Act amendments and then second reading of the Federal-Provincial Tax-Sharing Arrangements Act.

Mr. Pickersgill: Will that be the business for the next two days after that?

Mr. Green: I would not like to say as to the next few days. I hope the hon. member will not take that long on these bills.

Mr. Pickersgill: I would just venture to suggest to the leader of the house that if we were given a little ampler menu it might be possible we would consume less in each course.

Mr. Green: I doubt that very much.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

CABINET COMMITTEE AUTHORIZATIONS

Question No. 307—**Mr. Fisher:**

1. Are orders in council in effect at the present time authorizing cabinet committees, ad hoc cabinet committees, committees of council, and interdepartmental committees?
2. If so, what are the numbers and dates and contents of the particular orders in council?
3. Who are the members of these committees?

Answer by: **Right Hon. J. G. Diefenbaker (Prime Minister):**

1. Cabinet committees have no legal powers and are set up from time to time by the cabinet without any orders in council.

There are two committees of the privy council, both authorized and given certain powers by statute. These are the treasury board, established by the Financial Administration Act, and the committee of the privy council on scientific and industrial research, established by the Research Council Act. In addition, there is a statutory committee of which certain ministers of the crown are members, together with the Speaker of the House of Commons. This is the committee of internal economy, provided for in the House of Commons Act.

In the past, interdepartmental committees were set up from time to time by order in council but the present practice is for them to be established by the cabinet, by the treasury board or by the minister or ministers most directly concerned. There is still one active interdepartmental committee, the establishment and terms of reference of which were authorized by order in council. This is the standing committee on public records, of which a minister is chairman.

2. Present members and alternates of the treasury board were appointed by orders in council P.C. 1957-889, of June 21, P.C. 1957-1188 of August 29, and P.C. 1958-1326 of September 22. Present members of the scientific and industrial research committee were appointed by order in council P.C. 1958-1482 of October 23. Present members of the internal economy committee were appointed by order in council P.C. 1958-1715 of December 17. The committee on public records was set up by order in council P.C. 6175 of September 20, 1945, and its composition is set out therein, subject to the changes that have taken place in ministerial responsibility. Copies of the above orders are attached.

3. Answered by (2) above.

Questions

P.C. 1957-889

AT THE GOVERNMENT HOUSE
AT OTTAWA

Friday, the 21st day of June, 1957.

Present:

His Excellency

The Governor General in Council:

His excellency the governor general in council, on the recommendation of the Honourable John George Diefenbaker, the Prime Minister, pursuant to the Financial Administration Act, is pleased hereby to nominate the following members of the queen's privy council for Canada who, with the Minister of Finance, shall constitute the treasury board:

The Honourable George Hees,
The Honourable Leon Balcer,
The Honourable George Clyde Nowlan,
The Honourable Michael Starr,
The Honourable James MacKerras Macdonnell.

The presence of three members of the treasury board shall constitute a quorum thereof.

Certified to be a true copy.
A. M. Hill,
Assistant Clerk of the
Privy Council.

P.C. 1957-1188

AT THE GOVERNMENT HOUSE
AT OTTAWA

Thursday, the 29th day of August, 1957.

Present:

His Excellency

The Administrator in Council:

His excellency the administrator in council, on the recommendation of the Honourable John George Diefenbaker, the Prime Minister, pursuant to subsection (2) of section 3 of the Financial Administration Act, is pleased hereby to nominate the following members of the queen's privy council for Canada to be alternates to serve in the place of members of the treasury board:

The Honourable Ellen Louks Fairclough,
The Honourable William J. Browne,
The Honourable Jay Waldo Monteith,
The Honourable Francis Alvin George Hamilton.

Certified to be a true copy.
A. M. Hill,
Assistant Clerk of the
Privy Council.

Questions

P.C. 1958-1326

AT THE GOVERNMENT HOUSE
AT OTTAWA

Monday, the 22nd day of September, 1958.

Present:

His Excellency
The Governor General in Council:

His excellency the governor general in council, on the recommendation of the Right Honourable John George Diefenbaker, the Prime Minister, pursuant to subsection (2) of section 3 of the Financial Administration Act, is pleased hereby to nominate the following members of the queen's privy council for Canada to be alternates to serve in the place of members of the treasury board:

The Honourables: H. C. Green, A. J. Brooks, G. R. Pearkes, G. M. Churchill, E. D. Fulton, D. S. Harkness, J. A. MacLean, P. Comtois, W. M. Hamilton, S. E. Smith, R. J. M. O'Hurley, H. Courtemanche.

Certified to be a true copy.
A. M. Hill,
Assistant Clerk of the
Privy Council.

P.C. 1958-1482

AT THE GOVERNMENT HOUSE
AT OTTAWA

Thursday, the 23rd day of October, 1958

Present:

His Excellency
The Governor General in Council:

His excellency the governor general in council, on the recommendation of the Right Honourable John George Diefenbaker, the Prime Minister, pursuant to section 4 of the Research Council Act, is pleased hereby to amend order in Council P.C. 1127 of 27th March, 1947, as amended, which in part reconstituted the committee of the privy council on scientific and industrial research, and the said order in council is hereby further amended by deleting therefrom section 2 and substituting therefor the following:

2. The committee of the privy council on scientific and industrial research shall consist of the following members:

The Minister of Trade and Commerce, who shall be chairman,
The Minister of Agriculture,
The Minister of Finance,
The Minister of Fisheries,
The Minister of Mines and Technical Surveys,
The Minister of National Defence,
The Minister of National Health and Welfare,
The Minister of Northern Affairs and National Resources,
The Secretary of State for External Affairs.

Certified to be a true copy.
A. M. Hill
Assistant Clerk of the Privy Council

P.C. 1958-1715

AT THE GOVERNMENT HOUSE
AT OTTAWA

Wednesday, the 17th day of December, 1958

Present:

His Excellency
The Governor General in Council:

His excellency the governor general in council, on the recommendation of the Right Honourable John George Diefenbaker, the Prime Minister, pursuant to section 16 of the House of Commons Act, is pleased hereby to appoint:

The Honourable Donald Methuen Fleming, Minister of Finance,
The Honourable Leon Balcer, Solicitor General,
The Honourable George Clyde Nowlan, Minister of National Revenue, and
The Honourable Ellen Louks Fairclough, Minister of Citizenship and Immigration,
to act, with the Speaker of the House of Commons, as commissioners for the purposes of sections 16, 17 and 18 of the said act.

Certified to be a true copy.
A. M. Hill
Assistant Clerk of the Privy Council

Order in council establishing the committee on public records

P.C. 6175

AT THE GOVERNMENT HOUSE
AT OTTAWA

Thursday, the 20th day of SEPTEMBER, 1945.

PRESENT:

HIS EXCELLENCY
THE GOVERNOR GENERAL IN COUNCIL:

WHEREAS the secretary of state reports that, at the request of the Prime Minister he has convened an informal advisory committee on public records to give consideration to methods for providing adequate conservation of the public records, with particular

reference to those records relating to the wartime activities of the government; and

That, following investigation of the state of the public records, a report has been prepared and considered by the committee and certain recommendations resulting therefrom approved;

Now, therefore, his excellency the governor general in council, on the recommendation of the Secretary of State, is pleased to order and doth hereby order as follows:—

1. There shall be a committee on public records under the chairmanship of the Secretary of State and consisting of the following officials:—

A representative to be named by the Secretary of State (public archives).

Two representatives to be named by the Minister of National Defence (army and naval services).

A representative to be named by the Minister of National Defence—Air.

A representative to be named by the Minister of Public Works.

A representative to be named by the Minister of Finance.

A representative to be named by the minister of munitions and supply and the minister of reconstruction.

A representative to be named by the Minister of Labour.

A representative to be named by the Secretary of State for External Affairs.

A secretary shall be provided from the privy council office.

2. The Canadian Historical Association shall be asked to recommend two professional historians to act in an advisory capacity to the committee to serve at no salary but with expenses to be provided by the government.

3. The duties of the committee shall be to keep under constant review the state of the public records and to consider, advise and concert with departments and agencies of government on the organization, care, housing, and destruction of public records.

4. The committee shall, as part of their duties, examine and report on the following:

(a) The preparation by departments and agencies of government of suitable accounts of their wartime activities and,

(b) The implementing of the approved recommendations of the royal commission on public records of 1914 regarding establishment of a public records office, with particular reference to the integration of the public archives therein, and the type of organization which would facilitate the best use of the public records.

5. When questions specifically affecting the records of a department are being dealt with, a representative from that department shall be present at the meeting.

6. The primary responsibility for the care and maintenance of records and for seeing that the policies of government in respect to disposition of public records be carried out so as to ensure that material of permanent value be not unwittingly destroyed will rest with departments and agencies of government concerned.

7. Each department shall assign responsibility for superintendence of its records to one or more senior officers, preferably the departmental secretary if such a position exists, or an official of similar rank. The duties of these officers will be to review periodically the state of the departmental records and to reclassify them with a view to disposal or transfer of those of permanent value but not currently required to the public archives (or public records office, if established) or to other dominion or provincial departments, or by some form of destruction under existing regulations. These officers will also maintain liaison with agencies responsible to the minister. Recommendations respecting contemplated disposal along the above lines shall be submitted, in all cases, for formal approval of the committee on public records.

A. D. P. Heeney,
Clerk of the Privy Council

WHARF REPAIRS, BONAVENTURE COUNTY, QUE.

Question No. 328—**Mr. Bourget:**

1. During the 1957-58 fiscal year, has the Department of Public Works done any work in connection with the wharves at Riviere Caplan, Riviere Caplan (Bourdages), Riviere Caplan (McLelland's Beach) and St. Charles de Caplan, county of Bonaventure, Quebec?

2. If so, what are the names of the persons employed for such work and what amount was paid to each one, in each case?

3. What are the names of the persons who supplied the materials and what amount was paid to each one, in each case?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Yes.

2. See attached statement.

3. See attached statement.

DEPARTMENT OF PUBLIC WORKS

Location	Name of Employee	Classification	Amount Paid	Name of Supplier	Material	Amount Paid
Riviere Caplan Harbour repairs—	Hervé Mercier	Foreman	$167.40	Argee Garant	Lumber	$341.77
	Emilien Babin	Carpenter	140.00	Willie Manning	Iron	5.50
	Willie Poirier	Labourer	22.80	Argee Garant	Lumber	85.50
	Leonard Poirier	"	22.80	J. H. Mercier	Nails	45.00
	Felix Bourdages	"	22.80			
	Roger Arsenault	"	22.80			
	Fortunat Querry	"	15.20			
	Maurice Dion	"	15.20			
	Gabriel Mercier	"	53.20			
	Charles N. Babin	"	22.80			
	Simon Poirier	"	22.80			
	Hubert Bujold	"	38.00			
	Jos. Dion	"	38.00			
	Ernest Arsenault	"	7.60			
	Alfred Poirier	"	7.60			
Riviere-Caplan (Bourdages) Wharf repairs	Antonio Cormier	Foreman	$241.80	Alfred V. Bourdages	Hauling	$ 7.20
	Louis Poirier	Carpenter	112.00	Alfred V. Bourdages	Hauling	32.40
	Louis Loubert	Labourer	148.20	Roméo Bourdages	Timber	73.00
	Alfred V. Bourdages	"	125.40	Lucien Robichaud	Spikes	8.00
	Héliodore Cyr	"	125.40	Roméo Bourdages	Stones	8.00
	Pierre Rivière	"	5.70	La Fraternité Co-Op.	Nails	.76
				Léo Garant	Timber	191.19
				Alfred V. Bourdages	Hauling	4.00
				La Fraternité Co-Op.	Nails	12.50
				Lucien Robichaud	Spikes	20.00

Riviere-Caplan (McLellan's Beach) Landing Repairs—	Everett McLellan	Foreman	$ 192.20	Rimouski District Office	Bolts	$ 89.60
	Augustin Brière	Carpenter	173.60	Rimouski Transport	Freight	8.45
	Raymond Loubert	Labourer	49.40	J. A. Gendron	Tools	11.70
	Preston McLellan	"	49.40	Hervé Mercier	Stones	126.00
	Elmer McLelland	"	41.80	René Brière	Stones	120.00
	Roger Arseneault	"	41.80	Roland Babin	Stones	30.00
	Raymond Porlier	"	76.00	J. Paul Brière	Stones	30.00
	Charles Belanger	"	53.20	Vincent McLellan	Timber	84.00
	Romuald Bourdages	"	64.60	Garage Brière & Manning	Iron, etc.	42.25
	Irenée Brière	"	26.60	Argee Garant	Timber	582.40
	Maurice Dion	"	19.00	Argee Garant	Rent of Bulldozer	32.00
	Russell McLellan	"	53.20			
	Léopold N. Bourdages	"	34.20			
	Léonidas Poirier	"	15.20			
St-Charles-de-Caplan Wharf Repairs—	Paul N. Poirier	Foreman	$ 223.20	Lionel Miousse	Rent of saw	$ 25.20
	Joseph N. Poirier	Carpenter	100.80	Valmore Cyr & Fils	Hardware	24.50
	Stephane Lepage	Labourer	53.20	J. A. Gendron	Hardware	10.65
	Irenée Poirier	"	68.40	Garage Bourdages	Gas and Oil	2.05
	Valmont Cousin	"	11.40	Paul Poirier	Freight and Express	9.44
	Eugène Doucet	"	11.40	Charles E. Henry	Timber	824.50
	Charles Dion	"	57.00	Hervé Mercier	Timber	139.50
	Alban Bujold	"	53.20	La Fraternité Co-Op.	Rope	12.98
	Robert Henry	"	49.40	Rimouski Transport	Freight	35.96
	Jean-Marie Babin	"	41.80	Rimouski District Office	Bolts	351.30
	Honoré Chrétien	"	26.60	William Doyle Ltd.	Bolts	105.01

Questions

DRAGGER TYPE VESSELS, ATLANTIC PROVINCES—FEDERAL ASSISTANCE

Question No. 387—**Mr. Robichaud:**

1. What is the total amount, up to March 31, 1959, paid in each of the Atlantic provinces under the assistance in the construction of vessels of the dragger or long liner type?

2. What is the amount paid during the same period in Gloucester county, New Brunswick?

Answer by: **Hon. J. A. MacLean (Minister of Fisheries):**

1. New Brunswick $447,051.05
   Nova Scotia 882,580.20
   Prince Edward Island 109,824.00
   Quebec 162,021.75
   Newfoundland 166,701.15
2. $378,092.10.

HOUSE OF COMMONS

Monday, May 11, 1959

The house met at 2.30 p.m.

MISCELLANEOUS PRIVATE BILLS

Ninth report of standing committee on miscellaneous private bills—Mr. McCleave.

COMMONWEALTH RELATIONS

WEST INDIES FEDERATION—STATEMENT ON PRESENTATION OF CLERKS' TABLES

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, it will be recalled that at the time of the inauguration ceremonies of the federal legislature of the West Indies in 1958, the ministers representing the government and people of Canada stated that a presentation of two clerks' tables would be made by Canada to the federation, one for the house of representatives and the other for the senate, to commemorate the occasion. These presentations will be made this afternoon by the commissioner for Canada, Mr. R. G. C. Smith.

This house, too, bears evidence on every hand of similar presentations. No doubt most hon. members are aware that your chair, sir, was presented to the parliament of Canada in 1921 by the United Kingdom branch of the empire parliamentary association. Incorporated into it were portions of the old oak roof of Westminster hall which was constructed in 1397. The mace was, of course, a gift from the United Kingdom, presented by the lord mayor and sheriffs of London in 1916. So, in taking the course we do, we but follow an example which has been set on previous occasions.

The gifts which are being presented to the West Indies legislature, like the gifts which repose in this house, serve as tangible reminders of the continuity and the growth in strength of parliamentary government and of the close and cordial relations which exist between the various parts of the commonwealth. I am sure hon. members in all parts of the house will wish to join with me on this occasion in extending our very best wishes to the federation of the West Indies.

Hon. L. B. Pearson (Leader of the Opposition): We on this side of the house have heard with great pleasure and approval the statement the Prime Minister has just made, and we agree that the presentation of clerks' tables to the parliament of the new federation will be a reminder that both federations have inherited the same parliamentary traditions. It will also be an indication of the good will of the parliament and people of this country to the new federation as it enters on the first stage of its constitutional existence, and the desire of the people of Canada to maintain the closest and friendliest relations with this other western hemisphere nation of the commonwealth.

Mr. H. W. Herridge (Kootenay West): On behalf of this group, Mr. Speaker, I wish to say that we consider this a most appropriate gift to this new member of the commonwealth. It stands as a symbol of our common parliamentary heritage, traditions and procedures, and is a visible indication of our good will and best wishes for their every success in the future.

BRETTON WOODS AGREEMENTS ACT

AMENDMENTS INCREASING AMOUNTS PAYABLE TO INTERNATIONAL FUND AND BANK

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Bretton Woods Agreements Act to provide for the payment, out of the consolidated revenue fund, to the international monetary fund and the international bank for reconstruction and development of sums not exceeding in the whole an amount equivalent to the subscriptions thereto required from Canada, that is to say, thirteen hundred million United States dollars, and to authorize the necessary borrowing therefor in the manner provided by the said act.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR CAPITAL EXPENDITURES, ISSUE OF SECURITIES, ETC.

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to bring in a measure to authorize the Canadian National Railway Company to make capital expenditures in the year 1959 not exceeding $348,900,000 and to make certain

capital expenditures and enter into certain contracts prior to July 1, 1960; to authorize the national company to issue securities to provide amounts required for the authorized expenditures; to provide that, except as expressly provided, the aggregate principal amount of securities outstanding at any time shall not exceed $289,900,000; to authorize the governor in council to guarantee the principal and interest of securities issued by the company for the purpose aforesaid; to authorize the Minister of Finance to make loans to the said company secured by such securities and not exceeding $289,900,000 in principal amount to enable the said company to meet such expenditures and with authority to give financial aid and assistance to other companies of the national system.

Motion agreed to.

SECRETARY OF STATE

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

Mr. Speaker: Pursuant to section 2 of standing order 21, this government notice of motion stands transferred to and ordered for consideration under government orders later this day.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, may I ask for the unanimous consent of the house to have this motion put today. I do so because the committee is anxious to commence sitting tomorrow in order to deal with the estimates of the Department of the Secretary of State.

Mr. Chevrier: It is agreed in so far as we are concerned.

Mr. Winch: Agreed.

Mr. Speaker: Is the house prepared to give unanimous consent to the motion being put today instead of being transferred?

Some hon. Members: Agreed.

Mr. Speaker: By unanimous consent the motion will be put today. Mr. Green, seconded by Mr. Brooks, moves:

That items numbered 372 to 379, inclusive, relating to the Department of the Secretary of State, and item number 67, relating to the civil service commission, as listed in the main estimates of 1959-1960, be withdrawn from the committee of supply and be referred to the standing committee on estimates, saving always the power of the committee of supply in relation to the voting of public moneys.

Motion agreed to.

MOTIONS FOR PAPERS

ST. JOHN'S HOUSING AUTHORITY

Motion No. 97—**Mr. Batten:**

For a copy of all communications addressed to the Minister of Public Works or the president or other senior officers of Central Mortgage and Housing Corporation since April 1, 1959, regarding the St. John's housing authority, together with any replies to such communications.

Motion agreed to.

[Mr. Fleming (Eglinton).]

ST. JOHN'S HOUSING AUTHORITY—FEDERAL NOMINEES

Motion No. 100—**Mr. Argue:**

For a copy of any letter or letters exchanged since January 1, 1958 between the Minister without Portfolio from Newfoundland on behalf of the government, and the minister of municipal affairs of Newfoundland, regarding the appointment of federal nominees to the St. John's housing authority.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I would ask that this motion be agreed to subject to obtaining the consent of the government of Newfoundland with respect to the tabling of the documents and also that it be understood that the government is not admitting that this is any precedent for the future.

Mr. Winch: Is it also understood that this motion is changed in accordance with the advice given by Mr. Speaker?

Mr. Speaker: The motion as presented carries the correction which I directed be made the last time this matter was before the house. Subject to the reservation requested by the minister, is it the pleasure of the house to adopt the motion?

Motion agreed to.

TREASURY BOARD MINUTE T.B. 537517

Motion No. 101—**Mr. Argue:**

For a copy of treasury board minute T.B. 537517, September 11, 1958.

Motion agreed to.

CORNWALL HIGH LEVEL BRIDGE—UNSATISFACTORY CONSTRUCTION WORK

Motion No. 103—**Mr. Argue:**

For a copy of all correspondence, telegrams, reports, by St. Lawrence seaway authority inspectors and Warnoch Hersey Company, and other documents exchanged between the minister, the St. Lawrence seaway authority or any government department, and any person or persons since January 1, 1955, regarding construction work considered unsatisfactory and not up to specifications demanded by the authority in connection with the Cornwall high level bridge, locks, and the erection and painting of mitre gates and sector gates at that site.

Hon. Leon Balcer (Solicitor General): Mr. Speaker, there is no objection to this motion passing subject to the usual reservation regarding privileged papers.

Motion agreed to.

RED RIVER FLOOD CONTROL, MAN.—FEDERAL ASSISTANCE

Motion No. 104—**Mr. Pearson:**

For a copy of all communications received since February 1, 1959, by the Prime Minister or any other member of the federal government from the premier or any member of the government of

Manitoba, and any replies thereto on the subject of federal assistance for flood control on the Red river.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, there is no objection to this motion passing subject to the consent of the province being obtained.

Mr. Speaker: Subject to the reservation expressed by the Prime Minister is it the pleasure of the house to adopt the motion?

Motion agreed to.

NATIONAL DEFENCE

REPORTED RELIANCE ON ALLIES FOR NEW ARMAMENTS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of National Defence if he would care to comment on a report attributed to what are called defence authorities that from now on Canada will rely completely on its allies, and particularly on the United States of America, for new armaments?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, there is no truth whatever in that statement. I have no idea who the alleged defence authority is.

BOMARC MISSILE—REPORTED FAILURE TO HIT SUPERSONIC TARGET

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of National Defence. I sent him notice two and a half hours ago, and I hope he received it in time. Has the minister noted the report from Washington carried in today's *Globe and Mail* to the effect that committee members of the United States congress contend that the Bomarc on all tests was capable of shooting down a subsonic aircraft, such as were used in the second world war, but has failed to hit a target travelling at supersonic speed? Will the Minister of National Defence inform the house whether any change is contemplated in government policy in establishing two Bomarc stations in Canada as a defence against intercontinental ballistic missiles, in view of this information? Will he also inform the house why Canadian taxpayers should be committed to buy obsolete United States equipment which is useless against intercontinental ballistic missiles?

Mr. Speaker: Order. Perhaps the minister wishes to deal with this question, as he has had notice of it, but it does not seem to me to be the type of question that should be asked at this time. In the first place, it calls for an opinion and opens up a subject which can scarcely be dealt with at this time.

Mr. Winch: Mr. Speaker—

Mr. Speaker: I will give the Minister of National Defence an opportunity to answer if he wishes.

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I have said on several occasions recently that it is not the practice to make comments on statements which are alleged to have been made before another body in another country by officials of that other country.

Mr. Winch: May I ask a supplementary question?

Mr. Fulton: If the first one was out of order, how can a supplementary be in order?

Mr. Winch: It is because the minister makes such statements that I do not know whether to love him or hate him. However, in view of what has been said may I ask the house leader when the estimates of the Department of National Defence will be called for discussion?

Hon. Howard C. Green (Minister of Public Works): They will be called at as early a date as possible. I am not just sure when it will be.

POLYMER CORPORATION

INQUIRY AS TO STRIKE SITUATION

On the orders of the day:

Mr. J. W. Murphy (Lambton West): Mr. Speaker, I wonder whether the Minister of Labour can bring the house up to date on the strike situation at Sarnia involving the Polymer Corporation?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I received a report from Mr. Ainsborough on his discussions with the parties to the Polymer dispute. In effect Mr. Ainsborough reports that neither party is prepared to move from its present position, and he does not believe that either party will change its position in the very near future. In view of his report, no good purpose will be served by continuing Mr. Ainsborough's appointment as commissioner at this time, and this appointment has been terminated accordingly.

I am sending copies of the report to the parties and have pointed out to them that there is a serious responsibility on both parties to depart from the uncompromising positions which Mr. Ainsborough reports they have maintained, and to be prepared to make reasonable compromises and to resume negotiations in good faith in order to reach a settlement of the dispute.

Inquiries of the Ministry

Hon. Paul Martin (Essex East): May I ask the Minister of Labour if Mr. Ainsborough had previously been assigned the responsibility of mediation with respect to these two disputing parties?

Mr. Starr: Mr. Ainsborough has been connected with this dispute for some time.

Mr. Martin (Essex East): Does the minister agree with the allegation made by the union in Oshawa on Friday last, that the participation of Mr. Ainsborough was not really helpful in the context of the situation?

Mr. Starr: I do not agree with that at all.

NATIONAL REVENUE

ALLEGED IMPORTATION AND SALE OF CARS BY DIPLOMATS

On the orders of the day:

Mr. Hubert Badanai (Fort William): I wish to direct a question to the Minister of National Revenue. Can the minister inform the house whether any foreign diplomats have been guilty of breaking the Customs Act or the Excise Act by importing luxury cars free of duty and then selling them in Canada at a profit? If so, does the government intend to investigate—

Mr. Speaker: Order. I wonder if the hon. member would put that question on the order paper. It obviously requires some research to obtain statistical information, and I think it would be more appropriate to have it on the order paper.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO REPORT BY ADVISORY COMMITTEE

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Minister of Labour if he can tell the house whether any report has been provided to the government by the unemployment insurance advisory committee since that tabled on August 18, 1958?

Hon. Michael Starr (Minister of Labour): Even though the hon. member for Essex East gave me notice of his intention to ask this question, I am sorry to report to him that I have not had an opportunity of checking thoroughly in order to give him a reply, but I would hope to do so tomorrow.

[*Later:*]

Mr. Martin (Essex East): Mr. Speaker, I would like to ask a supplementary question of the Minister of Labour. In view of the fact that we are going to deal later today with his proposed amendments to the Unemployment Insurance Act, will the minister not endeavour before that discussion begins to ascertain whether or not a second report was made by the unemployment insurance advisory committee since that tabled on August 18, 1958? I think the minister will agree that this might be very important information for purposes of the debate today.

Mr. Starr: Even though I think the hon. member already has that report, I will look into it.

ATOMIC ENERGY

STRONTIUM 90—REFERENCE TO REPORT ON EFFECTS OF RADIOACTIVE FALL-OUT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare based on a statement made in the proper place. In view of the contents of the report on strontium 90 in Canadian milk powder, tabled by the minister on Friday last, and particularly the graphs contained therein, would the minister inform the house who provided the information on which he bases his statement, and I quote:

> Of first importance is the fact that our findings indicate no basis for alarm about this matter.

Hon. J. W. Monteith (Minister of National Health and Welfare): I should like to thank the hon. member for having given me notice of his intention to ask this question. As I mentioned in my statement to the house, the stringent standards referred to were suggested by competent international authorities. The levels illustrated in the graphs to which the hon. member refers are the results of analyses carried out in the radiation protection division of my department. Departmental officers work closely with Atomic Energy of Canada Limited and with recognized experts in our universities. In addition, we keep closely in touch with national and international bodies, and have access to the latest data in this field of science. Information from all these sources was taken into account in the preparation of my statement to the house.

HOUSING

DOWN PAYMENTS ON LOW COST HOUSING IN REMOTE AREAS

On the orders of the day:

Mr. Hubert Badanai (Fort William): I have a question for the Minister of Public Works. Can the minister inform the house whether down payments on low cost housing in remote areas, such as the town of Atikokan, are on a par with down payments asked in larger centres?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I shall have to take this question as notice.

DEFENCE PRODUCTION

UNITED STATES—REPORTED FAILURE OF CANADIAN FIRM TO SECURE TURBINE CONTRACT

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): I should like to direct a question to the Minister of Defence Production. My question is based on newspaper reports from Washington over the week end dealing with the inability of a Canadian company to get an order from United States army engineers for eight hydraulic turbines for the Big Ben dam in South Dakota, notwithstanding the fact that the Canadian bid was considerably lower than United States bids after allowing for taxes and the 12 per cent differential because it was a foreign bidder.

My question is this. Would the minister look into this matter and make a statement to the house giving the full information and telling us whether or not this is at variance with the arrangements for production sharing, and if it is what can be done about it?

Hon. Raymond O'Hurley (Minister of Defence Production): This is a lengthy question, the reply to which needs a lot of preparation. I think it should go on the order paper, and then we would give an appropriate answer.

Mr. Speaker: Do I understand the minister is taking it as notice?

Some hon. Members: No.

Mr. McIlraith: My question implied that the minister make a statement on the subject to the house, and I took it that he would require notice. It is something that should be dealt with by the minister in a statement to the house.

Mr. O'Hurley: There are other contracts in this field, and negotiations are going on between my department and the United States. There are a number of contracts that have to be discussed and are being discussed. It is for this reason that I still believe I will take the question as notice.

Mr. McIlraith: That will be satisfactory.

TRANSPORT

GREAT SLAVE LAKE—REPORTED CHANGE IN ROUTE OF PROPOSED RAILWAY

On the orders of the day:

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have two questions for the Acting Minister of Transport, one of which I sent him notice. In view of the minister's absence possibly these questions will be taken as notice. Would the minister comment on an article appearing in the *Financial Post* of May 9, 1959 entitled, "Pine Point Plan Postponed. 80,000 Get Time to Think", which states that the government has decided in favour of the Waterways route for the proposed railroad to Great Slave lake, having reached this decision a year ago; and in particular would he say if it is correct that the government has concluded that the railroad should be built by the eastern or Waterways route?

My second question is, would the minister assure the house that all relevant facts will be considered before a decision is reached, and that this railroad will be built for the benefit of the people of Canada and not just as a convenience for the C.P.R.—

Mr. Speaker: Order. Perhaps the hon. member would allow the minister to answer the first question.

Hon. Leon Balcer (Acting Minister of Transport): I will take both questions as notice, Mr. Speaker.

INDUSTRY

STATEMENT ON SALE OF TRANSPORT PLANES TO UNITED STATES

On the orders of the day:

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, on Friday last the Leader of the Opposition asked a question about a report which had appeared in the press relating to a proposed sale of transport planes by a Canadian company to two United States companies. Negotiations for the sale of such planes are in fact in progress, but to give full details at this stage might preclude the successful conclusion of these negotiations. If they reach a successful conclusion I will give full details to the house at a later date.

FISHERIES

NOVA SCOTIA—REPORTED LOSS OF TRAWL GEAR

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, may I direct a question to the Minister of Fisheries arising out of a telegram I have received from the Victoria co-operative fisheries of New Haven, Nova Scotia, in which they advise that ten fishing boats lost their trawl gear last night as the result of dragger operations. Can the minister assure the house that he will have his officials immediately investigate this report with a view to preventing a recurrence of this unfortunate, and I might say costly, incident?

Inquiries of the Ministry

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, I would like to thank the hon. member for giving me notice of his intention to ask this question. Unfortunately as yet I have no report on the matter to which he refers, but I can assure him that my officials will give it their immediate attention, if they have not already done so. I might add that I would welcome any additional information which the hon. member might be able to give my department.

FINANCE

INQUIRY AS TO LOANS TO UNEMPLOYMENT INSURANCE COMMISSION

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask the Minister of Finance, in view of the fact that we will soon be discussing—perhaps today—amendments to the Unemployment Insurance Act, if he can say as Minister of Finance whether or not during the months of April and May, but particularly April, he made any loans to the unemployment insurance commission?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I think there were some loans made in pursuance of the provisions of the statute, but I will make inquiry to determine the precise amount.

Mr. Martin (Essex East): May I ask a supplementary question. Is it a fact that very substantial loans were made in the amount of many millions of dollars, and in that event can the Minister of Finance explain to the house and to the country why no disclosure of this was made in the budget speech?

Mr. Fleming (Eglinton): Mr. Speaker, this is not the type of matter which is disclosed in the budget statement at any time. As to the amount, I shall make inquiries and determine the amount and give the house the information.

Mr. Martin (Essex East): Was it less than $80 million?

OIL

ARCTIC EXPLORATION AND DEVELOPMENT—PROTECTION OF PUBLIC

On the orders of the day:

Mr. Erik Nielsen (Yukon): Mr. Speaker, I would like to direct a question to the Minister of Northern Affairs and National Resources, notice of which he had this morning. In view of recent press comments, particularly in the last issue of *Maclean's* magazine, in respect to the protection of the public from unscrupulous stock promoters in connection with the exploration and development of our Arctic oil and gas lands, can the minister give the house any assurance that the public interest is being protected?

[Mr. Muir (Cape Breton North and Victoria).]

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I believe any hon. members or any others in Canada who think the oil exploration in the northern Arctic islands will be the type of thing which will lend itself to speculation underestimates the judgment of the people of Canada. First of all I would like to make it clear that we have not issued any exploratory permits, as this article states, with regard to the Arctic islands and the continental shelf. What we are issuing at the present time are exploratory licences valid for one year which give the applicant the right only to carry out general geological reconnaissance. The exploratory permits, if and when issued to permittees, will give them the right to carry out all types of exploratory work, such as seismic, of geophysical and geochemical, which includes drilling, and also the right to obtain up to 50 per cent of the grid area as an oil and gas lease. It is in my opinion likely that speculation taken in anticipation of any rights which may be acquired upon obtaining exploratory permits will be minimized because section 10 of the territorial oil and gas regulations provides that the crown must be satisfied that the applicant is able to undertake exploratory work of value. The government intends that each applicant shall furnish the following information:

(a) Proof of financial ability to carry out the necessary exploratory work on the area applied for;

(b) The latest audited financial statement of the company or the individual;

(c) The exploration program the applicant intends to carry out during the first half of the term of the exploration permit.

Mr. Speaker, I might conclude by saying that the author of the *Maclean's* magazine article referred to is not only out of touch with our oil and gas regulations but is also out of touch with government policy. I can assure the house that the public interest is being safeguarded to the maximum within our powers.

Mr. M. A. Hardie (Mackenzie River): Mr. Speaker, I would like to ask the minister a supplementary question. Has the minister assurance from all those who have received licences that geological and other surveys will be carried out before the end of the one year period?

Mr. Hamilton (Qu'Appelle): Mr. Speaker, under the licences they acquire all they require to give us is a plan of general reconnaissance during the first 18 months, and that they have done.

Mr. Hardie: Every licensee has done so?

Mr. Hamilton (Qu'Appelle): Yes, Mr. Speaker.

POST OFFICE DEPARTMENT

REPORTED ADVERTISING AWARD TO MINISTER—FUTURE STAMP DESIGN

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I would like to ask a question of the Postmaster General. I would ask him whether his attention has been drawn to a certain report in today's paper. I would ask him whether or not he is the man named in today's press as having been chosen for an award in advertising techniques and experience throughout Canada and if so, Mr. Speaker, I would like to ask the Postmaster General if he has received an all-Canada award and whether that technique, experience and vision will be applied to future designs of stamps so there will not be in future—

Some hon. Members: Order.

Mr. Speaker: The hon. member is asking a question which I take it is perhaps a personal one rather than relating to the administrative duties of the minister, and the hon. member then proceeds to give advice about the design of postal stamps.

Mr. Winch: And if so—

Some hon. Members: Oh, oh.

Mr. Winch: —will he deny a member of the opposition—

Mr. Speaker: Order.

Mr. Winch: Could I have an answer?

Mr. Speaker: I do not think the hon. member's question really calls for an answer.

Mr. Winch: On a question of privilege, I should like to make clear that I was trying to pay a compliment to the Postmaster General.

Mr. Speaker: I think the house will have appreciated that the hon. member was trying to do that.

EXCISE ACT

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-45, to amend the Excise Act.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I find that in the bill there is no departure from the language used or from the announcements made at previous stages of the debate, on budget night and when the resolution was being discussed.

I simply wish to remind the house that we are being asked here to provide an all-time high rate of taxation on distilled spirits.

I believe that prior to the introduction of this bill the excise tax amounted to $1.31 on a 25-ounce bottle of distilled spirits. The increase will bring this figure to $1.42, with sales tax to be paid in addition. As in so many other cases connected with this budget, we find there has been a desire on the part of those who merchandise a product to do some profiteering beyond what the increase resulting from taxation would have justified. Even my own province of Ontario was not slow in this respect. The authorities immediately imposed an increase in price well beyond the amount which the Minister of Finance had announced would be the net tax cost increase per 25-ounce bottle of spirits.

We know that as a result of criticism the government of Ontario did decide to lower those prices. It may have had something to do with the subsequent decision to hold an election. I do not know. Perhaps it was the result of a comment by the Prime Minister, who said that merchandisers were improperly and unjustifiably raising prices to consumers beyond the additional amount of taxation. In any event, we have seen that the liquor control board in Ontario, and perhaps in other provinces too where there is a government monopoly, has since reduced the price to the consumer to a figure which more nearly takes account only of the extra amount of the tax.

I have heard the Minister of Finance speak in the past about taxation in fields of this kind, and he always used to warn his predecessors that there was a point of diminishing return. I hope the minister, who never wants to appear wrong in front of the public, may never have to do what his colleague the Minister of National Revenue suggested he might have to do, and play some personal part in trying to make up the deficiency in tax revenue if there are diminishing returns.

In any event, we have in connection with this product an all-time high rate of government taxation either in peacetime or wartime.

Mr. Erhart Regier (Burnaby-Coquitlam): Looking at the proposed amendments to the Excise Tax Act, Mr. Speaker, it is very obvious that the Minister of Finance is against evil. We have often had ministers of finance who where against evil, and when they needed more revenue they simply levied taxes on the people of Canada who consume liquor or who have the habit of smoking.

I feel that a growing number of people in Canada are becoming increasingly irritated

about this attitude which various ministers of finance have taken over the years. They feel that there is a limit beyond which their particular weakness or vice if you want to call it that should not be exploited. I am saying this merely for the sake of the readers of *Hansard*, that a bottle of ordinary liquor, rye for example, could be purchased for roughly $1.10 if it were not subject to taxation. Yet, after the various levels of government have taken their toll, the Canadian consumer finds he has to pay around $3.00 extra. A package of 20 Canadian cigarettes can be purchased, in those places where it is tax exempt, for 9 cents. Yet, in Ontario today people are asked to pay 35 cents a package.

I do not like this continued punishment of what some puritanically-minded people may consider to be a vice. I believe it is high time that the majority of the people of Canada began to voice their opinions about these continued impositions year after year upon practices which they regard as unharmful but which a minority regard as harmful. However, it seems that the days are few and far between when public representatives are willing to make their voices heard on behalf of those people who occasionally buy a bottle of whisky or a package of smokes. I feel that if there is a need for added taxation in Canada we should not take it out on these people simply because there are no members of parliament ready to take up the case on their behalf.

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

On clause 1—*R.S. c. 319 s. 12.*

Mr. Pearson: I only wish to say one word in order to fortify the spirits of the minister as we deal with this important provision of the bill. The hon. gentleman knows through observation, though not of course from experience, that the law of diminishing return does apply to the consumption of this commodity, and I wonder whether he thinks the level of taxation has now been reached where the law of diminishing return is likely to apply also.

Mr. Fleming (Eglinton): Obviously I would not be recommending this modest increase to the committee if I thought it would give rise to the application of the law of diminishing return. We are not raising the amount of the tax just for fun; we are raising it because we think greater revenue will accrue. The increase is a modest one, $1 a gallon.

Clause 1 agreed to.

Clause 2 agreed to.

[Mr. Regier.]

On clause 3—*R.S. c. 319 s. 12*

Mr. Benidickson: Mr. Chairman, I ask if this in effect is a 100 per cent increase in crown revenue in this category?

Mr. Fleming (Eglinton): On the cigars?

Mr. Benidickson: Yes.

Mr. Fleming (Eglinton): Well, Mr. Chairman, in that sense it is 100 per cent in the particular tax that is proposed here, but of course this is only one of the taxes on cigars and the net result is a very slight increase in the total tax.

Mr. Pickersgill: Will the minister assure us that this is not a punitive tax?

Mr. Fleming (Eglinton): Mr. Chairman, I can assure my hon. friend that it is not a punitive tax on him.

Mr. Pickersgill: Oh, I do not smoke.

Mr. Pearson: Mr. Chairman, does the minister realize that this is going to make it much more difficult for us on this side of the house to keep the hon. member for Essex East supplied with cigars?

Mr. Fleming (Eglinton): Mr. Chairman, my heart bleeds when I think about my friend the hon. member for Essex East in this respect, but I console myself with the thought that as he lights those big cigars of which he is so fond and blows large billows of smoke all over the place, his satisfaction will be the greater for realizing that he is contributing to the excise.

Mr. Martin (Essex East): Mr. Chairman, we have had an argument *non ad rem sed in persona*. May I say to the Minister of Finance that this is in many respects a regrettable tax, not from my point of view as a cigar smoker but from the point of view of the tobacco growers of our country.

Clause 3 agreed to.

Clause 4 agreed to.

Bill reported.

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

Mr. Fleming (Eglinton): Now, by leave.

Mr. Speaker: Mr. Fleming moves third reading of the bill. Is it the pleasure of the house to adopt the motion?

Some hon. Members: Agreed.

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

OLD AGE SECURITY ACT

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-46, to amend the Old Age Security Act.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I made some remarks with respect to these three tax increases at the resolution stage on May 4, appearing at page 3306 of *Hansard*, and I believe some amplification of those remarks is justified.

The Minister of Finance and I had the privilege of serving together, I believe in 1950, on the joint parliamentary committee which looked at the question of ways and means of improving social security for the aged, and I think he will agree with me that that committee was a most useful one. It also was quite devoid of partisanship in the preparation of its report.

It is true that the committee did not lay down in a dogmatic way recommendations to the government as to how the improved social legislation should be financed. I am not going to read the committee's recommendations, but they are contained at page 703 of the committee report of June 28, 1950.

The committee agreed that it was desirable to have basically a pay as you go system for supporting old age security. It did not specifically instruct the government as to how this might be financed. It did point out the fact that certain important tax sources might on a percentage basis provide the necessary revenues. On the whole I believe the committee was recommending a compromise between what would be called contributory old age pension system, on the insurance pattern such as we examined in respect of other countries, and the matter of having the fund in balance at all times.

The committee at no time said the fund should be completely in balance. It recognized that in the past the federal treasury had been responsible for making contributions out of general revenues to certain social security measures existing up to that time and, as I said, did not dogmatically state that the fund should be completely in balance. In other words there was the thought that if there was an occasional deficit in connection with the fund it might be reconciled with the amount of revenue that had been utilized previously from general taxation in the past.

However, the following year the government did decide that it would apply to three of the important tax fields for contributions to the very widely expanded old age security plan that was introduced in 1951. It introduced what was known as the 2-2-2 formula. The minister is proposing in this legislation a 50 per cent increase in that form of tax receipt.

In 1952 the revenues that were received were not actually to be new taxes in the main. That is the difference between what the minister is proposing now and what the government of that day proposed when this legislation was introduced in 1951. It may be said that with a very slight exception instead of increasing existing taxes the new fund was provided with allocated revenues, but it did not involve extra taxes for that purpose affecting the actual individual taxpayer of the country. The existing tax rate was adjusted in such a way that there was assigned without increase in rates 2 per cent of the sales tax, 2 per cent of the corporation tax and 2 per cent of the personal income tax for the purposes of this fund.

To establish that this was essentially so and that this vastly improved benefit scheme was provided without extra specific taxes on the public as a whole I want to quote from the Canadian Tax Foundation which in its review entitled "National Finances, 1958-59" at page 84, confirms what I have said in these words:

> In general these rates—
>
> For old age security.
>
> —represented the earmarking of a part of existing taxes rather than the establishment of new imposts.

That, I point out, is the contrast between what was done then and what is proposed in this legislation. The additional burden of taxation at that time was negligible. The major source of financing therefore came to the fund from a transfer of taxes rather than from an increase in taxes that were already being imposed in the country. In subsequent years there were deficits, I admit, but in the year 1956-57 the fund was almost in balance.

I think the deficit that year was only $7,500,000, which hon. members will recognize is negligible in relation to the portion that it was always expected would come from general government revenues.

In the budget of March, 1957 there was proposed an increase of $6 per month in the basic pension. Of course later in 1957 there was an additional increase and that increase, together with the $6 increase, made it obvious that the deficit would be considerably increased. But the point I want to emphasize today is that between March, 1957 and the next assembly of this parliament the people of this country, in an election campaign, were told that it would be possible by miracle or otherwise to provide extra pensions out of this fund without any increase in taxation. We have heard even in this debate, and I am not going to document the quotations—and we heard the Prime Minister not only in 1957 but subsequently thereto, and he was just repeating what he said in 1953—say that it was possible to reduce taxes by $500 million—

Mr. Fleming (Eglinton): No.

Mr. Benidickson: —and balance the budget and provide extra social welfare benefits.

Mr. Fleming (Eglinton): He did not say that.

Mr. Benidickson: In the fall of 1957, although this parliament was sitting, we were not the ones to get the announcement. The Prime Minister went to the television audience and told it of his intentions with respect to the additional increase of $9 in the basic pension rate. In June, shortly after assuming office, the Minister of Finance told this country that it was his intention to have a new look at the finances of the country and as a result to have a budget in the session that was called in the fall of 1957. We know that did not develop. We know now why it did not develop. It was obvious to the administration that the miracles they talked about were not likely to prove possible of performance, and as a result we had no budget at the time that legislation was provided for the increase in benefits from this fund.

The position of the Liberal party was made very clear by the then leader of the official opposition, the former prime minister, Mr. St. Laurent, who on October 16, 1957 at page 44 of *Hansard* said this:

As for the measures forecast to increase old age security and other social benefits, naturally every true Liberal will welcome them in principle. Our sole concern will be to see how they fit into the whole financial picture and how far the government will take effective measures to control the rise in the cost of living which, if unchecked, could easily take away all the advantages of the proposed increases.

Well, the increase, of course, did involve the solvency of the fund, as we now see it clearly, in a very substantial deficit. The Minister of Finance was one of those who, as I say, was a member of the original committee. He was well acquainted with the views of the committee, and there was not too much disagreement among the members of the committee despite their party allegiance. When this legislation came up these were his views with respect to this particular fund; I refer to what he had to say in 1951.

Mr. Fleming (Eglinton): What is the page?

Mr. Benidickson: It was in 1951, on the old age security debate.

Mr. Pearson: Pages 609 and 610.

Mr. Benidickson: It was in October, and this is what the minister had to say at that time:

In the second place, I think that the house will desire to preserve—as the committee recommended in paragraph 64 which I have just read—the consciousness on the part of the individual of the association between the contribution he is making to the cost and the benefit he is to receive. It is on that basis that rest our ideas, our beliefs in the house, that we are departing as far as we can from the idea of any handout, any payment as of grace, and are seeking to supplant that type of payment with a payment which will be received by the pensioner as of right.

I think the house will be glad to see that the minister—

That is the present hon. member for Essex East. I continue:

—in his proposals, has recommended that the entire cost . . . is to come out of the special old age security fund.

Mr. Fleming (Eglinton): I think the minister referred to was the minister of finance at that time. It was he who brought in the financial proposals for providing the revenues for the fund.

Mr. Martin (Essex East): That is right.

Mr. Benidickson: Mr. Abbott spoke, of course, right after the minister of national revenue—

Mr. Martin (Essex East): I spoke right after him.

Mr. Benidickson: —who introduced the proposals, the financial portion of which was referred to by the minister of finance. I continue:

We are subscribing as a house, I take it, to the principle of a pay as you go measure, a pay as you go universal scheme.

Well, if those were the minister's views so strongly and clearly expressed, as he always did express his opinions in those days, I ask what happened to him in December of 1957, when he had full information as Minister of Finance, and had all the calculations, all the forecasts that would be available and decided that it was not desirable or appropriate at that time to tell the public what the cost would be. I am not saying that at that time, if there were some storm warnings, it would have been desirable to do what the minister is doing now, namely have a real over-all increase in the actual rates paid by the individual taxpayers. But if the minister was consistent and still held the views that he so strongly expressed in 1951, I say it was his duty to inform the house of the likely effect upon the fund and to do what was done in 1952, namely allocate from existing taxes the additional amount that would be required to keep this fund in balance.

That, I think, is the important thing that was not done. We know why it was not done. It was not done because there was no desire to let the public know that this could not be done as a result of surpluses available, which they talked about, $500 million, and

other things which we heard so much about not only in the 1957 election campaign but later.

The ministry had very much in their minds the fact that they probably would soon be in another election campaign, and in consequence the bill is coming up only now.

Mr. Fleming (Eglinton): May I ask the hon. member a question. Can he tell me why Mr. Harris, when faced with the same question in the spring of 1957, did not propose to deal with the measures required to meet the cost of the additional $6 per month which he was then proposing?

Mr. Benidickson: I am familiar with that because I remember the discussions that took place. First of all, we were in boom times and revenues were flourishing. I gave the minister the figure for the best result in any of the previous five years—a small deficit in the fund only $7.5 million. For the year ended March 1957, which had just concluded, the fund was almost in balance, and I do not think an increase of an additional 1 per cent in each particular tax category would have been practicable. Had an increase been made at that time from 2 per cent to 3 per cent in each category the fund actually would have been put into a surplus position based on the expectations of revenue at that time, and that was never the intention of the fund.

Mr. Fleming (Eglinton): Would the hon. member permit another question. How then did the Liberal government propose to meet the additional cost of the $6 increase, which amounted to over $60 million for a full year?

Mr. Benidickson: Having come to the point where the deficit in the fund was only $7 million, and the requirements out of general tax revenues for the old age security program were so much less than had existed even before this legislation, it did not seem unreasonable that by the end of 1958 the anticipated revenues would have kept to normal levels the proportion of contributions from general revenues.

Another matter that I think is very interesting in this connection is the question of the reduction in the actual purchasing power of the pension since it was introduced on January 1, 1952. I have looked at the cost of living figures and at January 1, 1952, the figure was 118.2. In June, 1957 after a period of five and one half years, it had reached 121.6. I calculate that to mean a reduction in the purchasing power of the pension of $1.12 per month. I give this figure after a period of five and one half years, and I now give the figure covering something less than two years of the new administration. During that time the cost of living index went up to the extent that the equivalent real value of the old age pension has declined by $1.70. That was part of the thinking in March, 1957. So I emphasize that the real net value of the $9 increase, after taking into account the rise in the cost of living in this period of less than two years, works out to about 17 per cent—

Mr. Browne (St. John's West): May I ask the hon. member a question?

Mr. Benidickson: May I conclude first—but for this 17 per cent increase the purchasing power of the cheque of the old age pensioner there is proposed in this legislation an increase of 50 per cent in the actual taxes that are to be levied for it. This is not a matter of merely making a transfer from the general tax rate to the fund without an over-all increase with respect to the individual taxpayer, as was done in 1952, but it is a completely new and additional 50 per cent rise in the amount of taxes that it is recommended be provided for this fund.

Mr. Browne (St. John's West): Could I ask the hon. gentleman on what amount of pension he has worked out the $1.12 and on what amount of pension he worked out the $1.70?

Mr. Benidickson: I refer to the $9 increase, and if my hon. friend will apply that to the $46 rate he will find it is roughly 20 per cent. My point is that in less than two years the actual purchasing power through inflation has been reduced by the percentage I gave—and down to 17 per cent.

Mr. Browne (St. John's West): From the $55?

Mr. Benidickson: It is $9 on the $46.

Mr. Browne (St. John's West): But the $1.70 comes off the $55, not off the $9.

Mr. Benidickson: The $1.70 certainly is related to the $9 because it is the $9 that was so blatantly advertised as the increase. The result is that, having regard to the reduced purchasing power, the amount of the pension went up net only 17 per cent, and we are now being asked to provide 50 per cent more in contributions to the fund by the taxpayers.

I think that sets out in essence, Mr. Speaker, the difference between what this government is asking and what was done in 1952. In 1952 practically no additional taxation was imposed on the Canadian people as a result of this very big step, as was thought at the time, in improving and enlarging our social security program for the aged. It was done by transfer. This time it is being done

wholly by an increase of 50 per cent in the actual new rates that will be paid by those who benefit.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I do not think anyone can quarrel too much with the minister for levying new taxation if such new taxation is necessary for the welfare of the people of Canada. However, in this particular case, as was mentioned on another occasion, the old age pensioners of Canada seem to be getting the blame for the new taxes that are to be levied at the present time. They are being advised that the old age security fund is losing money and that the books have to be brought into balance, even though I do not believe it was ever the intention of parliament that the books of the old age security fund should be brought into balance. It was always recognized that there would be many people in receipt of old age pensions who, for various reasons, had not paid very much into the fund in their lifetimes, and therefore it would only be reasonable to expect that for a goodly number of years at least lump sum payments would have to be made from the consolidated revenue fund to the old age security fund in order to balance the books.

I have in mind one particular category of those who receive $55 a month. Under the amendments introduced approximately a year ago any person 70 years of age or over who has been in Canada for as little as ten years is entitled to receive $55 a month. It is obvious that a person who has only lived here for ten years will not have paid nearly as much into the fund as the average Canadian who has paid into the fund over a working lifetime of 30 or 35 years.

So the plea that this additional taxation is necessary in order to balance the books is not valid. Rather, we contend that it is a new plea which has been introduced in order to justify a new imposition and, as the hon. member for Kenora-Rainy River has pointed out, it is a heavy increase in taxation. It amounts to an increase of 50 per cent, and if such an increase were applied in other places there certainly would be very serious repercussions. I can well imagine what would happen if the minister were to raise income taxes by 50 per cent or if he were to raise corporation taxes by 50 per cent. However, when it comes to putting the responsibility on the old age pensioners of Canada, we find that we have a government in office which is willing to blame them for a tax rise as great as 50 per cent.

We are just wondering on this Monday, Mr. Speaker, whether these tax increases are at all necessary. After all, we have been reading our week-end newspapers and listening to the radio, and we know that a certain prime minister made a speech in Montreal over the week end in which he forecast a fantastic improvement in the Canadian economic situation over the balance of this year, at least. He did not have too much to say about the year after.

However, if improvement on the economic scene is going to take place, as was predicted by the Prime Minister, then one would imagine that the old rates would have supplied the Minister of Finance with sufficient revenue so the additional tax imposts would have been looked upon as unnecessary. I have no doubt that the Minister of Finance has also read the Prime Minister's speech delivered last week end in Montreal. I was expecting him, at this sitting of parliament, to say that in the light of the prediction by the Prime Minister over the week end the government was now asking the consent of the house to withdraw the bill now before us. The whole attitude surrounding the new bill is certainly a far cry from the new kind of deal the pensioners of Canada were led to believe they would get. They were informed clearly that the $9 per month added pension was only the beginning.

We now have the Clark report filed, and so far as we can gather from the replies to questions on the orders of the day the Clark report has been truly filed. In fact the house may never even get a chance to consider the Clark report. The new deal seems to be to put the blame for the 50 per cent increase on certain already onerously taxed people of Canada. In the case of the sales tax there is an increase of 10 per cent. We find this position very difficult to reconcile. On the one hand we have the Prime Minister saying the economy is going to move forward at such a rapid pace that we would expect the minister to be in receipt of a great deal of added revenue, and on the other hand the minister says he regrets that because of the deficit in the pension fund, he must levy this unusually heavy, 50 per cent increase in taxation.

If the minister's argument that this is necessary in order to bring the fund into balance is true, then Mr. Speaker, the minister is also introducing a new principle. This will confirm the fact that henceforth old age pensions are a matter of right. This also confirms the claim that has long been made by many old age pensioners, that they are entitled to this money inasmuch as they are the ones who have paid for it. If that is the case, then the minister is very remiss in that he does not allow these pensioners to

decide when and where in the world they are going to spend their money. If the minister is going to put this fund in balance, if the minister is claiming that it shall be self-liquidating, then the people who are in receipt of their own savings ought to be at liberty to determine where they are going to spend the money. They should have the right to spend it anywhere in the world.

I regret very much this increase in taxation, and especially do I regret the blame being put where it is. We feel that if the economy had not been in a period of recession this added impost would not have been found necessary. We find that once again the minister, by his acts, is admitting that conditions in the country are not as they were claimed to be last week end by the Prime Minister. We would suppose that rather than adopt these added imposts, the government should seriously consider how they could increase revenues by expanding the economy of the country as a whole.

Hon. L. B. Pearson (Leader of the Opposition): The bill before us is a bill to meet the bills. In so far as the attitude of the official opposition toward the principle involved in the bill is concerned, that has been clearly stated by the hon. member for Kenora-Rainy River. I desire to add only a word or two to what he has said. In so far as the principle of the legislation is concerned, and the benefits involved in old age pensions, as my hon. friend has said our former leader, Mr. St. Laurent, explained our position on October 16, 1957. Our position now is as it was then. He said then that every true Liberal will welcome in principle this increase in old age security and other social benefits, but our concern, as he said then and it is our concern now, is to see how they fit into our financial picture.

We know now how they fit into that picture because, as has been pointed out, the increase in benefits which necessitated this bill, the real increase having regard to the increased cost of living, is 17 per cent and the taxation increase is 50 per cent. Economic considerations have now made it necessary, therefore, for the government to take the kind of action which party political considerations prevented them from taking only a year ago, when it should have been taken. As a result the sales tax is now at the highest level in our history.

This must be of interest to the minister, in view of what he said in the past about sales tax, and I refer to the debate in 1951 from which my hon. friend has already quoted. The present Minister of Finance stated, as reported on page 610 of *Hansard* for November 1, 1951:

> We must recognize as well that it is a costly tax to the consumer because it pyramids as the result of mark-ups as the goods pass from hand to hand, from the manufacturer or producer, who pays the tax in the first instance, to the wholesaler, from the wholesaler to the retailer, from the retailer to the consumer, and that a 2 per cent sales tax—

That is what we were talking about then.

> —in this way levied on the manufacturer or producer will probably cost the consumer not 2 per cent but closer to 4 per cent on the cost of the goods that he has to buy.

Now, Mr. Speaker, we are proposing to increase this tax from 2 per cent to 3 per cent. The position of our party on this matter is clear. We think the government is to be condemned for its refusal to apply the pay as you go principle in the fall of 1957, when it increased the pension without increasing the contributions and at a time—this is in contrast to the situation which prevailed in the spring—when a deficit was as certain as anything could be. The increase could have been made and should have been made at that time, having regard to the economic picture, by transferring receipts from existing taxes to the fund. This was the best method at the time of keeping it in reasonable balance.

At that time, Mr. Speaker, party considerations took precedence over economic considerations. So far as we are concerned we do not want to share the blame now, because we would have approached the whole problem in a different way then. The government took full responsibility before the election for the political decisions which have led to the present financial difficulties. It must now, therefore, accept full financial responsibility for the measures that have to be taken to get the country out of these difficulties, and this bill is the reflection of one difficulty. I think we can leave it at that.

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

Clause 1 agreed to.

On clause 2—*Tax payable by individuals.*

Mr. Peters: Mr. Chairman, I would like to say I disagree with the clause where in (b) we put a limit or a ceiling on the amount of money which can be collected of $90. This means that anyone earning more than $3,000 will still continue to pay only a maximum of $90. I think the limit of $90 is not fair and reasonable. There are many people in this country who are making a large enough sum of money now to be in a much better position to pay more than $90. To make it fair and equitable I think the $90 should be removed. Obviously there will be more tax available, and this would be a much more reasonable method of increasing the amount of revenue

for the fund than would the imposition of a higher tax which affects mainly those in a lower wage category. I would suggest to the minister that some consideration should be given to the removal of this ceiling of $90.

Clauses 2 and 3 agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read the third time? By leave, now?

Some hon. Members: Now.

Mr. Fleming (Eglinton) moved the third reading of the bill.

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

Some hon. Members: On division.

Motion agreed to on division.

Bill read the third time and passed.

CUSTOMS TARIFF

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-44, to amend the Customs Tariff and the New Zealand Trade Agreement Act, 1932.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, again I find nothing in the bill, beyond the amendments which were given announcement at the resolution stage to the schedule, that is contrary to what we have had in our hands since the budget debate. While I am on my feet, however, before we leave the particular stage of the debate perhaps the minister would indicate whether or not those several amendments which were announced on May 4 or 5 have been the subject of any complaints since we last discussed them? It is rather short notice and the minister knows that the first reading of the bill was only Friday, and therefore any report on this bill missed the financial and trade papers of last week. Has he received any communications since the debate on Monday and Tuesday of last week which indicate any objections to the amendments which he proposed a week ago? I ask that question and I will continue very briefly, Mr. Speaker.

Mr. Fleming (Eglinton): Mr. Speaker, perhaps it will facilitate matters if I answer now?

Mr. Speaker: Has the hon. minister leave to reply now?

Some hon. Members: Agreed.

Mr. Fleming (Eglinton): As I indicated to my hon. friend earlier this afternoon, I will have an amendment when we come into committee of the whole on items 438b, 438c, 438d and 438e pertaining to automotive parts arising out of the reference to tariff item 411a.

[Mr. Peters.]

That is the only matter upon which any representations have been received, to my knowledge. The changes which were made in the committee stage on the resolution, Mr. Speaker, were very slight, as you remember. I explained the reason for them at that time and indicated the steps we had taken in advance of their introduction in the committee to ascertain information on them on the part of those who were interested.

Mr. Benidickson: Mr. Speaker, I do not want to delay the house, because, as I say, I find that except for the amendments of last week the bill appears in the form of which notice was given, and the public would have every expectation of the things in the bill as a result of the minister's budget address of April 9. But I did feel the other evening that I had overlooked a comment which I would very much have liked to have made when we were discussing the Customs Tariff, and I refer to the fact that we have recently lost, I guess, our very distinguished former chairman of the board. I would like to pay my compliments to him. He is a man who has served under five prime ministers, and I think even the present minister asked him to continue a little beyond the time when he might have otherwise wanted to have had some leisure.

Mr. Fleming (Eglinton): Twice.

Mr. Benidickson: Twice. We have in Canada some very sterling servants of the public, and I do not think any of them have more general admiration than is held for him by people not only in Canada but in places abroad.

I have found tariff a most intricate and difficult subject to study. I think it is even more difficult than certain presentations to the courts. Usually in courts we have only two conflicting opinions; but anyone who peruses the very exceptionally exhaustive reports of the tariff board in recent years will understand that in an economy such as ours the board is not considering the conflicting desires and economic interests of merely two litigants appealing to the board, but in many cases perhaps half a dozen or more in more or less conflict. In other words, the judicial and sensible decisions which have to be resolved are extremely onerous indeed. I think that both governments have followed the recommendations of this board fairly closely. Certainly the minister did last year, and I realize that he went a long way this time to accept the recommendations of the tariff board in that very intricate study of fruits and vegetables. This was not quite so simple as in other reports. Sometimes the Minister of Finance if he chooses can actually take the suggested amendments to the tariff

schedules as recommended by the board without much personal contribution to policy. But in this case the minister and his officials in the department had treaty obligations to a number of countries, and they had to relate the recommendations of the board with those involved treaty obligations. I should also like to pay my respects to other members of the tariff board some of whom are retiring at this time. Perhaps during the committee stage we shall be able to refer to others, in front of the minister, right now. I think of Mr. Glass who has been made a member of the board—

Mr. Fleming (Eglinton): And vice chairman.

Mr. Benidickson: And vice chairman. I had reason over the years to consult him quite frequently in seeking his counsel and advice on these matters which are so detailed and complicated. I did not consult him or anybody else in the minister's department this year, because I thought the changes taking place were uprooting and I was not quite sure what the result will be. I know the minister will be equally well served in the department in having Dr. Annis as Mr. Glass' successor. We have exceptionally devoted civil servants engaged in a most exacting task, and quite irrespective of party politics I think the minister will agree that they are most deserving of recognition by this house and by the country.

Mr. Fleming (Eglinton): I quite agree.

Mr. Benidickson: The minister will have noticed that the committee on estimates has concluded a very interesting course of meetings with the officials of the Department of National Revenue. It was hard to draw the line, sometimes, between those who administer our customs laws and the Minister of Finance who actually has to recommend the customs rates which shall prevail. However, I did note that in paragraph 1 of the committee's report there was a suggestion that it be made mandatory that all goods from outside Canada should be labelled. Perhaps the minister could make some comment on that when he replies, if he has an opportunity.

I take it that we shall in committee be able to be our own judges on the matter of procedure, and while there is no desire to be repetitive and to go over individual items, there are items in the schedule which, after a few days' lapse, do require, perhaps, some further clarification. I am sure the minister will make that possible at the committee stage. I do not wish to alarm the minister, and I hasten to say that there are not many items which this group is proposing to follow up, having regard to less formal discussion we had in committee last week. But I should like to direct a few questions to the minister about the new category of machines which are deemed to be made in Canada. Am I right in thinking that this could properly be done on the committee stage, on the schedule?

Mr. Fleming (Eglinton): Yes.

Mr. Benidickson: Although the items which have been subject to increases in this budget are, for the most part, or in large part, not items with which many people in the public are familiar, I think it has been understood that the over-all emphasis was on increasing protection again. Certainly, with respect to machines, we are simply returning to precedents that were followed when we last had a Conservative government, and once again we have something which is in the nature of a legalistic and arbitrary determination of what is made in Canada, without the usual adjudication by officials of the department and the courts. It is true that if any taxpayer is aggrieved he has the right to appeal to the tariff board and, in succession, to the exchequer court and to the Supreme Court of Canada. I think this is another matter which we can discuss further on the committee stage.

The section having to do with woollen goods, as we predicted last year, is likely to have repercussions among some of our better customers—people to whom we export goods in excess of the imports which are to be subject to the new duties. Again, I think this is a matter which can appropriately be discussed in committee.

In conclusion, I might mention, as I did the other day, that the minister and his officials have helped the house considerably by the actual new grouping of the schedules and by the explanatory remarks which were made on April 9 which led the average member of parliament to a better understanding of the appropriate occasion on which to debate these items, which is usually on the schedules. I will leave it to the minister to decide later whether or not we should call each item individually or whether we shall deal with them in a broad group.

Hon. J. W. Pickersgill (Bonavista-Twillingate): If no one else wishes to speak, I want to say about three sentences in order to express once again the very strong objection which I feel to this regrettable increase in the wool tariff. This objection is shared, I believe by everyone engaged in the fishing industry. I think it is also probably shared by primary producers in the wheat growing areas of this country.

The minister referred to it as a modest increase. That is his favourite word, and one which he uses in connection with almost every impost. He says they are modest increases, implying that they are of no use

as protection measures. But it is quite obvious that the government would not have made these changes at all if they had not been expected to keep out goods. Certainly, the minister has never argued that this particular change is a revenue-producing one, and it seems to me this is a retrograde step for a trading country such as Canada to take when we depend so much on maintaining our exports to countries abroad.

The minister may be right in saying that its effect on the cost of living may be very small, but practically everything which this government has done since taking office two years ago has tended to increase the cost of living as well as the cost of production of primary producers. This is another stage in that direction and it seems to me to be regrettable on that account, also.

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

On clause 1.

Mr. Benidickson: Before we deal directly with this clause I should like to have something in the nature of a positive answer from the minister as to the circulation to business people across Canada of the amendments which were proposed last week. The minister will agree that they were presented to us and carried on May 5 last. There has not been time for some of these things to appear in trade and financial journals. I do not think most businessmen subscribe to *Hansard*. If they are interested in the customs field they probably subscribe to the bulletins with which my hon. friend will be familiar that go out from the Department of National Revenue. I am wondering if there would have been time for the amendments decided upon last Tuesday to have gone out to the subscribers for these bulletins from people who are interested in customs schedules.

Mr. Fleming (Eglinton): Mr. Chairman, these amendments were before the committee of ways and means six days ago. It is obvious that those who are interested in the tariff proposals arising out of the budget have followed them. With respect to the amendments which were introduced at the committee stage we have received no criticism but we have received a number of commendations.

Mr. Benidickson: Have the actual bulletins gone out? I know that I myself subscribe to them. I received, for instance, the budget resolutions in the form in which they are given to subscribers to the day to day customs bulletins but there was not time to have the information appear in the Thursday financial papers in Toronto and Montreal which usually comment on some of these tariff changes. Is my hon. friend confident that there is nothing in these that would cause much complaint if they were to be dealt with in haste?

Mr. Fleming (Eglinton): Mr. Chairman, I do not regard six days as haste in the light of experience in some other years. In that light this is quite a long time to have elapsed between the resolution stage and the stage of second reading of the bill with respect to tariff changes where the bill simply follows the language of the resolution precisely.

Mr. Regier: Mr. Chairman, this is the first opportunity we have had to ask the minister a question or two on this subject. I notice that this is not a significant item with respect to a change in the receipts of the Minister of Finance; however, he does expect to collect $3 million more in customs tariff as the result of these amendments he is now proposing.

As the hon. member for Bonavista-Twillingate mentioned earlier, it is obvious that ever since this government took office every time it has introduced amendments to the Customs Tariff the net effect has been the raising of the tariff against products from other countries entering Canada. I should like the minister to give the committee an indication of what steps he has taken since he became Minister of Finance toward obtaining a reversal of this tendency.

The minister has made numerous references to commonwealth meetings on economic matters. I believe a meeting was held in Montreal a year ago. Has the minister or the government ever made any proposals to other commonwealth countries, NATO countries or other countries adhering to GATT that would tend to liberalize world trade and especially that would liberalize trade as between members of the commonwealth, members within NATO or the member nations of GATT? If so, what has been the reaction of these countries to such a proposal? If a proposal of this nature has been made why has it not been carried out? Why has the minister followed this process of asking parliament to amend the act each year the net result of which is to curtail the free flow of trade between nations?

Mr. Fleming (Eglinton): Mr. Chairman, the increase in revenue from the customs tariff is expected from the customs duty on liquor and that alone. As I indicated in the budget speech, we do not expect any appreciable difference in receipts of revenues from customs duties in respect of the other changes.

The hon. member for Burnaby-Coquitlam is completely wrong in talking about the trend and the result of this year's tariff proposals. I will give it for the third time. I gave it in my budget speech, full details of which appear at page 2422 of *Hansard* of April 9 in the second column. I repeated this in the discussion in the committee of ways and means on May 5 but I shall be quite happy to give it again. I said that with respect to the changes proposed in the tariffs this year that 142 tariff items and sub-items are affected by the resolutions. In the case of 32 items the rates of duty are being increased. In the case of 40 items rates are being reduced. In the case of 9 items, all involving fruits and vegetables, rates are being both increased and decreased depending on the season. I concluded by saying that there are 61 items for which rates of duty are left unchanged and for which the changes proposed are, for the most part, purely formal.

So far as GATT is concerned, there will be a GATT meeting shortly and negotiations will proceed there. There will be GATT negotiations again in the autumn and also in 1960. These occur from time to time. Within the course of these negotiations, whenever we ask for an increase in a bound rate we are asked to give compensation in some other form, sometimes in the form of decreases. This process of negotiation with consequent increases and decreases has become almost a continuous process due to the frequency of the meetings of GATT.

Mr. Regier: Mr. Chairman, the minister says I am completely wrong. He claims he has increased the customs tariff on 32 items and decreased it on 40 items and that we are therefore, *ipso facto,* bound to assume he has lowered the rates when he has in fact done nothing of the kind. It all depends on which items are raised or lowered. May I refer the minister to his own remarks in the budget address on April 9 last at page 2414 of *Hansard.* In table 3 on that page he indicates that his receipts from customs tariffs in the year 1958-59 are forecast as being $486 million. In the following fiscal year ending March 31, 1960—and this was before the currently proposed tax changes—he anticipates revenue from this source in the amount of $525 million. Therefore in one year the minister expects a rise in income under the customs tariff of $39 million.

I am aware of the fact that his anticipated increase because of the bill now before us is not very large. He records that on page 2425 of *Hansard,* and he indicates that he expects that in a full year his income in regard to these changes will grow by only $3 million. However, we had this a year ago, Mr. Chairman, when the house was informed that there really is not much of a change here. Many items are being reduced and the tariff on a lesser number of items is being raised. However, it all depends on the volume of imports of those items as to whether or not the cost of living of the Canadian people is really being raised. I cannot let the minister get away with saying that I am completely wrong. His income under the customs tariff has been rising since he became minister and since these amendments have been introduced. The hon. member for Bonavista-Twillingate was perfectly right when he said that the over-all effect of customs tariff changes since this government has taken office has been a rise in the amount of tariff that the Canadian people have to pay.

I was pleased to note that the minister said there would be many more meetings of GATT. However, the minister gave us no indication that his government is planning any proposals to the member nations under GATT that would lead to a lowering of tariffs. The minister indicated that each time they meet there is a demand made for the raising of some tariffs but no proposal on the part of his government to reduce them. The minister also completely ignored my request for a report of the meeting of the commonwealth economic conference which was held last fall, the object of which was supposed to be to enhance trade within the commonwealth. Presumably one of the methods that would be employed to enhance the exchange of commodities between commonwealth countries would be by rather severe amendments to the existing customs tariffs acts of the various commonwealth members. I hope that at this time the minister will indicate some of the results in this regard that have emanated from the Montreal economic conference, which was an important conference.

Mr. Fleming (Eglinton): Mr. Chairman, I thought that hon. members were aware not that receipts from customs revenue have increased steadily since the government came into office but that they dropped in the year 1958-59 as compared with the fiscal year 1957-58, and the reason is that imports were down. Similarly, when in the budget I estimated that we would have an increase in 1959-60 over 1958-59 in the receipts from the customs duties, I assumed that imports into Canada would be greater in 1959-60 than they were in 1958-59. I thought that was quite clear.

Now, as to the course of negotiations, all hon. members are aware of the report that

came from the commonwealth trade and economic conference held at Montreal last autumn.

The GATT conference of 1960 has been called to discuss proposals, including one from the United States, for tariff reductions. In those negotiations the desires of various countries which are members of GATT, whether to increase or reduce their tariffs, are to be discussed. This is a general sort of discussion, and it would hardly be appropriate on my part, if we had any reductions in mind which we might be intending to use in the course of negotiations on a quid pro quo basis, to be disclosing them publicly at this point.

Mr. Benidickson: On this clause I continue to think that while this is rather an innocent looking change, this matter of the utilization of the interchange of the words machinery and machines is questionable. I do not think we have had an adequate explanation about it from the minister.

The Deputy Chairman: May I ask the hon. member whether he is on clause 2?

Mr. Benidickson: I am on clause one, subclause 3.

The Deputy Chairman: Perhaps the hon. member is on clause 2.

Mr. Benidickson: I am thinking of the customs tariff schedule, which reads:

Resolved,—
(a) That it is expedient to amend—

And so on. Are you dealing with (a)? I am still using my working notes.

The Deputy Chairman: The hon. member is on clause 2. Shall clause one carry?

Clause agreed to.

On clause 2—*"Machinery" construed as "machines".*

The Deputy Chairman: Perhaps this is the clause the hon. member has in mind.

Mr. Benidickson: I must say, I was using my basic notes on the resolutions of the budget as dealt with in *Hansard*. This change looks innocent enough, but I do not think the minister has fully explained to the committee the reason for the change. The change says:

The word "machinery" wherever it appears in this act shall be read and construed as "machines".

If we want something interchangeable and not something arbitrary this would seem to be a radical departure from past practice. What would the minister's view be about a substitution for that language say something like this: "The word 'machinery' wherever it appears in this act shall be interpreted as including 'machines' "?

Mr. Fleming (Eglinton): That would not be acceptable because it has the effect of reversing the situation, Mr. Chairman. With respect, I did my best to make this as clear as I could when I dealt with it and answered questions on it in the committee of ways and means on May 5. I can only invite my hon. friend to consider the explanation I gave at page 3331 and elsewhere of *Hansard* in that respect. It it a matter of definition, and the need for a proper definition, I think, was made clear in the illustrations that I gave of what might happen if the change is not made.

Clause agreed to.

Clause 3 agreed to.

On clause 4—*Schedule A amended.*

Mr. Fleming (Eglinton): Mr. Chairman, in connection with clause 4, I presume you will be calling the schedule separately, because I have an amendment. I may say that the change that I wish to make will affect the reference in line 23 to clause (d) of section 4 of the bill. I would ask my colleague, the Minister of National Revenue, to move the following amendment, that Bill No. C-44 be amended as follows:

(1) By deleting the numbers "438d, 438e" where they appear in clause 4 on line 23 of page 2;
(2) By striking out the reference to tariff item "411a" where it appears on page 16 in tariff item 438b in part IV of the schedule;
(3) By striking out the reference to tariff item "411a" where it appears on pages 17 and 18 in tariff item 438c in part 4 of the schedule;
(4) By deleting from part IV of the schedule tariff items 438d and 438e on pages 18, 19 and 20.

Mr. Nowlan: I so move.

Mr. Fleming (Eglinton): Perhaps the committee would like an explanation of this item, Mr. Chairman. This is a matter that was brought to my attention by the hon. member for Comox-Alberni since it was before the committee of ways and means and reported back to the house on Tuesday last, May 5. He brought forward representations also received from the British Columbia loggers association in this respect.

The effect of the amendment which is now proposed is to withdraw a proposed change which had been introduced in the budget at the request of the Canadian automobile chamber of commerce. The objective was to simplify the administrative procedure in importing certain parts of logging trucks. It was brought to my attention by the hon. member for Comox-Alberni, however, that the change might have some adverse and, I may say, completely unintended effects upon the Canadian logging industry. Tariff item

411a covers certain equipment used in logging operations. This item carries a most-favoured-nation rate of 12½ per cent and imports under it are exempt from sales tax. The purpose in proposing that tariff item 411a be enumerated in the automobile parts items was to provide entry for such parts as were ruled not to be made in Canada either free of duty or at a most-favoured-nation rate of 7½ per cent.

It now appears, however, that while the original amendment would have had this effect it would also raise questions as to the continued exemption of such parts from the sales tax, and it was certainly not our intention to deprive these parts of the exemption they now enjoy in respect of sales tax. Therefore the amendment now proposed will have the effect of restoring the position which existed prior to the budget both as to the rates of duty and the application of sales tax, and further consideration will be given during the course of the next year to this whole situation.

I may say that since the hon. member for Comox-Alberni brought this matter to my attention we have communicated with the Canadian automobile chamber of commerce and they are not offering any objections to the amendment now proposed. I should like to express my very warm thanks to the hon. member for Comox-Alberni for bringing this matter to my attention as he has done. It was, I think, a very useful service that he rendered to me as well as a very useful service to the British Columbia logging industry.

Mr. McQuillan: Mr. Chairman, I should like to say a word of thanks to the minister for the prompt action he took when I brought this problem to him. He did not have much time. It was only a matter of hours. I appreciate and I am certain that the industry in British Columbia appreciates the action he took so promptly.

Amendment agreed to.

Clause 4 as amended agreed to.

Clause 5 agreed to.

On the schedule. Part I.

The Deputy Chairman: On the schedule, shall part I carry?

Mr. Benidickson: On the matter of the schedule I wonder what your views are. Will we serve ourselves well and be more expeditious if you call the individual items?

The Deputy Chairman: If it is the pleasure of the committee I will be very happy to call the individual items.

Items 85, 87, 89, 90, 92, 93, 95, 99d, 106, 107, 187d and 505c agreed to.

Part I agreed to.

On part II.

Items 84, 85a, 85b, 87, 89, 90, 92 and 95b agreed to.

Customs tariff—95c. Passion fruit (passiflora edulis): British preferential tariff, free; most favoured-nation tariff, 15 per cent; general tariff, 20 per cent.

Mr. Pickersgill: Can the minister tell us how much passion fruit is imported into this country?

Mr. Fleming (Eglinton): I am sorry to disappoint the hon. gentleman but it is not separately classified in the revenues.

Item agreed to.

Items 105i, 106 and 107 agreed to.

Part II agreed to.

On part III.

Item 160 agreed to.

Customs tariff—162. Vermouth, aperitif and cordial wines, containing more than 32 per cent of proof spirit and not more than 40 per cent of proof spirit: British preferential tariff, 50 per cent; most favoured nation tariff, 50 per cent; general tariff, 80 per cent; and in addition thereto, under all tariffs 42½ cents per gallon.

Mr. Pickersgill: Here I am really inquiring more seriously for information than I was in the last case. There are two or three questions I should like to ask the minister. Will he tell us how much in quantity or in monetary terms, whichever is more convenient and I do not insist on both, vermouth, aperitif and cordial wines were imported from France and how much from Italy in the last year for which we have complete records? I should also like to ask the minister if there has been any reduction in prices by any of the vendors anywhere as a result of these concessions, or what I understand are supposed to be concessions, and which will be, of course, of no use to the countries to which they are made unless the retail price is decreased.

Mr. Fleming (Eglinton): In reply to the first question I may say that again the figures are not segregated as to these particular wines. In the second place, I am not informed as to any changes that have been made in prices since April 9.

Mr. Pickersgill: Perhaps the minister could then tell us what kind of arguments were used to convince the Italian negotiators that there would in fact be some value in this concession. It is perfectly apparent that the purpose of the increases in the woollen items,

which we will come to in a moment, is to increase the price here, and presumably therefore, since this was supposed to be a matter of negotiation, in order to give some advantage to the other country in exchange for the woollen increases the government had some kind of argument to offer as to what advantage would go to the Italians.

Mr. Fleming (Eglinton): This item is of principal interest to Italian exporters and they have not required any instruction on the part of Canada as to what the value of a reduction in the tariff on these items may mean to them. There have been negotiations and in the course of those negotiations they have put whatever value they think is proper on this particular concession.

Mr. Pickersgill: Were these things asked for by the Italians or were they offered by us?

Mr. Fleming (Eglinton): It is very difficult to separate any particular time in the course of negotiations and say when something was initiated. The negotiations with the Italian government representatives in regard to these changes in the tariffs so far as they were of interest to Italy have been going on for some time. This particular change has taken place in the course of the negotiations. It was regarded by the representatives of the Italian government as something of interest to them and, as the committee is aware, the tariff proposal will have the effect of reducing the British preferential and most-favoured-nation duties by 30 per cent, that is, from 80 per cent to 50 per cent. I do not need to tell hon. members that most of the types of wines imported under this item are not produced in Canada.

Mr. Pickersgill: I think it is pretty obvious that none of them is except I believe there is a kind of vermouth produced in the Niagara peninsula. I do not know whether that is the kind the minister uses. But the minister must realize that as far as I am aware—it may be that I am wrongly informed but I believe it is true—in every province I know anything about there is a monopoly in the sale of these products by an agency of the provincial government, and even if the duty were reduced to nothing the advantage would be nil to the exporting country unless there was some assurance that the reduction in duty was not simply going to be put into the provincial treasury but was going to be passed on to the consumer. With the exception of our marble imports from Italy which I cannot imagine are very extensive, although I intend to ask about them later, it would appear that the only concessions that were offered to the Italians for the injury we were proposing to do to their exports of woollens involved the commodities in items 162 and 163, items which to the best of my knowledge are controlled by monopolies in every province. There may be one province in which that is not true. I am very surprised that the minister is not informed as to how it was that the Italians were satisfied, which I doubt, with concessions of this character. I would urge the minister to be a little more frank with us and tell us what arguments were used in this context.

Mr. Fleming (Eglinton): Mr. Chairman, the Italians are quite capable of defending their own interests in any negotiations. I do not think it is the duty of any Canadian to suggest that they should ask more in the way of concessions than they thought, in the course of these negotiations, they should ask.

Mr. Pickersgill: I am not suggesting that they should ask more, but I happen to represent a constituency which has a very valuable market in Italy for one of the two products produced in that constituency, namely salt codfish. This market, in my opinion, is likely to be jeopardized by these changes in part III. Although the minister has never shown much interest in that section of the country or in that community, it does seem to those of us who represent this area that we should have the right to have our questions answered.

We have an interest in seeing that a good customer, Italy—in fact, we have not in recent years been able to satisfy the demand of the Italians for this product—should not be lost by tariff action taken by this government. I have no apology whatever, for this reason, for pressing for assurance about this matter. Moreover, as the minister well knows, the establishment of a common market has brought Italy and France, into a very close relationship. France has become a very serious competitor of Canada in the world market for salt codfish. There is every reason to be apprehensive about this Italian market.

It does not seem to me that it is incumbent upon the government in making tariff changes to see that they do not injure a community like the fishing community which has to sell its products in an export market or not at all and which, from a consumer's point of view, is a captive market for other industries in Canada which do benefit from the protective tariffs. I do not think it is unreasonable at all to expect the Minister of Finance, when asking us to change the tariff structure of this country to the apparent detriment of one industry and one section of the country, to give us assurances that he satisfied this valuable customer of ours that these changes

were not going to injure his capacity to buy these primary products of Canada such as fish and wheat.

Mr. Fleming (Eglinton): We were over all this in the committee of ways and means. I dealt with this subject and gave the hon. member a full explanation. He is just asking me to repeat it.

Mr. Pickersgill: I am not asking the minister to repeat. The minister keeps saying that we have been over all these things, but he gives no explanation and no answer. He does not deal with any of the questions that we ask. The minister seems to forget that it is not so many years since he sat over here and I predict it will not be so many years before he will be back here, especially if he treats parliament in the way in which he has been treating it lately.

When we are raising the tariff structure of this country we are entitled to know why these things are being done, and to know that some Canadian interests and industries are not being injured by these changes. In my opinion this change is a most retrograde step and is very detrimental to this country in every respect. It is most unfortunate it was made at all. It does seem to me we are entitled, at least, to be told some serious effort was made to get some assurances that Canadian producers who do have to stand all the cold hard winds of international trade are not to be injured any more than can possibly be avoided. If the government intends, as I know they do, to persist in this unfortunate course they have undertaken, then we are entitled to this information.

Mr. Fleming (Eglinton): The hon. member likes to keep himself busy, Mr. Chairman, trying to raise storms and dust. We were over this whole subject and I shall direct the hon. gentleman's attention again to what was said just six days ago in this house as recorded on pages 3358 and 3359 of *Hansard*. We were over this same matter, and he is asking me to repeat what I said then. No doubt he is entitled to do that if that is his conception of the proper use of the time and facilities of the house. I was hoping to acquaint the committee with the fact that this point had been covered and that it was a matter of record. I traced there, Mr. Chairman, the course of our negotiations with the Italians.

The hon. gentleman now says, in effect, that the Italians were too easily satisfied in the negotiations; that is about what he says. The changes to which they were asked to agree were covered under the terms of GATT, and were tentatively agreed to on the basis of certain concessions we made to them, one of which is now before the committee as item 162b. The committee is well aware, I think, of that fact. Now the hon. gentleman says, in effect, that the Italians should have asked for more; they should not have been so easily satisfied in the course of the negotiations. His argument amounts to about that. I may say we worked out the arrangement with the Italians, and it was tentatively agreed to by them following our negotiations. I cannot say more than that. I said that a week ago, Mr. Chairman; that is the fact and it is on record.

Mr. Pickersgill: The minister said that it is on record, and he keeps on saying that. What he has not told us is whether there is any conceivable way in which an advantage can be secured from this reduction in the tariff in items 162 and 163. I do not believe the minister would get up and argue that any advantage could be derived unless retail prices are reduced by the liquor commissions or whatever those authorities are called in the various provinces. This concession means absolutely nothing whatever unless that is done. This leads me to the conclusion that perhaps the Italians were told we were going to do this anyway, and it did not make any difference, and they may have said, we can easily retaliate and the Canadian primary producers will suffer, as I predict they will.

Mr. Benidickson: I do not expect the minister to have a crystal ball to enable him to predict the value and volume of the new trade which will result from the changes in the tariff schedule. Surely, however, he is able to tell us what was the value of the woollen goods that were imported from Italy in 1958 and which were the basis of these new negotiations. I am told, too, that the minister, for political purposes, was in great haste to announce, as he did in December, 1957, some increase in the tariff against British woollen goods. Having done that, of course, France and Italy realized they were tied into it, and in consequence our bargainers did not have the elasticity they might otherwise have had.

Mr. Fleming (Eglinton): The hon. gentleman is talking about the other side of the ledger in the negotiations, namely the value of our imports from Italy of these woollen goods and fabrics which will be affected by the proposed increase. The total value in 1957, I am informed, was between $3 million and $4 million. The figure for 1958 is not available as yet.

Mr. Benidickson: Has the minister the figures of vermouth importations from France and Italy?

Mr. Fleming (Eglinton): No. These particular wines are not separately recorded as statistical items.

Mr. Pickersgill: Does the minister seriously tell us that we send people to the GATT negotiations and they trade away these things without knowing what they are worth, and that they have so little information about what they are talking about when they go to Geneva that they do not know what the imports are of these commodities? I find that very hard indeed to believe, and I would be very surprised if the hon. minister is not ill-informed on this subject.

Mr. Fleming (Eglinton): I am told the best estimate we have on the imports from Italy of these three types of wines is about $400,000 a year. But these are not precise figures and cannot be.

Mr. Pickersgill: Can the minister give us an approximate figure for item 163 as far as Italy is concerned, and also for item 162?

Mr. Fleming (Eglinton): No sir, we have no figures on that.

Mr. Pickersgill: Once again the minister is telling us that serious negotiations were carried on with Italy about their loss of a good part, at any rate, of the woollen market, but he and his negotiators have no idea what they were offering in exchange. This really strains our credulity, I think, beyond the breaking point, Mr. Chairman.

Mr. Fleming (Eglinton): I can only regret that the hon. member, when he was a minister of the crown, did not learn a little more about the facts of the situation than he apparently did. The fact is that there are many items of imports and exports for which we have no precise figures broken down. There is nothing new about that. It is as it always has been, and negotiations under GATT have been carried on for years on that basis.

Mr. Pickersgill: I very much doubt whether in the days when a different kind of government was in office which was interested in expanding trade instead of restricting trade that negotiations were carried on about items on which the government was not informed. That is probably one of the things which came in with the new look in 1957. If the minister has not the information, of course I do not expect him to manufacture it. I know that the fabrication plant of his party is outside the house rather than inside.

Items agreed to.

Item 163 agreed to.

[Mr. Benidickson.]

Customs tariff—307a. Manufactures of marble, n.o.p.: British preferential tariff, 20 per cent; most-favoured-nation tariff, 22½ per cent; general tariff, 40 per cent.

Mr. Pickersgill: Surely the minister is not going to tell us he does not know how much marble was imported from Italy?

Mr. Fleming (Eglinton): Mr. Chairman, I will send for the blue book. The officials do not happen to have those figures here. They are in the blue book, if the hon. gentleman wishes them.

Mr. Pickersgill: Yes, I certainly do wish them, because up to now we have been told that they were willing to sacrifice a market worth $3 million or $4 million for some $400,000 of vermouth and $X worth of other wines, as well as some quantity of marble which is detailed in the blue book. It does seem to me that the minister might have come to the committee prepared to answer these obvious, simple and elementary questions and that we should certainly have that figure. However, if the minister would like to go on with the other items and let this point stand so that we will not hold up the work of the committee, I would be quite agreeable.

Item stands.

Customs tariff—554b. (1) Woven fabrics composed wholly or in part of yarns of wool or hair, n.o.p.: British preferential tariff, 20 p.c.; most favoured nation tariff, 27½ p.c.; general tariff, 40 p.c.; and, per pound: British preferential tariff, 20 cts.; most favoured nation tariff, 36 cts.; general tariff, 40 cts.

The total duty leviable shall not be in excess of per pound: British preferential tariff, 60 cts.

(2) Woven fabrics composed wholly or in part of yarns of wool or hair and weighing not less than twelve ounces to the square yard: British preferential tariff, 20 p.c.; most favoured nation tariff, 27½ p.c.; general tariff, 40 p.c.; and, per pound: British preferential tariff, 15 cts; most favoured nation tariff, 33 cts.; general tariff, 40 cts.

The total duty leviable shall not be in excess of per pound: British preferential tariff, 55 cts.

(3) Woven fabrics composed wholly or in chief part by weight of yarns of wool or hair and weighing not more than nine ounces to the square yard, n.o.p.: British preferential tariff, 20 p.c.; most favoured nation tariff, 27½ p.c.; general tariff, 40 p.c.; and, per pound: British preferential tariff, 20 cts; most favoured nation tariff, 38 cts.; general tariff, 40 cts.

The total duty leviable shall not be in excess of, per pound: British preferential tariff, 60 cts.; most favoured nation tariff, $1.10.

554g. Woven fabrics composed wholly or in part of yarns of wool, imported in the web in lengths of not less than five yards each, for use exclusively in the manufacture of neckties, scarves or mufflers: British preferential tariff, free; most favoured nation tariff, 15 p.c.; general tariff, 40 p.c.; and, per pound; general tariff, 40 cts.

In the case of such fabrics weighing not more than nine ounces to the square yard, the total duty leviable shall not be in excess of per pound: most favoured nation tariff, $1.10.

Mr. Benidickson: With regard to 554g, is that another item that Italy is more interested in than France?

Mr. Fleming (Eglinton): Yes, Italy is more interested than France.

Mr. Pickersgill: Was the figure which the minister gave on item 554b and 554g a global figure for them both? I mean the figure he gave a few minutes ago to the hon. member for Kenora-Rainy River?

Mr. Fleming (Eglinton): The French figure would be about a quarter of that.

Mr. Pickersgill: Is the $3 million or $4 million for both France and Italy, or just Italy?

Mr. Fleming (Eglinton): The figure I gave of $3 million to $4 million was for Italy. We were talking about trade with Italy as against which certain concessions had been made in respect of wines and marble. The figure for imports of woollens from France is about one-quarter of the Italian figure.

Mr. Pickersgill: The question I was raising was, does the figure of between $3 million and $4 million embrace both items 554b and 554g? I take it it does?

Mr. Fleming (Eglinton): Yes.

Mr. Benidickson: Our fish exports are almost exclusively to Italy.

Items agreed to.

On part IV.

Items 27, 27a and 72a agreed to.

Customs tariff—79h. Multiflora rose bushes: British preferential tariff, 12½ per cent; most favoured nation tariff, 12½ per cent; general tariff, 30 per cent.

Mr. Benidickson: Is this a new item, and what is the actual effect between the change of 3 cents specific and 12½ per cent ad valorem?

Mr. Fleming (Eglinton): Item 79h which concerns multiflora rose bushes is a new item which reduces the duty on multiflora rose bushes to the same rate as applies to other shrubs and plants. Multiflora rose bushes had been classified as rose bushes and as such were dutiable at 3 cents each, although the value of them is about 1 cent or 2 cents each, whereas decorative rose bushes are worth 40 cents to 50 cents each. The association of Canadian nurserymen has indicated that there is no objection to this change.

Item agreed to.

Items 79i, 82i, 134, 134a, 135 and 143 agreed to.

Customs tariff—152j. Dehydrated citrus fruit juices with or without stabilizers or sugar: British preferential tariff 2½ per cent; most favoured nation tariff, 7½ per cent; general tariff, 25 per cent.

Mr. Benidickson: This is a matter of concessions on the fruit and vegetables trading with the United States; is that correct? This is a reduction in duty?

Mr. Fleming (Eglinton): This was done on a unilateral basis.

Mr. Pickersgill: Is this a reduction?

Mr. Fleming (Eglinton): Is the hon. member speaking of item 156?

Mr. Pickersgill: No, 152j.

Mr. Fleming (Eglinton): I thought the hon. member was speaking about 156. Item 152j, Mr. Chairman, concerning dehydrated citrus fruit juices, with or without stabilizers, is a new item which makes provision for dehydrated citrus fruit juices at a most favoured nation rate of 7½ per cent, which is the same rate applying to orange juice. Formerly the rate was 20 per cent.

Mr. Benidickson: I am still using my work notes from the budget papers, but there is no "j" in the printing of that item. Was that a typographical error? Perhaps in the bill it is "152j", but according to my copy it was just "152" in the resolutions tabled on budget night.

Mr. Fleming (Eglinton): I think my hon. friend is mistaken. I have my copy of the budget resolution as reprinted in pamphlet form, page 21, and the first item is "152j, dehydrated citrus fruit juices with or without stabilizers or sugar". It shows the proposed new rates to be 2½ per cent, 7½ per cent and 25 per cent, and the former corresponding rates were 15 per cent, 20 per cent and 25 per cent.

Mr. Benidickson: I assure the minister that I am using the official appendix to the budget debate on April 9. I suppose it was a typographical error.

Mr. Fleming (Eglinton): I notice in the reprint in *Hansard* of April 9 the "j" was omitted.

Mr. Pickersgill: Did these citrus fruit juices come mainly from the United States?

Mr. Fleming (Eglinton): Entirely, Mr. Chairman.

Mr. Pickersgill: Was this one of the concessions in return for the changes on fruit and vegetables?

Mr. Fleming (Eglinton): No, the United States was not prepared to regard this as significant enough to be a concession.

Mr. Pickersgill: It may not be significant enough, but what prompted the government to do it?

Mr. Fleming (Eglinton): It was thought only fair that these crystals should be put on the same basis as orange juice coming in in other forms.

Mr. Pickersgill: The minister will be interested to know that is one of the changes of which I approve.

Mr. Fleming (Eglinton): I am glad there is something the hon. member approves of.

Mr. Benidickson: We had a discussion the other night, and we did learn that this was a peculiar crystal formed by dehydration. But why not use the word "crystal"? It is explanatory, and it is not referred to here.

Mr. Fleming (Eglinton): This is the way it was worked out with the administrative authorities, and it was thought to be an adequate and clear description. There is no question about what this refers to.

Mr. Pickersgill: Before we leave this item, which is a very interesting one, I wonder if the minister could tell us what stabilizers are?

Mr. Fleming (Eglinton): An ingredient which prevents the crystals from becoming damp again. These crystals, as I recall, are packed in hermetically sealed tins.

Item agreed to.

Customs tariff—156. (a) Whiskey, per gallon of the strength of proof and in addition thereto, under all tariffs, $9.00 per gallon of the strength of proof: British preferential tariff, $4.50; most favoured nation, $5.00; general tariff, $10.00.

(b) Gin, n.o.p., per gallon of the strength of proof and in addition thereto, under all tariffs, $9.00 per gallon of the strength of proof: British preferential tariff, $4.50; most favoured nation, $5.00; general tariff, $10.00.

(c) Rum, n.o.p., per gallon of the strength of proof and in addition thereto, under all tariffs, $9.00 per gallon of the strength of proof: British preferential tariff, $4.50; most favoured nation, $6.00; general tariff, $10.00.

(d) Brandy, per gallon of the strength of proof and in addition thereto, under all tariffs, $9.00 per gallon of the strength of proof: British preferential tariff, $4.00; most favoured nation, $4.00; general tariff, $10.00.

(e) Liqueurs, per gallon of the strength of proof and in addition thereto, under all tariffs, $9.00 per gallon of the strength of proof: British preferential tariff, $4.50; most favoured nation, $4.50; general tariff, $10.00.

(f) Ethyl alcohol, or the substance commonly known as alcohol, hydrated oxide of ethyl or spirits of wine, n.o.p.; spirituous or alcoholic liquors, n.o.p.; absinthe, arrack or palm spirit, artificial brandy and imitations of brandy, n.o.p.; cordials of all kinds, n.o.p. mescal, pulque, rum shrub, schiedam and other schnapps; tafia, and alcoholic bitters or beverages, n.o.p.; and wines, n.o.p., containing more than forty per cent of proof spirit, per gallon of the strength of proof and in addition thereto, under all tariffs, $9.00 per gallon of the strength of proof: British preferential tariff, $5.00; most favoured nation, $10.00; general tariff, $10.00.

When the goods specified in item 156 are of greater or less strength than the strength of proof, the measurement thereof and the amount of duty payable thereon shall be increased or decreased in proportion for any greater or less strength than the strength of proof.

Bottles and flasks and packages of gin, rum, whiskey and brandy of all kinds, and imitations thereof, shall be held to contain the following quantities (subject to the provisions for addition or deduction in respect of the degree of strength), namely:

Bottles, flasks and packages, containing not more than one-eight of a gallon per dozen as one-eighth of a gallon per dozen;

Bottles, flasks and packages, containing more than one-eighth of a gallon but not more than one-sixth of a gallon per dozen, as one-sixth of a gallon per dozen;

Bottles, flasks and packages, containing more than one-sixth of a gallon but not more than one-fourth of a gallon per dozen, as one-fourth of a gallon per dozen;

Bottles, flasks and packages, containing more than one-fourth of a gallon but not more than one-half of a gallon per dozen, as one-half of a gallon per dozen;

Bottles, flasks and packages, containing more than one-half of a gallon but not more than three-fourths of a gallon per dozen, as three-fourths of a gallon per dozen;

Bottles, flasks and packages, containing more than three-fourths of a gallon but not more than one gallon per dozen, as one gallon per dozen;

Bottles, flasks and packages, containing more than one gallon but not more than one and one-half gallons per dozen, as one and one-half gallons per dozen;

Bottles, flasks and packages, containing more than one and one-half gallons but not more than two gallons per dozen, as two gallons per dozen;

Bottles, flasks and packages, containing more than two gallons but not more than two and four-fifths gallons per dozen, as two and four-fifths gallons per dozen;

Bottles, flasks and packages, containing more than two and four-fifths gallons but not more than three gallons per dozen, as three gallons per dozen;

Bottles, flasks and packages, containing more than three gallons but not more than three and one-fifth gallons per dozen, as three and one-fifth gallons per dozen.

Bottles or phials of liquors for special purposes, such as samples not for sale to the trade, may be entered for duty according to actual measurement, under regulations prescribed by the minister.

Mr. Pickersgill: I wonder if the minister can assure us, on item 156, that these changes in the tariff are precisely the same as the changes on the domestic products, or if there has been any additional protective element.

Mr. Fleming (Eglinton): Exactly the same.

Item agreed to.

Customs tariff—180a. Photographs, negatives and exposed film, for use only as news illustrations, under such regulations as the minister may prescribe: British preferential tariff, free; most favoured nation, free; general tariff, free.

Mr. Benidickson: As the minister was always much exercised about the enlargement in legislation of ministerial discretion when he was on this side of the house, I should, perhaps, point out that the new words seem to describe what the minister can do. Could the hon. gentleman say what the practice has been hitherto?

Mr. Fleming (Eglinton): Yes. Item 180a reads, at present, as follows:

180a. Photographs, negatives and exposed film, for use only as news illustrations, under regulations by the minister: British preferential tariff, free; most-favoured-nation, free; general tariff, free.

In the proposed change, there is no change brought about so far as the minister's authority is concerned. The change is made simply to bring the language into conformity with what has now become the standard wording.

Mr. Pickersgill: I think the minister is quite right in saying that there is no change intended in the minister's authority, but is this not an extraordinary power to confer upon a minister? This would appear as if it were another form of censorship. These are photographs for news illustrations, and the minister might prescribe, say, the length of dress that might be worn by women in those photographs. There is no end to the number of things the minister might prescribe. Does the government not think it might be wise to indicate that the powers here would have to do not with what is contained on the photographs but with the photographs themselves in a purely technical sense.

Mr. Fleming (Eglinton): The item does not relate to news illustrations but to photographs, negatives and exposed films for use only as news illustrations. It has been found necessary in the administration of this item in the past, including the period during which the hon. gentleman was a minister, to have some power reserved to the minister to deal by regulation with the use of photographs for the purpose of news illustrations, and the only change being made in this item is the inclusion of negatives and exposed film within the scope of the item.

Mr. Pickersgill: I can accept that, but I must say that though, perhaps, I was being facetious when I began to discuss this point, I am now beginning to wonder seriously why there is the slightest need for the minister to make any regulation in this connection. Why should it not be sufficient to say "photographs, negatives and exposed film, for use only as news illustrations" and stop there. A photograph is a photograph, a negative is a negative and exposed film is exposed film. It does not appear to me that there is any need at all for regulations. Perhaps the Minister of National Revenue knows why he wants to regulate these products, but I must say, as an ordinary layman who has never had anything to do with the administration of this department, that it is hard to see why regulations need to be made.

Mr. Fleming (Eglinton): The words conferring this authority on the minister were inserted in 1936 and have been there ever since. I did not wish to take the responsibility at this time for taking them out. I am told that no great use has been made of the power in recent times. We shall examine this in the course of the experience during this coming year, now that the item is being revised, and take into account the observation made by the hon. gentleman.

Mr. Pickersgill: Everyone knows that I have the greatest possible respect for that particular King, but I have never held that that King could do no wrong, and the fact that the minister says this happened in 1936, though it would lead me to think that there was some reason for it, would not satisfy me that it was infallible and that there was no reason to inquire into it. I therefore think it would be advisable to inquire into this and find out whether there was any need for regulations, because it does seem to me, at first glance, that there cannot be the slightest reason for any regulations and that these wide powers being conferred on ministers are objectionable, particularly when they are to be conferred on a government which intends to treat us to a bill of rights.

Mr. Winch: Are they not all free, anyway?

Mr. Pickersgill: If they allow them in.

Mr. Fleming (Eglinton): The purpose of the item is to enlarge the scope of duty free entry so as to include negatives and exposed film. Certainly it is for the purpose of extending free entry.

Item agreed to.

Items 296g, 351c, 399a, 409f, and 414a agreed to.

Customs tariff—423a. Chiropody chairs and parts thereof: British preferential tariff, free; most favoured nation tariff, free; general tariff, 35 per cent.

Mr. Winch: Is this not the item under which the minister said an announcement would be forthcoming on vibrators?

Mr. Fleming (Eglinton): No, Mr. Chairman. The matter mentioned by the hon. gentleman concerns an amendment to the Excise Tax Act, not to the tariff.

Item agreed to.

Customs Tariff

Customs tariff—427. (1) All machinery composed wholly or in part of iron or steel, n.o.p.; parts of the foregoing: British preferential tariff, 10 p.c.; most favoured nation tariff, 22½ p.c.; general tariff, 35 p.c.

(2) Seed and grain cleaning machines of screen and air blast type with a capacity not exceeding 100 bushels per hour; parts of the foregoing: British preferential tariff, 10 p.c.; most favoured nation tariff, 15 p.c.; general tariff, 35 p.c.

(3) Industrial trucks, gas or gasoline powered, commonly known as "fork-lift" or "lift" trucks, for the movement of goods, having maximum lifting capacities, when equipped with forks, from four thousand pounds to sixteen thousand pounds, inclusive, at a load centre of twenty-four inches from the face of the forks, n.o.p.; accessories and attachments therefor; parts of the foregoing: British preferential tariff, 10 p.c.; most favoured nation tariff, 22½ p.c.; general tariff, 35 p.c.

(4) Power shovels and cranes, convertible, with nominal dipper capacities, as shovels, from three-eighth to two and one-half cubic yards, inclusive, n.o.p.; parts of the foregoing: British preferential tariff, 10 p.c.; most favoured nation tariff, 22½ p.c.; general tariff, 35 p.c.

(5) Power cranes, truck or wagon type, with rated lifting capacities of ten to forty tons, inclusive, computed on the basis of twelve foot radius with fifty foot boom, n.o.p.; parts of the foregoing: British preferential tariff, 10 p.c.; most favoured nation tariff, 22½ p.c.; general tariff, 35 p.c.

(6) Paper machines; machines for calendering (not including super-calenders), slitting, reeling, winding and re-winding paper, n.o.p.; driving mechanisms therefor; parts of the foregoing: British preferential tariff, 10 p.c.; most favoured nation tariff, 22½ p.c.; general tariff, 35 p.c.

(7) Electricity generating sets, consisting essentially of an internal combustion engine and one or more generators mounted on a common base, n.o.p.; parts of the foregoing: British preferential tariff, 10 p.c.; most favoured nation tariff, 22½ p.c.; general tariff, 35 p.c.

(8) Vending machines for dispensing soft drinks, coin-operated, incorporating mechanical refrigeration; parts of the foregoing: British preferential tariff, 10 p.c.; most favoured nation tariff, 22½ p.c.; general tariff, 35 p.c.

Mr. Benidickson: On this item, which I consider one of the most interesting in its implications of any on the list, we had a discussion the other night. In the meantime I have made some inquiries. We were somewhat startled to think that the minister had made up his mind about one of the items—I am thinking about sub-paragraph 6 relative to paper machines—on April 9 before he had heard the result of a pending reference to the tariff board concerning the paper machines, but it is now my understanding that the tariff board in this particular case under appeal had ruled that the articles concerned were in fact made in Canada.

Mr. Fleming (Eglinton): That is correct.

Mr. Benidickson: I do not think that ruling has been published yet.

Mr. Fleming (Eglinton): Yes, it has been published.

Mr. Benidickson: In the *Gazette*?

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): No, not in the *Gazette*. But the declaration has been published.

Mr. Benidickson: Yes, a mimeographed sheet was issued, but I do not think it has been published in the *Canada Gazette* yet.

Now in all these items except this one there is some qualification, some definition as to size and so on which would enable these machines to qualify for the high rate without any dispute at the administrative level, so that it could be said immediately whether the low or the high tariff rate on import would apply. I believe that there has been a good deal of litigation on this subject in connection with power cranes.

This went to the tariff board, to the exchequer court and up to the supreme court. In my opinion the words of the supreme court judgment indicate the need for not having these particular items without fairly rigid definitions as to their specifications. The supreme court judgment in connection with cranes and shovels had this to say:

It is undisputed that power shovels with a nominal dipper capacity of 2½ cubic yards or more were not made in Canada at the date of import.

That was the subject of the appeal. I continue:

On the other hand, power shovels with a nominal dipper capacity ranging from one-half cubic yard to 2 cubic yards were being made in Canada at that time.

The judgment goes on to state, referring to the tariff board:

The board held that where the capacities of machines are established in clearly defined sizes, "the least arbitrary and perhaps therefore the best line of demarcation is in accordance with those sizes which are, in fact, made in Canada as opposed to those sizes which are not."

The concern is that if the area of definition is not carefully defined we might be imposing the high duty on something that is not in fact made in Canada. The supreme court quoted the finding of the exchequer court as follows:

The Exchequer Court held that there was no error on the part of the tariff board in its acceptance of the trade classification of power shovels into different classes or kinds; that the board's finding was a finding of fact; that the 2½ cubic yard shovel was different in fact from the 2 cubic yard shovel and that there was material before the tariff board upon which it could reasonably declare that the imported shovel was of a class or kind not made in Canada.

The supreme court judge then stated:

My opinion is the same as that of the Exchequer Court that the tariff board came to the correct conclusion.

In other words, the tariff board decision that went against the departmental ruling was confirmed first by the exchequer court and then by the supreme court. My point is that

in respect of these items we might run into danger if the language is not properly specific so as to apply to known manufacturers in Canada.

My friend the hon. member for Humber-St. George's referred to the question of paper machines. In this one in particular I see no limitation and the reference is just to paper machines. Any paper machines will be subject to the higher rate. The minister made the statement in his budget speech that what he was doing here was not altering the practice of the department in so far as rate application for tariff was concerned but on a matter of this kind we should ask the minister for a little more detailed information.

First of all, the paper machine appeal had not been decided upon when it was decided to bring in this amendment. The question that arises is this. Are the criteria in each case adequate to make sure that these articles to a responsible percentage are actually being made in Canada or is it sufficiently arbitrary that even if the article is not made in Canada at all the manufacturer or other person is to find his costs going up because he cannot get the article in Canada but arbitrarily has the higher rate of duty as prescribed by this subsection? I wonder if the minister would consider that point.

In the matter of paper machines have we in recent times and over how long a period ruled that paper machines of all kinds would be subject to the 22½ per cent instead of the 7½ per cent duty? In other words, is it conceivable that someone in primary industry who wants to sell his product in the export market is going to be penalized because he has to pay a high rate for a machine of a certain size, shall we say, that is not in fact made in Canada?

Mr. Fleming (Eglinton): Dealing with the last point, Mr. Chairman, I am told that paper machines have been ruled to have been made in Canada since 1907.

Mr. Martin (Essex East): Two years after the minister was born.

Mr. Benidickson: All paper machines?

Mr. Fleming (Eglinton): Yes. There has been no question raised on that point at any time. The tariff item here proposed simply is in line with the decision to which the hon. member refers.

As to the power shovel, the hon. gentleman raises a question as to the effect of the decision of the Supreme Court of Canada and as to the cubic contents of the shovel which in this item is fixed at 2½ cubic yards. The Supreme Court of Canada handed down its decision some few month ago but it was dealing with a state of facts that existed several years ago.

Mr. Benidickson: There was prolonged litigation.

Mr. Fleming (Eglinton): Yes, there was prolonged litigation. In the meantime there had been rulings that power shovels with a cubic content of 2½ cubic yards were made in Canada and therefore the change now proposed in the item is simply in harmony with the decisions and rulings already made.

As to the enlargement of the sizes, I presume the hon. member was referring to representations concerning the possible increase in the cubic content of the shovel to three cubic yards. I had representations from one source on that same point. I should like to point out to the committee that this provision takes nothing away from item 427. In other words, if the time comes when power shovels with cubic contents of three cubic yards are made in Canada they will be entitled to the benefit of the higher rate that goes with goods of a class or kind made in Canada and nothing in the proposed amendment will preclude them from doing so.

Mr. Benidickson: When we discussed this on May 5 at page 3344 of *Hansard* I quoted from the *Financial Post* of April 18 in which it was stated that the tariff board had rejected made in Canada appeals involving soft drink and hoisting machines. I now am just speaking from memory. I have no complaint against the minister or his staff. I know his staff is asked to revise *Hansard* afterwards. I think he gave me a categorical denial that evening that the statement was incorrect. The minister's reply as reported at page 3344 was as follows:

> That statement is definitely not a true interpretation of the effect of this resolution.

Rightly or wrongly I think the minister said at that time the statement itself was incorrect.

Mr. Fleming (Eglinton): The tariff board dismissed the appeal as to the vending machines.

Item agreed to.

Items Nos. 437b, 438b as amended and 438c as amended, agreed to.

The Deputy Chairman: 438d?

Mr. Fleming (Eglinton): It is deleted by the amendment. Item No. 438e is also deleted by the amendment.

Items 438f, 440c, 440k, 446e, 462d, 462i, 479, 502, 502c, 505a, 611a, agreed to.

Customs tariff—682:

Fish hooks, for deep-sea or lake fishing, not smaller in size than number 2.0;
Fishing nets and nettings of all kinds;
Lures, jiggers and artificial baits;
Metal panel devices for use in keeping nets open;
Metal swivels, of a class or kind not made in Canada;
Net and line floats of any material except wood;
Specially designed needles of a class or kind not made in Canada for use in repairing fish nets;
Threads, twines, marlines, fishing lines, rope and cordage, not exceeding one and one-half inches in circumference;
All the foregoing for use in commercial fishing, under such regulations as the minister may prescribe;
Carapace measures of any material: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, free.

Mr. Pickersgill: I should like to say a word about this item. The minister will recall that a year ago the hon. member for Burin-Burgeo raised this question in the house. Since he does not happen to be in the committee at the moment, I think it would be only right that I should express appreciation to the government for having listened to our representations.

Item agreed to.

Items 691 and 696a agreed to.

The Deputy Chairman: I understand we are now to revert to item 307a.

Customs tariff—307a.

Mr. Fleming (Eglinton): Mr. Chairman, the D.B.S. publication "Trade of Canada Imports" for the 12 months ended December, 1958 shows on page 155 that imports of marble manufactures from Italy in the 12 months period ended December, 1958, aggregated $78,049.

Mr. Pickersgill: This means that the concessions we have made to Italy relate to a traffic on which they had $78,000-plus in business last year as opposed to $3 million or $4 million. I just wanted to underline the fact that this does not seem to have been a very good way of safeguarding our market there.

Mr. Fleming (Eglinton): Mr. Chairman, the hon. gentleman is not right. He has overlooked the fact that with respect to item 554b we gave a binding to Italy on that item which had not existed before, and with respect to item 554g, this is a new item and gives a reduction in rate to Italy. This is a woven fabric.

Mr. Pickersgill: How much does the minister estimate that trade is worth?

Mr. Fleming (Eglinton): It is a new item and it is not possible to give an estimate that would have significance.

[Mr. Fleming (Eglinton).]

Mr. Pickersgill: I was not suggesting that the minister could estimate how much more trade there would be. I presume this is an item that the Italians were exporting to us. What I meant was, what were the exports for the last year for which the figures are available?

Mr. Fleming (Eglinton): I am told that the goods described in this particular item have never been segregated.

Item 307a agreed to.

Schedule as amended agreed to.

Title agreed to.

The Deputy Chairman: Shall I report the bill as amended?

Mr. Pickersgill: On division.

Mr. Nowlan: Mr. Chairman, before you report the bill I may be permitted to say one word. I know that in the house and in the committee we do not recognize strangers on the floor as such, but I am sure the committee would permit me to say that we have on the floor this afternoon Mr. Lloyd Younger, who has been assistant deputy minister of customs for some years and on many occasions and under difficult circumstances he has sat here and assisted both the Minister of Finance and the Minister of National Revenue. So far as one can tell at the moment, owing to his own will and determination, he will retire while he can still enjoy life and the pursuit of happiness. This is probably the last time he will be seen on the floor of this house.

Mr. Benidickson: Mr. Chairman, may I just add to the words of the Minister of National Revenue the enthusiastic endorsation of those of us on this side who know the competent deputy minister. I had considerable association with him in the various stages of debate such as we have been engaged in here today and were engaged in last week. In addition, of course, he has been one of those who has been called in on pre-budget discussions. He, of course, has been a servant of distinction of the department of customs and excise. He has been most loyal to the country and to the minister and I think particularly to the statute law which we parliamentarians pass.

Mr. Herridge: I would like to wish the deputy minister in question good health and a long, happy, enjoyable retirement.

Bill reported.

Mr. Speaker: When shall the bill be read a third time? By leave, now?

Some hon. Members: Agreed.

Mr. Fleming (Eglinton) thereupon moved third reading of the bill.

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

Mr. Pickersgill: On division.

Motion agreed to on division, bill read the third time and passed.

UNEMPLOYMENT INSURANCE ACT

AMENDMENTS TO INCREASE RATES OF REMUNERATION AND CONTRIBUTIONS, ETC.

Hon. Michael Starr (Minister of Labour) moved the second reading of Bill No. C-43, to amend the Unemployment Insurance Act.

He said: Mr. Speaker, on second reading of Bill No. C-43, to amend the Unemployment Insurance Act, I wish to make a few observations. The present amendments in this bill will provide coverage for a greater number of wage earners. They will increase benefits and allowable earnings. They will also increase contributions. They will extend the benefit period to 52 weeks.

Today, in asking the house to give consideration to these amendments I would refer first to section 3 of the bill. This section raises the wage ceiling on insurability, bringing in under the umbrella of unemployment insurance protection persons making up to $5,460 as compared with only $4,800 under the present act.

I should also like to explain that we have adopted a new principle in regard to allowable earnings as shown in the table on page 6 of the bill. Hon. members will note that the benefit rate for a person with a dependant is higher than that for a person without a dependant, even though their wages may have been the same. This is the way in which the act recognizes the greater responsibilities of those with dependants. At the present time, however, this principle is not recognized in the allowable earnings schedule. We propose, therefore, a new schedule that provides for somewhat higher allowable earnings for the person with a dependant.

Furthermore, since the allowable earnings idea was first incorporated in the act in 1955 experience has shown that the amount of earnings allowed should be higher if the claimant is to have adequate incentive to take on casual work. We propose, therefore, to make the allowable earnings one-half of the claimant's weekly benefit rate, rounded to the nearest dollar. By doing this, we will be producing two desirable results with one amendment; that is, we will be recognizing the greater responsibilities of those with dependants and we will also be putting a realistic price tag on incentive to work.

I should like to deal now with the new schedule of benefit rates. This schedule appears on page four of the bill. It will be noted that two new classes of benefits are added, one a new maximum of $36 for a person with one dependent, earning $69 a week and over; another of $33 for a person with one dependent earning between $63 and $70 per week. Previously persons earning over $57 weekly could not draw more than $30. That was the maximum. The two new clauses display a more realistic regard for present economic conditions. Also, in increasing the schedule of allowable earnings all the way along the line, the maximum total income now permitted to an unemployed person with one dependent is $54 per week compared with the previous $43 per week. Thus, in order to provide a higher benefit range we have had to provide for increased contributions.

In connection with this I should point out to hon. members that during the last two winters of moderate recession, which Canada suffered along with a great number of other countries, the drain on the fund has been heavy. In 1957-58 outgo from the fund was in the neighbourhood of $385 million. For 1958-59 the figure will be higher. In the two past years the fund has been reduced by almost $400 million. No one will deny that this has been a heavy drain. On the other hand, Mr. Speaker, I do not think that anyone would quarrel with this use of the fund for the purpose for which the fund was originally set up.

The expenditures that were made from the fund in the past two years were made for the purpose of easing the lot of those whose misfortune it was to fall into unemployment. The amendments which are now before you will make possible further easement of that difficult and unpleasant situation, while at the same time keeping the fund on a sound basis. I would point out at the same time that we do not anticipate a need for drains on the fund in the immediate future of the magnitude of those of the past two years. All signs now point to a steady strengthening of the economy. However, there is a responsibility on the government to maintain the fund in a condition of equilibrium and this the new schedule of contributions will help materially in effecting.

I now come to an amendment which deserves notice at this time. I refer to section 10 of the bill which sets out the grounds on which the period of qualification may be extended and adds to these grounds time served in penitentiary up to two years. Ordinarily a person who had spent up to two years in penitentiary, would lose the benefit of unemployment insurance contributions, which

would impose a further punishment in addition to those levied by the court. This disability is now removed and it will help a great deal in the rehabilitation of those who have been unfortunate enough to have punishment imposed upon them by the courts.

The final major amendment increases the maximum duration of benefit from 36 weeks to 52 weeks. This is being introduced in answer to many representations and reverts to the situation that existed back in 1955 prior to the time when there was a general revision and amendments were made to the act.

Mr. Martin (Essex East): Before the minister ends his statement may I ask him if he is now in a position to table the report of the advisory committee to which I made reference on the orders of the day?

Mr. Starr: Upon investigation as soon as orders of the day were over I found that the statutory report of the advisory committee of the unemployment insurance commission was tabled in the house as provided by the act. However, I asked the unemployment insurance advisory committee to give some study to some of my suggestions for amendments to the Unemployment Insurance Act, which they did. They forwarded their report to me, and under the circumstances I consider it to be confidential and for the information of the minister. It is not a statutory report. However, there is nothing in it that I feel is detrimental in any way. As a matter of fact, some of the most important things they discuss are not incorporated in the present bill. Therefore I have no hesitation in tabling that report.

Mr. Martin (Essex East): Has the minister tabled it already?

Mr. Starr: No, I have not.

Mr. Martin (Essex East): I should like to look at it during the dinner hour because, in spite of what the minister said, I have not had the opportunity of reading it although I have heard a good bit about it.

Mr. Starr: I can table the report now. It is a report dated August 26.

Hon. Paul Martin (Essex East): Mr. Speaker, in rising on second reading to comment on this particular and important measure I should like to say to the minister that I hope he will not misunderstand me if I say that I had expected, particularly in the light of previous discussion as well as because of the implications of the bill, that he would have had more to say on second reading. But perhaps the minister intends to make a more comprehensive statement at the conclusion of the debate rather than at the beginning.

Mr. Starr: Mr. Speaker, if I may interrupt the hon. member for Essex East (Mr. Martin) it is my intention, as I indicated earlier on the resolution stage, to refer the bill to the industrial relations committee where ample opportunity will be given to every member of that committee to discuss each amendment as thoroughly as possible.

Mr. Martin (Essex East): I welcome that suggestion which I think is a good one because of the character of the bill. However, that does not remove, of course, the fact that there are a number of very important considerations of principle and related circumstances that can more appropriately be discussed on second reading as I now propose to do. I thank the minister for tabling that report about which I propose to have something to say during the course of my remarks. I regret that I cannot treat it as he treats it, as a document confidential to the members of the advisory committee and the minister.

I think it is very important at the outset of the discussion that we should not forget that the unemployment insurance commission and its auxiliary and related bodies were enacted by statute to occupy a rather unique position, certainly different from the functions assigned to the various divisions of a particular department. The unemployment insurance commission is a body that reports, through the Minister of Labour (Mr. Starr), to the governor in council. There is nothing in the act that authorizes the advisory committee to report directly to the minister. However, as I said at the outset I will have more to say on that subject as I proceed.

The minister dealt cursorily with certain features of the bill. He referred to the fact that increased rates were going to be imposed on the main contributing bodies, employers and employees, and also a consequential increase in the grant provided by Canada out of the consolidated revenue fund. Then he said that there would also be increased benefits. I must say that I have carefully perused the legislation and I think it is a very strong overstatement to say that the bill provides for any real increase in benefits. It does make certain provision for extension of the present period to 52 weeks, restoring the old situation, but generally speaking the bill does not provide for any increases in the rates of benefit.

What this bill does is to impose on the workers and the employers a heavy increased obligation, an obligation which in its totality represents further taxation of these

two segments of the community in an amount of money equal to almost one-third of the additional burden of taxation imposed by the Minister of Finance (Mr. Fleming) in his budget. What we are now dealing with is a measure that is going to impose an additional tax burden on the workers and the employers, a burden that was not referred to by the Minister of Finance when he presented his budget to us on April 9.

It is true that in his budget speech he made reference to the unemployment insurance fund. He referred to the fact that as a result of unemployment in the country there had been an impairment of the integrity of that fund. No reference was made by him, however, and no detailed reference was made today by the Minister of Labour to indicate what this particular measure will mean in terms of additional contributions by two groups in our national community. This should be viewed in the light of the fact that the measure, as I say, does not provide for any real increase in benefits to those who are called upon to make the contributions provided for by this act.

The minister, and I think understandably from his point of view, did not deal with a matter to which I referred on the resolution stage. I do not want to revive that matter, but I do want to indicate to the minister that in my judgment, as well as in the judgment of those who sit on Mr. Speaker's left, we are not satisfied that the Unemployment Insurance Act has been complied with in so far as the appointment of Mr. MacArthur is concerned in succession to Mr. Tallon. I repeat that there is nothing against Mr. MacArthur whatever in terms of confidence. I believe that what the minister has said, and the evidence before us, clearly indicates that there has not been a proper consultation with labour as required by the Unemployment Insurance Act.

The minister indicated when he spoke the other day on the resolution, and I refer to his words at page 3361 of *Hansard* for May 5, 1959, that the reason for this bill is to maintain the fund in a situation of stability over the next few years. He said that during the past two years of recession which we have experienced there has been a pretty heavy drain on this fund. Those words by the minister, I think, represent the true situation. I would point out that the fund dropped by $134.2 million in 1957-58 and by $247.9 million in 1958-59, a total reduction of $382.1 million in two years. At no time previously had the fund dropped by such a large amount in any one or two years period.

This is, of course, an indication of the level of unemployment we have in this country. One would have thought from the statement made by the Prime Minister (Mr. Diefenbaker) outside of this house on Friday last that the situation was otherwise when he said that we were emerging from the recession more rapidly than any other country in the western world. Of course, the facts are precisely the opposite, particularly in so far as unemployment is concerned. It is no wonder, then, that there has been a drop in the level of the unemployment insurance fund, the replenishment of which the minister said is the primary objective of this legislation.

Now, the aggregate of the replenishment which the minister has in mind is going to be made up of two elements. First, there will be the contribution that will be made by insured persons whose earnings are in the bracket between the present maximum of $4,800 per annum and the new maximum of $5,460. The second element will be the increased contribution payable by employees and employers as a result of the increase in rates of contribution of those now earning $4,800 or less. The minister told us the other day that as a result of this legislation 80,000 contributors will be brought back into the scheme. I have calculated that each of these, if fully employed, will pay 52 times 94 cents or $44.88 per annum. The total 80,000 additional workers to which my hon. friend referred in this group will contribute annually $4 million more and the employers will contribute a like amount.

Now with regard to the present class that is up to the $4,800 range, the rates of increase vary upward from 25 per cent to 56.7 per cent. It is, of course, difficult to know the present weighting of the different classes. If we assume, however, that the average rate of increase will be 30 per cent, then the employees in this class, that is the $4,800 or less, would pay roughly 30 per cent of the 1957-58 contribution, that is to say $94 million or an aggregate of $28.3 million. If these estimates are correct, or even approximately correct, this new bill will lay additional burdens on the employers of Canada of approximately $32.3 million, and a similar burden on the employees of $32.3 million.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Martin (Essex East): Mr. Speaker, I had concluded my remarks before dinner, by observing that this bill would impose an

additional burden on the two main contributors, the employers and the employees respectively, in the amount of $32.3 million. I should now like to emphasize that for those who fall into the new class who are not now making any contribution to the unemployment insurance fund, the new measure will subject them to a contribution of $48.88 per annum, which is a substantial amount particularly when one thinks of the increases in sales taxes, corporation tax, income tax and other impositions which were provided for in the recent budget. It certainly imposes a substantial burden on industry which has already been called upon to pay substantial taxes; and of course this represents an important burden now imposed on the workers of our country.

The minister said when he was explaining these proposed increased contributions that the reason was to maintain the fund in stability over the next few years. One might reasonably ask whether the increased contributions do not represent a heavy burden both on industry and the labour force for conditions which have prevailed in the last two years and for which they cannot be held, of course, accountable.

I said when speaking the other night that one of the reasons for the position in which we find the fund is because of invasions made on this fund since the period following June 1957. I indicated that of course hon. gentlemen opposite were not the first to provide for supplementary benefits, but that whenever supplementary benefits had been provided for, as they were on three occasions by the previous administration, steps were taken to replenish the fund. With regard to the two occasions that have presented themselves during the term of the present administration in respect of which there has been an invasion of the fund for the purpose of providing seasonal or supplementary benefits there was no consequential action taken by the government to replenish the fund.

No one quarrels, of course, with the desirability for these supplementary payments, particularly in the last two years when there has been serious unemployment, more serious that at any time since the period between 1930 and 1935. But we have argued in this session and in other sessions that the burden was one that should have been shared by the people of Canada generally and not a burden that should have been imposed only on two segments of the population, namely the employers and the employees. That is obviously a responsibility which should be shared by all Canadians, and to have imposed this obligation on the workers and on the employers without replenishing the fund is in part one of the reasons why the government and the unemployment insurance commission and the advisory committee have been disturbed about the present state of the fund.

I said that when we invaded the fund for the purpose of providing supplementary benefits we took steps to replenish the fund. That was done in the years 1949-50, 1950-51, and in 1951-52. In 1949-50 vote 585 provided for reimbursement to the fund under section 87 (f) (1) of the act in the amount of $1,500,000. The actual expenditure amounted, however, to only $13,425.56. The following year, vote 597 provided for similar purposes the amount of $1,780,000, which was fully expended. In 1951-52 vote 717 provided for $40,000, of which $35,438.35 was spent.

Mr. Regier: Mr. Speaker, might I ask the hon. member a question. Were these votes to provide for the payment of seasonal benefits which were being granted at the time?

Mr. Martin (Essex East): They were consequential upon the fact that the government had recommended to this house legislation providing for supplementary payments, and the government took steps to replenish the fund in accordance with its belief that this was a responsibility which should be shared not just by the workers and the employers but by the people of Canada, generally, through the consolidated fund.

So if the government is faced with a situation where the fund in 1959 has been reduced to $496.3 million as compared with what it was, let us say, in 1954, $881.3 million, one of the contributing reasons is the failure of the government to replenish the fund in accordance with a responsibility that belongs to all Canadians. The government may have had budgetary reasons for that; it may not have wanted to add to the deficit of 1957-58 or the larger deficit of 1958-59. But that certainly does not justify the invasion of a fund contributed to by two groups for the purpose of giving them maintenance grants which they require, as this winter and last fall indicated they did require, in the event of a high level of unemployment. I am sure that in considering the increased contributions which the employers and the employees must make under this measure one cannot help but wonder whether the increased contribution is designed to improve the financial condition of the fund or whether it is designed to pay the true actuarial cost of the additional coverage. I am sure that the minister would have satisfied the house if in his brief statement he had included some explanation for the government's course in this particular.

Mr. Speaker, we all recall some of the words of the Prime Minister (Mr. Diefenbaker) in connection with unemployment insurance. At Port Alberni on March 12, 1958 the leader of the Conservative party, the present Prime Minister, told the audience in that community that when his government came to power in June 1957 there was the greatest unemployment in Canada's history. He was giving them the facts, he said. He told the audience that now we had passed the peak of unemployment in this country. Of course, he did not give the figures, but, Mr. Speaker, you and I know, as do hon. members of this house, that the situation that eventuated after that speech was made is not supported by the facts. The real situation in the measure before the house is clear, that the government did not foresee the situation which now confronts us, and in failing to foresee it did not take the necessary preparatory steps and action to maintain the integrity of the fund.

The Prime Minister said at Pembroke on March 28 that the Liberals were saying unemployment was still on the increase but he said figures from the national employment service showed that registrations for unemployment insurance which had been mounting steadily all winter were finally going down. Registrations, the Prime Minister said, had gone up by 10,000 in the first half of March, but in the week beginning March 20 there had been a drop of 3,120, an indication that Canada's unemployment crisis had passed its peak. That confirms what I have just said, because the figures for March, published late in April, reveal that for the week ending March 22 there were 590,000 persons out of work and seeking jobs—or 10 per cent of the labour force—and 883,660 applicants for employment.

If the fund is in the dangerous state in which those who have to do with this matter obviously regard it to be, a contributing factor is the heavy invasion of it because of the fact that we have had this high level of unemployment in Canada. I suggest to the Minister of Labour that the government should have been warned last year by what was said on this side of the house, and should have taken steps not only to mitigate the occasion of unemployment but also, as was done by its predecessors, to see that the integrity of the fund was maintained in a manner which represented the common contribution of the people of Canada generally.

In the short presentation which he made today, the minister took credit for the value of this legislation in that it is extending the period from 36 weeks to 52 weeks and restoring the situation which prevailed prior to the amendment introduced by Mr. Gregg. The Minister of Labour has not, of course, overlooked the fact that the unemployment insurance commission noted, in the last report but one which it made to parliament, on page 50, that in view of the high percentage of claimants who did not use the long period of entitlement which was often set up for them it was considered justifiable to reduce the period of entitlement. And the commission went on to explain that in certain circumstances a claimant might continue to receive benefit, with or without partial earnings, throughout 51 instead of 36 weeks.

The fact remains that it was indicated from experience that between 1949 and 1953, 9.9 per cent of the claimants drew benefits for 20 weeks or more and consequently it would be a pity if the great mass of contributors were called upon to pay for much longer periods of benefit than they were likely to need. This, of course, was not mentioned by the Minister of Labour. It means that for the very large number of individuals who are outside this 9.9 per cent, a heavy added burden results from the amendments proposed. I do not quarrel with this in principle, except that I think that in regarding this as one of the great advantages of the legislation now before us, the minister should have pointed out the limited number of people who, in the light of experience, are likely to profit from this particular modification of the act.

We were told by the Prime Minister repeatedly, during the election of 1957 in particular, that if his government came to office the waiting period would be eliminated entirely. I think the government should be reminded of that promise as my reading of the bill does not indicate that this particular promise is being fulfilled by the administration.

It is noteworthy that the Canadian Labour Congress has called for compensation on the basis of two-thirds of the earnings of the beneficiaries under this scheme. I took issue with the Minister of Labour at the outset of my remarks by saying that while this measure imposes additional contributions from both employers and employees it does not provide any real increase in benefits. The minister said it does, and I hope that at some point he will indicate what these increased benefits are.

In the light of the present value of our dollar one wonders whether the present level of benefit is satisfactory. One would have thought that if there was to be this additional burden by way of increased rates, to the extent of 30 per cent covering some categories, there would have been some increase in the amount of benefit provided for workers covered by this legislation. There is no

doubt that the Unemployment Insurance Act was intended to cover every earning worker, and to provide its benefits for all. That, I am sure, is the intention of the present administration, as it was the intention of its predecessor. It seems to me that the benefits provided by the act should enable a worker to look after himself and his family on a satisfactory basis. The failure of the government to increase the benefits at a time when it has taken such a significant step in increasing so sharply the rate of contributions, represents one of the substantial deficiencies of this series of amendments which is now before us. The amendments do not basically affect the rate of benefits. I say they should be increased in the light of the value of Canadian currency at this time, the cost of living and all the ensuing obligations which are incurred by our people as a result of policies put forward by this government.

The minister made reference at one point to the report issued by the unemployment insurance advisory committee on August 18, 1958, which was tabled in accordance with the requirements of the Unemployment Insurance Act. In this connection it is worth observing the terms of the Unemployment Insurance Act itself. Section 89, subsection (1) reads:

> (1) Within four months after the end of each fiscal year the advisory committee shall make a report to the governor in council on the financial condition of the fund as of the end of that fiscal year and shall also make a report to the governor in council on the financial condition of the fund whenever the advisory committee considers that the fund is or is likely to become, and is likely to continue to be, insufficient to discharge its liabilities, and may make a report on the financial condition of the fund at such other times as the advisory committee may think fit.

This advisory committee is an important body. On it sit four representatives of the employers. Their names are Mr. James Hunter, Norman Hesler, H. Shoobridge, and Mr. T. C. Urquhart. In addition there are four representatives of employees, Mr. George Burt, Mr. Stanley Knowles, who substitutes for someone else; Mr. Jean Marchand, and Mr. J. G. McLean. And the chairman of this advisory committee is the former deputy minister of labour, Mr. Arthur MacNamara. This report was tabled in accordance with the requirements of the statute, the pertinent section of which I have just referred to. The report itself is of great relevancy to the subject we have before us at this time. By the way, this report is addressed to the governor in council. Under the act I would submit that every report of the advisory committee must be addressed to the governor in council.

[Mr. Martin (Essex East).]

The unemployment insurance commission is a unique body. The commission was established so as to remove it from the ordinary routine of departmental administration and the reports it makes are made to the cabinet as a whole—to the governor in council—rather than to the minister in particular. The first section of the report reads:

> Section 89(1) of the Unemployment Insurance Act requires the unemployment insurance advisory committee to report not later than July 31 each year on the financial condition of the unemployment insurance fund as at the preceding March 31.

That is clearly in accordance with the act. The reason for my emphasizing this section will be clear, I think, in the light of what I shall have to say about the supplementary report which the Minister of Labour in answer to requests by the opposition today tabled just prior to our adjournment at six o'clock.

In the third paragraph of this report the advisory committee points out:

> The balance at the credit of the unemployment insurance fund at March 31, 1958, was $744,200,124.87, a decrease of $134,241,341.68 in the twelve-month period.

And then with some significance the committee goes on to point out:

> This compares with an increase of $18,970,908.62 in the fiscal year 1956-57, an increase of $13,186,624.99 in the fiscal year 1955-56, and a decrease in the fiscal year 1954-55 of $41,245,135.50.

In paragraph 8 on page 2 of the report we find these words:

> It should be mentioned that there was a revenue from investment of the fund of nearly $24 million. This item will be approximately $7 million less next year.

Of course, the reason for that was the unemployment insurance fund experienced the same difficulty that attended all the holders of government securities at that particular time. In paragraph 9 of the report the committee states:

> The staggering increase in benefit payments is mainly due to the large number of unemployed workers during the period, and to the extension of the period during which seasonal benefits were available.

In paragraph 12 it is stated:

> In the seventeen years, over $1¾ billion have been paid out in benefit payments.

On page 3 the report contains a table showing the balance at the credit of the unemployment insurance fund for the years 1955, 1956, 1957 and 1958. The balance in 1955 was $846,284,000 and in 1958 it was $744,200. I have already indicated that in 1959 it was $496.3 million. Paragraph 17 on page 4 states:

> The committee calls attention to the serious drain on the fund created by the heavy load of payments during the year.

We come then to paragraph 19 which states:

> There was, unquestionably, a need for the special provisions to meet the emergent situation last winter. The committee is gratified to find that the benefit payments could be made so satisfactorily through the commission offices.

Paragraph 20 is extremely significant:

> It is a fact, however, that the burden of this expense, in the opinion of the committee, should not be imposed on the unemployment insurance fund unless the loss to the fund is made good.

That is the recommendation, the statement and the view of this advisory committee of employers and employees. In paragraph 21 they say:

> We trust the government will take action to replace the drain on the fund, by reason of the extension of the seasonal benefit period by a grant.

This government has not accepted that recommendation made by this advisory committee which recommends that what was done on three previous occasions should be done by this administration so as not to place on the two main contributors a burden which in all fairness does not exclusively belong to them.

One could go on and look at various other sections of the report to find that the advisory committee by statistical analysis supports the contentions that it has made, that the fund should be supported by grants from the government and that the burden should not be shared only by the employers and employees. In paragraph 30 we find this statement:

> You will observe Mr. Humphrys' estimate that an increase of 20 per cent in the contribution rates would probably maintain the fund at the present level. The estimate is based on the assumption that a pattern of employment during the next five years, may be expected, similar to that of the last five.

That is the view of this committee, repeating the observations of Mr. Humphrys that an increase of 20 per cent in the contribution rates would probably maintain the fund at the present level but that is not what is in this bill. This bill provides for increased rates of contributions to be imposed on the workers and on the employers in some categories of 30 per cent and in some other categories of slightly over 30 per cent. Can there be any doubt that the government for reasons that it has not explained has not pursued the practice of its predecessors in this particular and has failed to carry out the recommendations of the advisory committee set up for the purpose of advising the government and the commission in these matters?

I do not say it is the obligation of the government to accept the recommendations of bodies such as this one but surely it is an obligation of the government in the presentation of legislation such as this to explain why it has not carried out the recommendations of the advisory committee, recommendations that are made only after the most careful consideration.

Mr. Monteith (Perth): Pretty weak.

Mr. Martin (Essex East): The Minister of Health and Welfare says, "Pretty weak". I may say to him that the policy of the government in the face of this report is obviously very weak.

Mr. Monteith (Perth): I was referring to the applause.

Mr. Martin (Essex East): Paragraph 33 reads as follows:

> In amplification of the reasons for the recommendation that the government contribution be increased,—

Not as provided for in this bill as I hope to show, but through another formula altogether. I continue:

> —attention is called to the following, as some of the expenditures, with which the fund has been burdened and for which provision for sufficient balancing revenue has not been made—

Again they are calling upon the government to replenish the fund out of the consolidated revenue fund in such a way as to distribute the burden equally on the Canadian people.

In paragraph 35 the advisory committee makes certain other recommendations as to what might be provided for in amendments brought to parliament. These include, among others, payment of benefit for unemployment caused by illness, payment of benefit for short term claimants, the revision of the benefit formula involved in the elimination of seasonal benefits, which the committee believed would develop serious difficulties, and so on. These recommendations of the advisory committee were not even referred to this afternoon by the Minister of Labour (Mr. Starr). Unless these bodies are to be taken seriously, as this one certainly should be, the government should, when it is not prepared to carry out recommendations of one of its own agencies, explain the reasons for the course that it takes.

I have indicated, Mr. Speaker, that this particular report was made in accordance with the requirements of section 89 of the statute. This afternoon I asked the Minister of Labour the following question: "Will the Minister of Labour tell us whether any report was presented to the government by the unemployment insurance advisory committee since that tabled on August 18, 1958?" The minister said that he had received notice of my intention to ask this question during the course of the morning but that he had not yet had time to ascertain the

kind of reply that he should make. Before dinner he did refer to the fact that there was such a report, a report which he said was made on his own instigation when he asked the advisory committee for some supplementary information in addition to that provided for in the report of August 18, 1958. However, he said that this second report was addressed to him and he regarded it as a privileged and confidential document. I want to be fair with the minister. I do not know whether he said "confidential".

Mr. Speaker: Order. I think before the hon. member proceeds to discuss the circumstances of the production of the report in question he should indicate how it relates to the bill. The hon. member knows that this is second reading, and the bill contains specific principles. It seems to me he is now going into something that is extraneous.

Mr. Martin (Essex East): This is a supplementary report made by the advisory committee with regard to what that committee believes should be in the bill, and it is a supplement to the report already tabled, to which I have been making references for the last half hour.

Mr. Speaker: I am not objecting to the hon. member using the report, but what I am objecting to, or what I am asking him to desist from, is a discussion of the production and manner of production.

Mr. Martin (Essex East): Mr. Speaker, I do not want to quarrel or take issue with you on that point. The document to which I refer has been tabled, and it is in that context that there is an issue between the Minister of Labour and myself.

Mr. Regier: When was it tabled?

Mr. Martin (Essex East): Just before six o'clock. The hon. member will recall that on the orders of the day I asked the Minister of Labour whether there was such a report. He said he would make inquiries. He told me that it was addressed to him personally. Because he said it did not contain consequential information he would have no hesitation in tabling it, and I took advantage during the recess to make a careful perusal of the report. Now the Minister of Labour says that this was a report made to him in his capacity as Minister of Labour. There is no doubt that the report does indicate that it is addressed to the Hon. Michael Starr, Minister of Labour; but, as I said at the outset—

Mr. Speaker: That is the line of debate which I was questioning. The hon. member seeks to make a point about the character of the report. He has the report. I do not object to his using it. It seems to me that how it got to be tabled, or what its character is does not matter; at least, is not relevant to the bill.

Mr. Martin (Essex East): With great respect, I think it has everything to do with the bill, because I am going to indicate that this report was not tabled in accordance with the Unemployment Insurance Act, as it should have been, and some of the amendments of which are now under consideration in this house.

Mr. Pickersgill: Mr. Speaker, on a point of order,—

Some hon. Members: Oh, oh.

Mr. Pickersgill: On a point of order, if my hon. friend will permit me, I am not sure whether Your Honour was in parliament at the time but a situation arose in the year 1949 when a certain document was in question that was not even directly related to a bill to amend the Combines Investigation Act which was before parliament and the precise question arose before the Speaker of that day. It was argued by Mr. Knowles and by the present Prime Minister and was established by them, with the support of the Speaker, that since the document was germane and related to the subject matter of the amendment under consideration it could be referred to and discussed in the course of the debate.

Mr. Speaker: I quite agree that the hon. member can refer to and discuss the report but I do not think we ought to have a debate on it, whether or not it is a confidential document. He has it in his hands. It is not relevant to second reading of this bill.

Mr. Martin (Essex East): What I am simply trying to do is to establish that the minister did not comply with the requirements of the statute. This report should have been tabled a long time ago, in accordance with subsection 2 of section 90 of the Unemployment Insurance Act. I suggest to Your Honour that it is clearly a matter that is of greatest relevance, having in mind the particular amendments now before the house.

Mr. Speaker: I wish the hon. member would tell me how it is relevant to the principle of this bill.

Mr. Chevrier: May I, Mr. Speaker?

Mr. Speaker: I would be very glad if any member could show me how it is relevant, then I will admit it. As it stands, I do not see that the character of this report, the question of what kind of report it is and whether it should have been tabled at a certain time is relevant to the debate we are now engaged in.

Mr. Chevrier: I should like to indicate to Your Honour why it is relevant. As the hon. member for Essex East has said, this report has now been tabled by the minister, and during the recess we have had an opportunity of reading it. Anyone reading this report can clearly see that parts of it refer very clearly to recommendations contained in the amendment to the Unemployment Insurance Act now before the house, and parts of it condemn some of the things that should have been done and are not contained in this bill. Surely, if it does deal with the measure now before the house the hon. member for Essex East has a right to deal with the report in all its aspects.

Mr. Speaker: I agree that he has the right to use the report—it is tabled—in so far as it is relevant; but the nature of the report and whether the report should have been tabled at some other time, that seems to me to be not relevant at this stage. It may be relevant at another time.

Mr. Martin (Essex East): In joining with my colleague, the hon. member for Laurier, I would want to say that this ruling of yours would have, I think, the greatest restrictive consequence in the elucidation of this very important matter. If this report had been tabled, if the minister had not violated the statute, we would have had—

Some hon. Members: Order.

Mr. Martin (Essex East): —this report months ago.

Mr. Speaker: I take it that the hon. member is still speaking on the point of order. I wish he would make it brief.

Mr. Martin (Essex East): I would ask Your Honour also to bear in mind the interruptions. I am saying that if this report had been tabled in accordance with the act we would have had the opportunity months ago, and so would the public, of ascertaining what kind of recommendations should be made and what kind of implementation of those recommendations should be carried forward by the government in respect of amendments to the Unemployment Insurance Act. This particular report was tabled tonight for the first time. This is the first opportunity we have had to see the report, and surely I have the right to complain about the minister's failure to comply with the statute; I have the right to complain that he has violated the law in not tabling this document.

Mr. Speaker: I differ with the hon. member there. The hon. member has the report. It is clear that it was tabled tonight. As he has indicated, he feels it should have been tabled earlier, but that is another debate. What we are dealing with is second reading of a bill to amend an act. The hon. member has the report and he is free to refer to it. In my view what he should discuss is the amendments that are being made and those which perhaps should have been made in accordance with the report but not the other question of whether there has been some anterior breach.

Mr. Starr: Mr. Speaker, in view of the fact that the hon. member for Essex East has charged that I have violated the act I think I should be allowed to say a few words with respect to the report I tabled tonight.

Mr. Speaker: I will be glad to hear the minister. The sole point I have raised is that while the hon. member is free to use the report this is not a debate on how this report got into the House of Commons, and that is my view notwithstanding what has been said. Unless the minister wants to dispute that view he might leave the matter there.

Mr. Starr: I was going to say that I dispute that there is a provision in the act requiring that a report of that nature should be tabled. The act provides that the statutory report of the unemployment insurance advisory committee be tabled when it is addressed to the governor in council. The report under discussion was made to me on my own request when I asked the unemployment insurance commission to advise me on certain amendments I had in mind. Only one of those proposed amendments is included in this report. None of the other proposed amendments is incorporated in the bill.

Mr. Martin (Essex East): We shall see that when we come to examine the second report, but on the point of order I would ask Your Honour, in accordance with the observations made by the hon. member for Bonavista-Twillingate, to recall what happened in this house in 1949. The present Prime Minister, then the private member for Prince Albert, charged the then minister of justice with having failed to comply with the statute in question in that he had not tabled a report he was required to table within the prescribed period under the statute. One can read the discussion through many pages of *Hansard*. For instance, I have page 2091 here containing the speech—

Mr. Speaker: Was that on the second reading of a bill?

Mr. Martin (Essex East): Yes, it was on the second reading of a bill. The Prime Minister spoke twice making the complaint which I had hoped Your Honour would allow me to make tonight.

Mr. Speaker: I am not objecting to the hon. member making the complaint in the proper place. He seems to misunderstand me.

Mr. Martin (Essex East): I am submitting that this is the proper place and that the justification for it is seen in the incident of 1949.

Mr. Harkness: Mr. Speaker—

Mr. Martin (Essex East): What I say to the Minister of Labour is that inadvertently or for some other reason—

Some hon. Members: Order.

Mr. Martin (Essex East): —he has not complied with the statute.

Mr. Speaker: I am sorry but I have not accepted the hon. member's argument and if he persists in contravening the ruling I have made I will have to ask him to desist.

Mr. Harkness: Mr. Speaker, on the point of order which the hon. member has raised—

Mr. Speaker: Order.

Mr. Chevrier: He has not raised any point of order.

Mr. Speaker: The point of order has been disposed of and I would ask the hon. member to continue the debate.

Mr. Martin (Essex East): In accordance with the rights of a member who feels that he has a legitimate grievance, Mr. Speaker, I ask—

Mr. Small: Are you challenging the ruling?

Mr. Martin (Essex East): My respect for the Speaker is equivalent to that of the hon. member.

An hon. Member: Why don't you show it?

Mr. Martin (Essex East): I am asking Mr. Speaker not to take this position in the light of the debate to which I have made reference. What happened in that case was that there was a discussion of the Combines Investigation Act generally—

Some hon. Members: Order.

Mr. Martin (Essex East): —and a question was put as to whether or not the minister of justice of that day had tabled a report which he was required to table within a prescribed period in accordance with the act.

Some hon. Members: Order.

Mr. Martin (Essex East): It developed that he had not and the Prime Minister of today and other hon. members, including the Minister of Finance (Mr. Fleming)—

Some hon. Members: Order.

Mr. Martin (Essex East): —belaboured the then minister of justice for his failure to comply with the act, for his failure to table the report and the absence of a satisfactory explanation.

[Mr. Speaker.]

Mr. Harkness: You suppressed the report for two years.

Mr. Pickersgill: Nonsense. It was a much shorter period than in this case.

Mr. Martin (Essex East): This is the same kind of situation. The Minister of Labour did not comply with the act. He did not table a report which under the statute he was supposed to table and which, if it had been tabled, would have provided us with information which would have given us an even better opportunity of understanding the validity or invalidity of the recommendations now made by the Minister of Labour. The words of the Prime Minister of this country are there in support of my submission.

Mr. Speaker: I understand what the situation is as the hon. member has explained it and as did the hon. member for Bonavista-Twillingate. I suppose that the point of order has no significance now because I dare say everything has been said that can be said with respect to the tabling of this report. But my point was that we should not depart from the debate on second reading of this bill into the discussion of an extraneous matter which is in effect a charge against the minister of not complying with the statute. That is not the matter now before the house. I would ask the hon. member to proceed on that basis and use the report as he sees fit. That is my view of the situation.

Hon. W. J. Browne (Minister without Portfolio): On a question of privilege, I was a member of the House of Commons between 1949 and 1953 and I remember very well the suppression of the report to which the hon. member refers. It was a report of the commissioner under the Combines Investigation Act charging several flour milling manufacturers with violating the Combines Investigation Act, and the report was held back for two years so they could not be prosecuted.

Mr. Chevrier: Where is the privilege?

Mr. Speaker: The minister is really debating the point of order again and not raising a question of privilege. I remember the circumstances too and I do not think they are a precedent for not following what I have suggested is the proper course tonight.

Mr. Martin (Essex East): I have before me *Hansard* in which the Prime Minister of this country—

Some hon. Members: Order.

Mr. Martin (Essex East): —took four pages and later at the end of the debate another two pages discussing his complaint against the then minister of justice for failing to comply with the statute. I am now inquiring

whether, in the face of this, Your Honour has understood the situation to the point where he is denying me the opportunity of complaining against the failure of the Minister of Labour to comply with the statute.

Mr. McPhillips: Challenge or shut up.

Mr. Speaker: If the hon. member feels he has a point he will have an opportunity but not in the debate on second reading of this bill.

Mr. Regier: Mr. Speaker, I should like to have a word on the point of order. I have only now received a copy of the report tabled tonight and I am sure that even you, Mr. Speaker, have not seen it. I would point out that it refers to the addition of two new classes at the top of the earnings range, and that is contained in the bill. I maintain that if anything in the report of the advisory committee is now contained in the bill it is in order for the house to discuss the belated tabling of the report by the minister.

Mr. Martin (Essex East): Do I understand clearly now that I am not to be allowed to go on to discuss the minister's failure—

Some hon. Members: No.

Mr. Martin (Essex East): —to comply with the act, using the same precedent and the same practice that the Prime Minister used when he sought to preserve the rights of parliament against a minister whom he thought had violated the rights of parliament and, as well, the law of the land.

Mr. Speaker: Yes, that is the view I take of it. The hon. member is free to use the report. He has already commented on the time of its filing and on the fact that he feels that under the statute it should have been filed earlier. What I am seeking to avoid, and this is all I am trying to do, is a debate on this subsidiary issue because I do not consider such a debate to be relevant to the principle of the bill now before the house.

Mr. Pearson: On the point of order, Mr. Speaker; you have said that the hon. member for Essex East (Mr. Martin) is now free to use this report in connection with the bill in question. What we are trying to point out is that this matter, in the form of a resolution and a bill, has been before parliament now for some time, yet this very pertinent document bearing directly on this bill is one which we have had an opportunity of considering in relation to the bill only since six o'clock. It was only after repeated requests that the minister produced it. Surely, we have a legitimate grievance in connection with our consideration of this bill and the report. We have had such a short time to consider the report because of the action of the minister in keeping it hidden.

Mr. Starr: The Leader of the Opposition (Mr. Pearson) is talking about a hidden report. I want to say this to keep the record clear, that this second advisory committee report was not one made under section 89 (1) of the Unemployment Insurance Act to which the hon. member refers. It did not, therefore, have to be tabled. It was only upon the request of the hon. member for Essex East that I felt I would honour his request.

Mr. Speaker: The minister is debating the very point which I do not think should be debated. I have not sought to prevent the hon. member from commenting upon the disadvantages from which he suffers by reason of having received this report only tonight. What I have endeavoured to avoid, and what I insist upon avoiding as being irrelevant, is a debate upon whether or not this report should have been tabled under the statute.

Mr. Chevrier: May I say a word on that point, whether the hon. member should be allowed to discuss a report which was not tabled in accordance with section 89. The minister has just stated it is not necessary to table this report because it is not a report to the governor in council and therefore does not require to be tabled under section 89 (1) of the act. The contention of the hon. member for Essex East, and the contention which I am making now, is that it is such a report under section 89.

Mr. Speaker: I understand that quite well, and I stopped the minister because he was entering into a debate which I said was irrelevant. I would hope hon. members would respect that decision and proceed with the debate on second reading of the bill.

Mr. Chevrier: I shall try not to be irrelevant, and just deal with the point with which you asked the hon. member to deal. It is this. May I, sir, submit this to you, that if this report which the hon. member for Essex East wants to use and wants to discuss as being a contravention of the section had been tabled at the same time as the other report, then surely Your Honour would have allowed it and would have allowed any comment to have been made on it at that time. Simply because the report is tabled by the minister today, it seems to be inequitable that the hon. member for Essex East is not now allowed to challenge the fact that it is not made in accordance with section 89 of the act. This is the point I wanted to bring to Your Honour's attention.

Mr. Speaker: This is the point we have been discussing for the last half-hour. The hon. member is free to use the report, but what I do consider to be out of order is going into a collateral debate as to whether or not this report should have been tabled because that is not a subject before the house.

Mr. Harkness: He wanted to make the allegation for the seventh time that it had not been tabled at the right time.

Mr. Starr: It does not have to be tabled.

Mr. Martin (Essex East): There are procedures in a situation like this to which resort has been had in other parliaments. We do not want to resort to that procedure because of our great respect for Your Honour. I hope Your Honour will have an opportunity of reading the *Hansard* to which I have made reference to see if the situation now is not on all fours with the situation referred to. What I had intended to do was to deal with the point made by the Minister of Labour and to use the words of the Prime Minister in condemnation of the act which I have cited.

Mr. Speaker: I appreciate what the hon. member says. I may be wrong in my ruling, and I shall look at the report to which the hon. member refers. In the meantime, I insist that the hon. member who has the floor, if he has the regard for my ruling which he professes, proceed in accordance with it.

An hon. Member: Go back to your reading; you were doing well.

Mr. Martin (Essex East): I should like to read what the Prime Minister said, and then the hon. member would see that I am doing very well. The minister obviously is greatly concerned about this report because, at first, he said he did not recall that it was in existence; he had no knowledge of it, and could not give a reply to my question, notice of which I had sent him earlier in the day. Then when it was presented here he said it was the kind of a document that did not require the observance of the provisions of sections 89 and 92 of the Unemployment Insurance Act.

Now that the document has been produced and, for the time being, the argument that I was going to make on the failure to comply with the act stands in abeyance, let us look at the report itself. In connection with the observations I will make on the terms of this report, let us assess the value of some of the recommendations made by the minister in the amendments now before the house. This report is dated August 26, 1958.

[Mr. Chevrier.]

Mr. Small: You have told us that four times already.

Mr. Martin (Essex East): My hon. friend is confused.

Mr. Small: I understand you well.

Mr. Martin (Essex East): This is the second report, for my hon. friend's information.

Mr. Chevrier: The hon. member has been asleep.

Mr. Pickersgill: This is the hidden report.

Mr. Martin (Essex East): As my hon. friend says, this is another hidden report. This report covers several meetings of the unemployment insurance committee convened on August 19, 1958. "Status of the fund"; attached to this report is a statement of revenues and expenditures for the period July 1, 1941 to July 31, 1958.

In the first paragraph, the report goes on to point out the situation is that during the past 16 months the balance in the fund has been reduced by $234,283,645.05. Here is an observation which undoubtedly the Minister of Labour, and understandably, was anxious that we should not carefully observe in connection with the matter now before the house. The report goes on to say:

> The excess of payments, over revenue, persuades the committee it would be improper to recommend major changes at this time. That is changes which would very materially increase the deficit; or in the alternative would necessitate a tax on industry and workers.
>
> The committee wishes to reserve its opinion on the "benefit formula proposal" of July 24, 1958 until the commission, and actuary, have had more opportunity to give it careful consideration in the light of further experience with the existing act.
>
> In the meantime, we respectfully draw your attention to our report of July 18, 1958.

Incidentally, I would ask the minister if we could be provided with the benefit formula proposal which is referred to by the advisory committee to enable us to formulate a judgment as to whether or not the proposed rates, in the absence of increased benefits, are justified; so that we can compare our information with that before the advisory committee before we make up our minds on this important measure.

Then, the committee goes on to point out:

> The committee recommends for your favourable consideration the following proposals of the unemployment insurance commission:
>
> (1) revise existing schedules of contribution and benefit rates by the addition of two new classes at the top of the earnings range.

The committee accepts that particular recommendation. Then, the second one is:

> (2) readjust and consolidate some of the lower classes;

That is not concurred in by this committee and is information which I believe is important in considering what we should do at the present time.

Then thirdly:

Revised rates of allowable earnings.

The committee accepts that. Then the committee goes on to point out on page 2:

The committee respectfully recommends that the division of responsibility for revenue to the fund as between employers, employees and government be adjusted so that the contribution from each be made equal. In other words, that the contribution from the government be made equal to one-half that of the combined contribution from employers and employees.

That recommendation is refused by the government and is in consequence not embodied in the legislation now before us. As the Leader of the Opposition (Mr. Pearson) points out, the committee persist in this recommendation, having already made it in the earlier report which was tabled in accordance with section 89 of the act.

Then other recommendations were made which are not accepted by the government. For instance, it has not accepted the committee's endorsation of the proposal of the commission that the rule for determining dependancy rate be revised to avoid frequent changes in classification in respect to dependency. Then here is the significant thing. The Minister of Labour said that this report was made as a result of a request which he made to the advisory committee. Here is one of the concluding paragraphs:

A draft of the foregoing was read at the concluding session. Certain changes were suggested and made.

It was agreed that a proposed report, based on the draft, would be prepared and sent to members, to wire approval, or to suggest changes.

Messrs. Hunter, Hesler, Shoobridge and Urquhart approve.

Messrs. Burt and Andras—

These were two of the labour representatives.

—sent an identical telegram which is quoted: "Reur proposed report dated August 20 of unemployment insurance advisory committee regret do not find it possible to attach signature. Feel committee should be reconvened to review benefit formula proposal of July 24 possibly in October with view to modification or in light of further study by actuary. Feel also committee should withhold comments until minister has notified it of intentions regarding recommendations contained in our report dated July 18."

Mr. Marchand of the Catholic syndicates sent a wire to the same effect. Mr. McLean, the other labour representative, was absent and unable to attend the meeting.

Mr. Speaker, in the face of this report which the minister says he was not obliged to table in accordance with the requirements of the act we have here further evidence of the disagreement of the advisory committee with some of the policies embodied in this legislation which is now before the house. Either this advisory committee is a useful body and its recommendations are to be taken seriously, or we are to be told by the minister that such is not the case. At least we have the right to be told why these recommendations, originally in the report of August 18 unanimously concurred in, are not accepted by the government of the day.

We are called upon to impose a further contribution on employers and employees to the extent of 30 per cent. That is no ordinary imposition to impose upon the two segments of our population, and we in this house have the right to know why the government has failed to carry out the recommendation of the advisory committee. We have that right in the face of the circumstances that attend the presentation of the report for the first time in public as the result of a question put to the Minister of Labour this afternoon as to whether or not such a report was in existence. We do not even know whether the Minister of Labour has complied with the recommendation and the request of the advisory committee for further meetings. Was any meeting held in October? Was the advisory committee advised of this particular legislation? Were all of these proposed amendments placed before the advisory committee? Does this legislation, apart from the differences in the recommendations which it made, not now meet with the desire or point of view of this committee which was established to represent employers and labour and to advise the commission and the government? Surely we have the right to know what is the situation in that regard.

A difficulty may be because three members of that advisory committee representing labour have resigned from the commission. In this connection I call the minister's attention to section 19 of the Unemployment Insurance Act, which says:

(1) There shall be a committee, called the "unemployment insurance advisory committee", consisting of a chairman and not less than six nor more than eight other members, appointed by the governor in council to hold office during pleasure.

(2) At least one of the members of the advisory committee, other than the chairman, shall be appointed after consultation with organizations representative of workers and an equal number after consultation with organizations representative of employers.

That is a requirement of the act. At the present time three members of that body are not functioning and may have resigned. Does the minister think that he is now complying with the act in carrying on the advisory

committee when three labour members are not functioning? Subsection 1 of section 19 says:

> There shall be a committee, . . . consisting of a chairman and not less than six nor more than eight other members, appointed by the governor in council—

At the present time there are only five functioning members of that committee other than the chairman. Does the minister think the act is being complied with at the present time? Is it permissible for him to bring in legislation of this kind and not have consulted a body set up, not by the government but by act of parliament for the purpose of advising the government on the very kind of measure now before us? It is a measure which adds rates of contribution to the extent of 30 per cent on the employers and workers. Does the minister think that he is complying with the statute in providing for that kind of a recommendation without having consulted the members of the advisory committee?

I say that this act passed by this parliament has been violated by the minister not only with regard to sections 89 and 90 but also with regard to the violation I have just referred to in section 19. This particular legislation, in order to carry with it the support it must have from the employers and the employees, should have been discussed at least in principle with this committee, a committee which has not sat since last August. We are told by this government which claims that it specially cherishes the rights of parliament, in effect and by implication, that we do not need this advisory committee. True, it has been set up by parliament, but the government knows what to do. It disregards this agency created by parliament because it has its own ideas of what should be embodied in this legislation. This from a government whose Prime Minister is about to bring in a bill of rights; this from a Prime Minister who has established himself in the minds of some people as the foremost champion of the rights of free people and the rights of a free parliament.

Let us examine the situation further and see whether there have been any other violations of this act. I asked the Minister of Finance (Mr. Fleming) this afternoon if in the month of April the government had made any loans to the unemployment insurance commission. The Minister of Finance did not know. He was not certain whether or not in the month of April or in the month of May loans were made by the government of the day. I have before me, Mr. Speaker, a copy of order in council P.C. 1959/383, certified to be a true copy of a minute of a meeting of the privy council approved by His Excellency the Governor General on April 2, 1959. This order in council is, of course, available to all hon. members as it was to me. The order states:

> The committee of the Privy Council advise that Your Excellency may be pleased, pursuant to section 86 of the Unemployment Insurance Act, to authorize the Minister of Finance to make loans from time to time to the unemployment insurance fund in an aggregate principal amount of $50 million.

Such a large amount, one would have thought, would have been in the mind of the Minister of Finance when a question was put to him a few weeks ago as to whether or not the government had made a loan to the unemployment insurance commission. But the minister did not remember, and I call the attention of the house to the significant date, April 2, 1959. That date is significant for reasons I will ultimately show. I pass over the first recommendation as not being immediately relevant, but here is recommendation No. 2:

> That the said notes be signed by a commissioner and the secretary of the commission and bear interest at the rate of 5 per cent per annum.

This is an order in council dated April 2, 1959. And the rate specified is to be 5 per cent per annum. That percentage, Mr. Speaker, was imposed by a government which is opposed, so it says, to tight money. It was imposed by a government which promised to reduce interest rates after the very document which was tabled in the report of August 18 revealed that the unemployment insurance commission held fifth, sixth, seventh, eighth and ninth victory loan bonds which bore a rate of interest of 3 per cent. And this government, dedicated to the principle of easy money, nevertheless imposed upon the unemployment insurance commission a rate of 5 per cent. And then there is this most unusual arrangement set out in paragraph 3, namely:

> That the loan be additionally secured by pledge of government of Canada direct and guaranteed bonds with a market value of at least 105 per cent of the loan.

In other words, the government's own body is saddled with a fixed rate. There is no market play here. What is open on the security market to the people of Canada generally holding bonds is denied for some reason by the Minister of Finance to the unemployment insurance commission with respect to the kind of yield that it might expect from the sale of its own securities. The Minister of Finance would lend this money, but the security must have a market value; not the market value which is current, but a market value of at least 105 per cent of the loan.

Again, here is a most unusual arrangement. Paragraph 4 states that the loan is to be repaid from the proceeds of the sale of government of Canada direct and guaranteed bonds at the sole discretion of the Minister of Finance, or from the cash resources of the fund. What authority is there for this kind of imposition "at the sole discretion of the Minister of Finance"? I say that the Minister of Finance must tell us what authority he has for exercising this kind of authority. There certainly is no statutory justification for his making that kind of condition with respect to such a loan.

But the most interesting part of this document, as I said at the outset, is the date. Under sections 84, 85 and 86 of the Unemployment Insurance Act the minister is given authority under certain conditions, which I do not propose to analyse now, to extend credit to the unemployment insurance commission. I hope that hon. members will peruse these sections carefully in order to ascertain whether in fact the minister acted in accordance with the act. But I call the attention of the house particularly to section 87:

> The Minister of Finance shall report annually to parliament the state of the fund as of the 31st day of March last preceding and the transactions under section 86 during the fiscal year ending on that day; and the operations of the fund shall be set out in the public accounts in such detail as the Minister of Finance may decide.

Now the Minister of Finance did comply with this section of the act. He did report annually to parliament on the state of the fund as of the 31st day of March. But is it conceivable that on the thirtieth day of March, let us say, the Minister of Finance did not know of the intention on the part of the government to make a loan to the unemployment insurance commission in the amount of $50 million? Is it conceivable that the Minister of Finance or his advisers were not aware of the fact that there was about to be a transaction moving from the government through the Department of Finance to the unemployment insurance commission covering a loan of no less than $50 million? I suggest that the reason why this particular order in council is dated April 2, 1959 is because this government, with its large deficit this year and last year, and saddled by its promises to reduce these deficits while at the same time supplying additional benefits, would have been embarrassed by having to make once again in the report which it had to table on March 31 some reference to a further expenditure to the unemployment insurance commission in the amount of $50 million.

And what is amazing is that the actual transfer of funds took place on April 7. The order in council is dated April 2. There is an actual transfer of funds from the Minister of Finance to the unemployment insurance commission on April 7, and on April 9 the Minister of Finance delivered his annual budget to the nation. In that budget he referred to the unemployment insurance fund. In a single paragraph he mentioned that the fund had suffered some diminution as a result of the invasions made on it. He made no reference whatsoever to the fact that only two days earlier he had transferred some $50 million to the commission. And, as he said today, that was not the kind of thing to which he had to refer in his annual financial statement to the nation. That is perhaps a clear indication that the Minister of Finance has not fully understood the obligations of a minister of finance. But if he did not mention it on April 9, can he find any excuse whatsoever in the light of the debate which ensued, for his not advising the house before the budget debate concluded that there had been a transfer of this large amount. The budget debate concluded on April 22, and from April 9 to April 22 it is inexplicable, in view of the repeated references which were made to the unemployment insurance fund, that the Minister of Finance should not have advised the house of this heavy borrowing by the fund.

As I said, the budget debate ended on April 22. And then the most amazing thing happened. On the next day we had another order in council providing for a further loan to the unemployment insurance commission. The budget debate had concluded on the 22nd and the minister was, then, safe from any likely interrogation as to whether or not moneys had been transferred from the Department of Finance to the unemployment insurance commission. It will not be forgotten that during the budget debate I asked the Minister of Finance whether or not the unemployment insurance commission had lost any money as a result of its forced participation in the bond conversion scheme of the government of Canada. The Minister of Finance said that that was not the kind of question obviously that could be replied to; that it was not in the public interest. One did not disclose the contents of the portfolios of those holding government securities, was his answer. I tried the question another way. I sent a written question to the Minister of Labour. Whether or not there was collaboration between the two, the information which was denied me by the Minister of Finance was supplied by the Minister of Labour when he told us that the unemployment insurance commission as a result of its forced participation in the bond conversion scheme of this government had lost over $10 million. That was the kind of information that could not be

disclosed by the Minister of Finance so we had been told. I suppose the reason is now clear because, as I say, the next day, the 23rd, we had an order in council providing for an additional loan to the unemployment insurance commission of $30 million.

In the month of April we had two loans made by the government to the unemployment insurance commission in the amount of $80 million and the Minister of Finance today when asked whether or not such transfers had been made or whether any authority for loans of this character had been extended said he did not know. Is it conceivable that the Minister of Finance could not have known of these two transactions? He owes to the house an explanation as to why he did not include this information concerning the loans of $50 million and $30 million in the budget and why he did not reveal it to the house after the budget debate particularly when the Minister of Labour had revealed the extent of the loss as a result of bond conversion participation.

The terms of this order in council are interesting. The notes were to bear interest at the rate of 5 per cent per annum, the same condition as in the other order in council. The loans were to be additionally secured by pledge of the government of Canada direct and guaranteed bonds with a market value of at least 105 per cent of the loans. A further condition was that the loans be repaid from the proceeds of sale of government of Canada direct and guaranteed bonds at the sole discretion of the Minister of Finance or from the cash resources of the fund. This is a most unusual condition.

Why the Minister of Finance? What authority has he for giving himself this sole discretion? What statutory right exists for such an imposition? We have the right to ask the Minister of Finance and the Minister of Labour for an explanation of these particular loans. Why was not the unemployment insurance commission allowed to cash its own securities? If it had done that it would possibly have been able to make some money or, depending on the state of the market, it might have lost some money. In any event it had securities in its own possession. Its portfolio is a matter for the public to see. Why did the Minister of Finance find it necessary to make loans when the commission could easily have made its position liquid? I say it was only because the investment committee about which I am going to have a word to say was composed in such a manner as to make available to the commission only one course and that was a course that would not in any way have embarrassed the administration, by selling bonds below their face value.

[Mr. Martin (Essex East).]

What other explanation can there be unless, depending on the state of the market on that particular day, the commission could have sold the bonds at a profit? In any event I have no doubt that the reason for these transactions was that the government did not want to be embarrassed in any way and therefore the government was not going to allow the unemployment insurance commission to make transactions as normally it would in disposing of its securities in a manner that was conducive to its own interests.

It is interesting to note that section 20 of the Unemployment Insurance Act provides that investment transactions under sections 85, 86 and 87 shall be made only on the authorization of an investment committee of three members, one nominated by the Minister of Labour, one nominated by the Minister of Finance, and the governor of the Bank of Canada. It happens that those nominated include the deputy minister of finance and the deputy minister of labour. Does anyone think that this investment committee as presently constituted in the face of the present government's financial policy was free to allow the unemployment insurance commission to take the kind of action that would provide some liquidity from its securities?

I think the Minister of Finance owes the house an explanation of these various transactions. I ask him now some questions to which I think replies should be given before this debate concludes. What amounts were loaned by the Minister of Finance to the unemployment insurance fund during the months of April and May to the present date? Are these the only orders in council? Are these the only transactions made by the government to the commission? What issues of government bonds were pledged by the commission to secure these loans? At the time these loans were made was there outstanding to the credit of the unemployment insurance fund not sufficient for the payment of benefits under the act as required by paragraph 1 of section 86 of the act? Will the Minister of Finance report to the house on the amounts of various securities including treasury bills held by the unemployment insurance fund as of March 31, 1959? What were the purchases and sales of various obligations of or guaranteed by the government of Canada including treasury bills for each month of the last fiscal year and at what prices were these transactions made? What were the amounts of each victory loan issue held by the unemployment insurance fund sold during the conversion operation or converted into each conversion bond issue? Those are questions which in this matter we feel have great relevancy to the present situation.

Mr. Regier: Would the hon. member permit a question? I think most of us understood that there was money in the unemployment insurance commission fund. The hon. member is now referring to the unemployment insurance commission borrowing money from the Minister of Finance. Why would the commission borrow if it had lots of money?

Mr. Martin (Essex East): Mr. Speaker, that is the very question with which I have been dealing. I said that the unemployment insurance commission has securities in the amount of many millions of dollars. If it required cash to meet benefit obligations all it had to do was liquidate those securities. Why was that liquidation not permitted? Was it because the government felt that the consequences would be embarrassing to it with regard to its particular financial policy? I do not know. I am simply asking the government to explain why it made these transactions. I am also asking the government to clearly establish that in the face of this situation it had the authority to extend this credit at a time when the unemployment insurance commission was in a position to meet its own obligations.

No one in this house questions the value of unemployment insurance. We sitting in the opposition under the leadership of the present Leader of the Opposition (Mr. Pearson) belong to a group that was responsible for presenting this legislation to the house in the dark days of the war. We were the first to introduce the principle of supplementary payments and we replenished the fund whenever we did provide for these supplementary payments. We support the principle of supplementary payments in the face of the serious unemployment problem that now confronts Canada; but we say that those payments given to people out of work to help to keep them alive should be borne by all of the taxpayers of the country and not imposed on the workers and on the employers of Canada exclusively.

We do not quarrel with the necessity of meeting the exigencies of this fund in the face of the perilous position in which we find it. We say that this perilous position could have been mitigated if the government had taken the right kind of steps to replenish the fund at the time they invaded it for the legitimate objective of providing supplementary benefits. We say that this bill is deficient because it imposes an abnormally high rate of contribution on the workers and on the employers of our country at a time when they are heavily taxed, without providing compensatory benefits certainly in proportion to the increased rates of contribution.

We say that this measure is only half right; we say that this measure does not give us the confidence which otherwise we would possess if we were satisfied that there had been the fullest consultation between the government and the advisory committee of the unemployment insurance commission. We say we would have greater confidence in this measure if we had been satisfied that some of the recommendations made by the advisory committee had been recognized by this government, if there had been an increase in the benefits to those who were called upon to pay the additional contributions. For these reasons I move, seconded by the hon. member for Laurier (Mr. Chevrier):

> That all the words after "that" be struck out and the following substituted therefor:
> "this house declines to proceed with a bill, the terms of which do not provide that the contribution from the government to the fund be made equal to one-half that of the existing combined contributions from employers and employees."

The terms of this amendment, Mr. Speaker, are in harmony with the recommendations unanimously made by the unemployment insurance advisory committee in the summer of 1958.

Mr. Speaker: I expect the debate will continue. I will take this amendment under advisement.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, like yourself, our group would like to take this amendment under advisement and therefore I am not in a position to say at this time what our reaction will be. We received the amendment only a moment ago. However, I have an approach along these lines to the bill as proposed to the house at this time. Only recently the minister advised us of the report of the unemployment insurance advisory committee.

It was very unlucky for me, Mr. Speaker, that I was invited to a reception at Government House over the dinner hour and therefore the recent release of the minister was not available to me until after eight o'clock. However, I do not want to be unduly harsh with the minister. If I were minister of labour, Mr. Speaker, I would never consider a debate in the house of a bill that I was proposing, or of my estimates, unless the ministers most responsible for levels of employment were with me in the house and were willing to share the burden with me. We know, and I think all of us realize, the humane qualities of the Minister of Labour (Mr. Starr). However, I feel that the Minister of Trade and Commerce (Mr. Churchill) and the Minister of Finance (Mr. Fleming) ought to be here and ought to absorb the brunt of the attack in matters of employment and unemployment.

As the Minister of Labour knows, he is not in the front row of the government; he is in the second row, and his responsibility is to administer the acts having to do with labour. He has very little to do with levels of employment or unemployment in the nation. I therefore hope the minister will not take the attacks from opposition ranks as a personal affront, as he will realize that these are attacks on the government as such.

If I had any adverse things to say about the minister they would be that I have completely failed to understand how the minister, knowing him as well as I do, would have the nerve to file a report today that ought to have been filed early last autumn.

Some hon. Members: Order.

Mr. Speaker: Order. The hon. member heard the discussion which took place earlier on the relevancy of the debate on whether this report should have been tabled under the statute or not and how it came to be tabled. I hope he will keep that in mind. It applies equally to him.

Mr. Regier: I shall abide by your ruling, Mr. Speaker, but at the same time I shall appeal to the minister's sense of fair play. I hope he realizes the handicap that the opposition is under when we are asked to discuss amendments to the Unemployment Insurance Act when the very essence of any possible amendments were contained in the report of his own advisory committee as it is established under the law, and which he had and saw fit to table many, many months after the time to table the report had passed. I am not saying that this was done intentionally. However, it places the opposition in this house under a very severe handicap indeed, and if we are to have any respect for the functions of the house—

Mr. Bigg: That would be new.

Mr. Regier: —the opposition ought to be placed at least in a position where they are able to consider the recommendations that the minister has received as to amendments to this act at the time at which we were supposed to receive them. In the amendments the minister is advocating added burdens upon the workers and employers of Canada. It is merely another case, as I indicated on another matter this afternoon, of again adding to the tax burden of the people of the country. I hope the minister and the government will realize that the way out of our difficulty is not by adding to the burdens of the working people of the country. The solution is an expansion of our economy and greater employment. When we have greater employment, more people paying into the unemployment insurance fund and fewer people enjoying the benefits of the fund we will work our way out of the problem we are now seized with much more readily than if the only solution is to add to the burdens of those who are still usefully employed.

The minister is asking us to agree to a 30 per cent additional imposition on the workers and yet only 1 per cent of that additional burden is necessary to meet the extension of the benefits from 36 to 52 weeks. The average worker in Canada is being asked to pay 30 per cent more into the fund than he has been paying. However, if and when he becomes unemployed he will receive nothing by way of additional benefits with the exception that if he is unemployed for more than 36 weeks he will have the assurance that he can obtain benefits for 52 weeks.

Actually what the minister is asking the workers of Canada to do is to pay more money into the pool so that the government of Canada will not be faced with a completely denuded and depleted unemployment insurance fund within a very short time. Only 1 per cent of the 30 per cent is needed to pay for the extension from 36 weeks to 52 weeks of seasonal benefits. All the rest of the added impost on the workers of Canada is intended to replenish the fund. The minister should realize, and I gather he does, that the inadequacies of his own government are the cause of the economic recession. They are the cause of the unusually high level of unemployment and are responsible for the heavy burden being imposed on the unemployment insurance fund. Yet the minister is asking the workers of Canada to make up for the lack of adequate government policy.

Our group agrees that the seasonal benefits should be extended from 36 to 52 weeks. I should like to make the plea at this time that the act be amended in such a way that a gradually rising scale of benefits will be available. It is all right to ask an unemployed person to get by on $24 or $30 a week for a limited number of weeks. However, when his period of unemployment extends to months then the need for a higher weekly benefit is obvious. I believe that the act should be amended to provide for a graduated scale so that if a person is unemployed for three, four, five or six months he will receive a higher weekly income than if he is unemployed only for a limited number of weeks.

I also believe that the act should be amended along the lines of the resolution placed on the order paper by the hon. member for Timmins (Mr. Martin) in which he advocates that enterprises which are vulnerable and may only continue in operation for

a limited period of time should pay an extraordinary amount into the fund so that if what is commonly called a ghost town develops, if a mine or other enterprise completely closes down, there will be some help available to the insured workers over and above their normal weekly unemployment insurance benefits.

I should also like to have seen in the amendments that the minister is now proposing the adoption of the philosophy that in the Unemployment Insurance Act we have the best machinery yet devised for looking after the welfare of our unemployed. I regret that under the act as it now stands the employable unemployed, after the expiry of a certain number of weeks, are advised that there is no more assistance available and that if they need help in order to maintain their homes and their families they must now apply to the social welfare office of their local municipal government. I believe that the Unemployment Insurance Act provides us with machinery that might adequately look after the welfare of all employable Canadians. I have advocated on a number of occasions that the act should be so amended so that when a man's regular benefits have expired he will continue to receive benefits from the unemployment insurance commission. I also advocate that the unemployment insurance commission should be recompensed for these benefits out of the consolidated revenue fund. The economy as a whole should absorb the expense.

The Minister of Trade and Commerce (Mr. Churchill) is not here and has been absent on many other such occasions. The Minister of Finance (Mr. Fleming) is absent. They always leave the Minister of Labour to absorb the brunt of the attack. The Minister of Trade and Commerce ought to be here. He ought to show this house how, if we will now agree to the amendments proposed, his plan for the expansion of trade will relieve the problem a few months hence. The Minister of Finance ought to be here and ought to explain that, while this added taxation may be necessary at this moment, he has plans whereby there will be an economic expansion in the nation so that a year hence we might have hopes of reducing the impost on the working people of the country.

Our contention is that we should have in Canada an ever rising standard of living. It has never been our philosophy to pull anyone down. We do not believe that we build a better society that way, rather all our efforts ought to be directed toward bringing everyone up. We believe that an expanding economy and a policy of full employment would eliminate many of the difficulties with which the Minister of Labour is faced. We regret very much that the Minister of Labour has to be held responsible for the proposed amendments to the act. We do contend, however, that the Minister of Labour is offering nothing to the working people of Canada except an added imposition, an imposition that may be necessary because of the inadequacies of the government in supplying us with an expanding economy and full employment.

Hon. Howard C. Green (Minister of Public Works): I rise on a point of order, Mr. Speaker. I doubt very much whether this amendment is a proper amendment. Your Honour will notice that it reads that this house decline to proceed with a bill, the terms of which do not provide—and so on. Now, surely that is covered by a ruling to be found on page 170 of Beauchesne's fourth edition, where he says:

> An amendment proposing a direct negative, though it may be covered up by verbiage, is out of order.

This amendment is a straight negative that the house decline to proceed with a bill. How can you get an amendment that is more truly a direct negative than that? I refer Your Honour also to paragraph 14 on that same page of Beauchesne:

> An amendment which would produce the same result as if the original motion were simply negatived is out of order.

Hon. members in the two opposition parties are free to vote against this bill, and they may produce quite a few reasons why they propose to vote against it, but surely they are not entitled to move amendments on the basis of those arguments that they use against the bill. However, this is exactly what this amendment seeks to do. Then, I refer Your Honour also to page 279 of Beauchesne's fourth edition, citation 389, the opening sentence of which reads as follows:

> A motion opposing the second reading of a bill must not anticipate amendments which may be moved in committee. Alterations which may be affected by amending the clauses of the bill cannot be moved on the second reading.

We have only had a short time to check up the rules in regard to this amendment, but I do suggest that even on the citations which I have read the amendment is clearly out of order.

Hon. Lionel Chevrier (Laurier): May I be allowed to say that it is quite clear from what the house leader has said that he has only had a short time to consider this amendment. It is evident from what he has said because he has not even cited one paragraph that deals with the amendment. He has referred to three paragraphs which are so general in nature that they do not meet the point which the hon. member is trying to make, namely that this amendment is out

of order. My submission to you, Mr. Speaker, is that all this amendment does is to say that the government should have acceded to the request contained in a report tabled in this house by the Minister of Labour, and one at least of the recommendations in that report suggested that the contributions of the government to the fund should be made equal to one-half—

Mr. Pallett: This is not on the point of order at all.

Mr. Chevrier: If my hon. friend wants to raise a point of order, he can do so after I have resumed my seat.

Mr. Speaker: The hon. member for Laurier has the floor.

Mr. Chevrier: Thank you, Mr. Speaker. I was going on to say, before I was interrupted, that the amendment seeks to carry out the terms or at least one of the terms of the report tabled in this house, to the effect that the contributions of the government to the unemployment insurance fund be made equal to one-half that of the existing combined contributions from employers and employees.

I thought the leader of the house was going to indicate that this amendment meant an added expenditure—

Mr. Green: Perhaps that is an added reason.

Mr. Chevrier: —and that because of that it was out of order. It does not mean any such thing. It means a reduction in contribution, on the contrary, and because of that it seems to me that this amendment is in order.

Mr. Speaker: If anybody wants to use the remaining minutes to discuss the matter, I shall be glad to hear him. I shall defer my decision on this point until tomorrow, taking into account all that has been said. I would refer hon. members on both sides to citation 382 of Beauchesne's fourth edition. It seems to me that this amendment, as it stands, is one of those so-called declaratory amendments which declines the reading of the bill the second time and for reasons which could not be moved at the committee stage. However, I shall defer that matter.

Mr. Herridge: We, in this group—

Mr. Speaker: Does the hon. member for Fort William wish to speak?

Mr. Chevrier: It is not on the point of order.

Mr. Herridge: We in this group, Mr. Speaker, were pleased to hear you say previously that you wished further time to consider this amendment. We were pleased also to hear you repeat that statement just now. We are quite in agreement with that. We trust that you will not be stampeded by any of the remarks made previous to this time.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire what the business is for tomorrow and, if the leader can tell us, what the government intends to do for the rest of the week?

Mr. Green: Tomorrow we shall continue with this debate; then take item No. 6 on today's order paper, the second reading of an act to amend the Federal-Provincial Tax-Sharing Arrangements Act; then the resolution which appears on government notices of motion today having to do with the Bretton Woods agreement; then item No. 15, a resolution concerning the convention covering the abolition of forced labour; then, item No. 13, a resolution preceding a measure on the Defence Services Pension Act; item No. 2, second reading of an act to confirm an agreement between the government of Canada and the government of New Brunswick respecting Indian reservations; item No. 11, a resolution approving the convention on the nationality of married women.

After that, we will take the estimates of the Department of Labour, and then the estimates of the Department of Public Works. There may have to be some change for Wednesday, but in any event we start with that tomorrow, at least.

Mr. Chevrier: Is it the intention to proceed with this work in that order during the course of the whole week?

Mr. Green: I cannot say about the order on Wednesday, but tomorrow we will proceed in this order. There is a chance that if the report of the special committee considering the Canadian National Railways and the Trans-Canada Air Lines is tabled we may go on with the resolution which appears today under government notices of motion concerning the expenditures of the C.N.R.

Mr. Benidickson: Mr. Speaker, may I say on that point that that is a very involved item of legislation, and if the printed records of the committee are not available until tomorrow I do not think the house leader would want us to go into the capital expenditures of the C.N.R. as rapidly as was suggested.

Mr. Green: We would meet the wishes of the members opposite with regard to that.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

SEAWAY AUTHORITY—SCOW DELIVERIES FROM KINGSTON SHIPYARDS

Question No. 333—**Mr. Argue:**

Questions

1. Has the St. Lawrence seaway authority taken delivery of any scows from Kingston shipyards since January 1, 1956?

2. If so, on what dates were they delivered, what official of the seaway authority accepted their delivery in each case, and what was the date of the contract under which they were delivered?

3. Have any reports been made by inspectors of the seaway authority or other inspectors, to the effect that these scows did not meet the specifications agreed upon in the contract?

4. If so, (a) What was the date of each report, and the name, position and personnel rating of the person who signed each report? (b) To whom was each report submitted? (c) In what respect did the scows, fail to meet specifications of the contract as outlined in each report?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The St. Lawrence seaway authority advises as follows:

1. Yes, conditional upon subsequent completion of work (as indicated in answer 4 (c)), there being an urgent need for the scows.

2. Delivered September 9, 1958. Accepted by R. W. Willis, structural engineer, and R. M. Houldsworth, inspector. Contract was dated June 27, 1957.

3. Answered by 4.

4. (a) Certificate to the effect that with the exception of the items mentioned in (c), the whole of the work had been completed to his satisfaction in accordance with the terms of the contract and the governing plans and specifications, was given on October 22, 1958, by J. B. Stirling, chief inspector, the St. Lawrence seaway authority; (b) Submitted to R. W. Willis, structural engineer, who resubmitted it to the chief engineer on the same date; (c) Only in respect to the painting of the interior of the two scows, and the sandblasting and painting of the deck of one of the scows, which work was not completed.

SEAWAY AUTHORITY—SCOW CONTRACTS WITH KINGSTON SHIPYARDS

Question No. 334—**Mr. Argue:**

1. Has the St. Lawrence seaway authority entered into any contract with Kingston shipyards for scows at any time since January 1, 1956?

Questions

2. If so, (a) What was the date of each contract, the date of delivery specified, the contract price, and the terms of each contract? (b) What payments have been made to date under terms of each such contract?

3. Was payment of extras over and above the contract price asked for?

4. If so, what were the terms of the agreement in this respect, and the amount of money agreed on?

5. Has any payment for extras been made to date?

6. If so, on what date were these extra payments made, for what contract, for what purpose, what was the amount of each payment and who authorized it?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The St. Lawrence seaway authority advises as follows:

1. Yes.

2. (a) June 27, 1957; date of delivery specified, September 1, 1958; contract price $179,602; contract contained applicable provisions of standard form, progress payments authorized; (b) payments to date, $172,102.

3. Yes.

4. No extra payment yet authorized by authority.

5. No.

6. Answered by No. 5.

FEDERAL CONTRIBUTIONS FOR BENEFIT OF PROVINCIAL INSTITUTIONS

Question No. 385—**Mr. Racine:**

1. What have been the federal contributions to each province for payments for the benefit of provincial institutions (a) university grants; (b) grants to municipalities in lieu of taxes on federal government property, during the fiscal years 1956-57 1957-58, 1958-59, and estimated amounts for the fiscal year 1959-60?

2. In what fiscal year was each of these payments inaugurated?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

1. The federal government does not make contributions to provinces for the benefit of universities or municipalities. In the case of the university grants program a lump sum payment is made to the national conference of Canadian universities which is responsible for the distribution among qualifying institutions.

(a) The conference advises that the amounts paid out to institutions within each province are as follows:

Questions

	1956-57		1957-58	1958-59
British Columbia	$1,398,464		$1,487,000	$2,316,000
Alberta	1,123,116		1,160,000	1,801,500
Saskatchewan	880,665		879,000	1,332,000
Manitoba	850,040		860,000	1,305,000
Ontario	5,404,933		5,622,000	8,704,500
Quebec	4,628,376	*	4,758,000†	7,326,000‡
New Brunswick	554,616		565,000	865,500
Nova Scotia	694,717		702,000	1,065,000
Prince Edward Island	99,285		99,000	150,000
Newfoundland	415,074		426,000	657,000
	16,049,288		16,558,000	25,522,500

*Entire amount returned to the N.C.C.U.

†Of this amount $4,753,562.57 was returned to the N.C.C.U.

‡Of this amount $7,295,277 was returned to the N.C.C.U.

1. (b) Payments to municipalities in lieu of taxes by provinces

	1956-57	1957-58	1958-59
Newfoundland	——	33,491	132,533
Prince Edward Island	58,081	75,618	89,297
Nova Scotia	1,173,041	1,868,281	1,897,836
New Brunswick	493,771	780,821	925,498
Quebec	1,092,058	2,359,833	2,709,221
Ontario	4,701,505	8,135,558	9,791,385
Manitoba	787,758	1,039,625	1,544,426
Saskatchewan	283,972	625,300	726,469
Alberta	329,687	1,045,063	1,676,406
British Columbia	595,709	1,453,395	2,245,199
	$9,548,850	$17,416,985	$21,738,270

It is not possible to give the estimated figures by provinces for the fiscal year ending March 31, 1960. In the main estimates, the total provided for grants to universities is $26,221,500 and for payments to municipalities in lieu of taxes is $22,500,000.

2. 1951-52; 1950-51.

HOUSE OF COMMONS

Tuesday, May 12, 1959

The house met at 2.30 p.m.

HOUSE OF COMMONS

WELCOME TO FORMER SPEAKER, HON. ALBERT SEVIGNY

Mr. Speaker: I would not ordinarily take the liberty of interrupting the house to welcome a former speaker; but since the gentleman in question was the speaker of this house in 1916, 43 years ago, and is now chief justice of the province of Quebec and apparently in good health and not a frequent visitor, I think the house might give me the liberty of expressing on its behalf our welcome and good wishes.

RAILWAYS, AIR LINES AND SHIPPING

Second report of sessional committee on railways, air lines and shipping—Mr. Tassé (for Mr. Rowe).

ST. LAWRENCE SEAWAY

WELLAND CANAL—SUGGESTED PRIORITIES FOR CANADIAN SHIPS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I should like to direct a question to the Minister of Transport. In view of the delays which have taken place on the Welland canal, I should like to know whether it is the intention of the government to establish a system of priorities which would give the right of way to ships of Canadian registry over those of foreign registry.

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for giving me notice of his intention to ask this question. The answer is that there is no such intention at the present time, but this matter is under study. I might also add for the information of the house that at this moment there are only six Canadian ships waiting at Port Weller for entry into the Welland canal.

Mr. Chevrier: May I ask the minister a supplementary question. Has the minister given any consideration to the installation of sector type gates in the lock at Thorold, where I am informed there has been quite a bit of delay? These sector type gates are similar to those used on the new locks of the seaway. If they were installed I believe they would speed up the movement of ships very considerably.

Mr. Hees: Mr. Speaker, I inspected that lock yesterday and I was not advised of any slow-down in the operation of the lock gates. There was a slow-down of 16 hours during which the whole canal was stopped because a Canadian ship went out of control and ran into a safety gate, but that had nothing to do with the type of lock or the type of gate. That was the fault of the ship in question, but I shall be very glad to look into the matter.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, may I ask a supplementary question. Can the minister comment on, or tell us whether any consideration is being given to, the protests of some Canadian interests over the fact that foreign ships are not required to carry pilots throughout the whole of the lakes, and whether any consideration is being given to putting that rule into effect?

Mr. Hees: Mr. Speaker, I have heard no such protests.

TRADE

REPORTED STATEMENT BY UNITED KINGDOM TRADE COMMISSIONER

On the orders of the day:

Mr. Augustin Brassard (Lapointe): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce. In view of his absence I should like to direct my question to the Minister of Finance. My question arises out of a statement made yesterday in Vancouver by the United Kingdom trade commissioner. The trade commissioner is reported to have said that the United Kingdom would definitely put pounds before loyalty to the commonwealth if Russia undercuts world prices. I would like to ask the Minister of Finance if this policy came about as a result of the 15 per cent diversion policy of the new Conservative government.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I suggest that before the hon. member phrases his question in that way he should first satisfy himself as to the accuracy of the statement attributed to Mr. McGregor, the senior United Kingdom trade commissioner in Canada. I have information that the statement attributed to him was not made in that form at all. I may say, Mr. Speaker, that Mr. McGregor was giving a

press conference in Vancouver and the reporter from the Vancouver *Sun* put to him this question:

> Do British businessmen put pounds before loyalty to the commonwealth?

Mr. McGregor never used this expression, as I am informed by the United Kingdom high commissioner, and his answer was merely to the effect that British businessmen did trade with Russia and had been so trading for a hundred years in the course of ordinary commercial practice. When the newspaper in question publishes the article under the caption "U. K. Buys Red Goods" I think it will be seen, Mr. Speaker, that the actual statement does not correspond with the headline or with the question of the hon. gentleman.

I may add as well, Mr. Speaker, so far as this matter relates to commonwealth trade, that the United Kingdom high commissioner, since this matter appeared in the press this morning, has issued a statement referring to the conclusions reached at the commonwealth trade and economic conference at Montreal last autumn. He concludes his statement with this sentence:

> Within a multilateral trading system over the widest possible area, Britain remains determined to increase its trade with other commonwealth countries to the maximum possible extent.

Mr. Pearson: May I ask the minister what he is reading?

Mr. Fleming (Eglinton): I said this is a statement given to me by the United Kingdom high commissioner.

LEAD AND ZINC—REQUEST FOR STATEMENT ON DISCUSSIONS IN NEW YORK

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): In the absence of the Minister of Trade and Commerce may I ask the Minister of Finance if he or perhaps some other member of the government is in a position to make a statement regarding the discussions on lead and zinc held under United Nations auspices at New York last week.

Hon. Donald M. Fleming (Minister of Finance): I think the house will agree that the question ought to be answered by the Minister of Trade and Commerce himself on his return. I shall be glad to bring it to his attention.

BRIDGES

WELLAND CANAL—REQUEST FOR NEW HIGH LEVEL BRIDGE

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Minister of Transport. In view of the automobile traffic tie-ups caused by the additional traffic through the Welland ship canal, will the minister recommend to his colleagues federal financial participation in the construction of a new high level bridge over the Welland canal at the Queen Elizabeth highway?

Hon. George H. Hees (Minister of Transport): I am not aware of any automobile tie-ups due to traffic going through the Welland canal at the present time.

Mr. McIlraith: You had better get around.

Mr. Hees: The delays are due to ships waiting to enter the canal at Port Weller, not in the canal itself. Once the ships are in the canal they go through in perfectly normal fashion.

Mr. Hellyer: I was not referring to the ships. I was talking about automobiles. Perhaps they put the bridge down for the minister. I think he knows the bridge I refer to.

Mr. Hees: Mr. Speaker, I think it would do the hon. member a lot of good if instead of talking off the top of his head, he would go there and have a look at what he is talking about.

Mr. Hellyer: Mr. Speaker, I should like to ask the minister if he is aware of the fact that I was there about a week ago. I did not get the red carpet treatment, and there was a considerable traffic tie-up.

Mr. Hees: If the hon. member was there, had his eyes open and watched what was going on he would have seen that the canal was working in perfectly normal fashion. The crews and the locks are working at top speed and full capacity. The fact remains that the canal has become very popular as more ships than were expected are using it. The canal is in the position of a popular girl at a party, with the boys simply having to line up for dances.

Mr. Hellyer: That is exactly what I said.

NATIONAL REVENUE

SEATTLE, WASH.—REQUEST FOR CUSTOMS AND IMMIGRATION FACILITIES AT AIRPORT

On the orders of the day:

Mr. J. R. Taylor (Vancouver-Burrard): With air travel increasing rapidly between Canada and the United States, and with the summer tourist season approaching, will the Minister of National Revenue give early consideration to the establishment at the air terminal in Seattle, Washington, of facilities for handling customs and immigration, thus eliminating much inconvenience and delay at the port of Vancouver?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I will take this matter under consideration, consult with the officials of the department, and give a reply later to the hon. member.

CANADIAN NATIONAL RAILWAYS

REQUEST FOR POLICY STATEMENT RESPECTING LAY-OFFS NORTH OF GUELPH

On the orders of the day:

Mr. W. M. Howe (Wellington-Huron): Mr. Speaker, I have a question for the Minister of Transport. In view of the fact that many C.N.R. employees in the Palmerston area are losing their jobs due to dieselization, automation and transfer of work to other points, and that another lay-off will affect men with 30 to 40 years' seniority who have given their lives to the service, will the government indicate what the policy is with regard to the C.N.R. north of Guelph?

Hon. George H. Hees (Minister of Transport): This seems to be my day, Mr. Speaker. I wish to thank the hon. member for giving me notice of his intention to ask this question. The management of the Canadian National Railways advise that as a result of dieselization there was a certain rearrangement of staff in the area north of Guelph. A total of 15 employees were involved, 13 of whom were able to exercise their seniority rights in accordance with the appropriate wage agreement. The institution of improved passenger train service in the Bruce peninsula through the use of rail diesel cars effective June 21 will also mean certain adjustments, but all the men involved will be able to exercise seniority rights. It is the general practice of the management to cushion the impact of technological changes so far as is possible and to assist the placing of employees in other forms of work.

TRANSPORT

GREAT SLAVE LAKE—STATEMENT ON REPORTED CHANGE IN ROUTE OF PROPOSED RAILWAY

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday in my absence the hon. member for Peace River asked two questions concerning the proposed Great Slave lake railway line. I can only say at the present time that no decision has yet been reached as to the route of the proposed line, and assure the hon. member that in the consideration being given the matter by the government all relevant factors are being taken into account.

Mr. McIlraith: No decision until after the Alberta election.

Inquiries of the Ministry

NORTHERN TRANSPORTATION CO.—REPORTED INTENTION TO USE U.S. SHIPS

On the orders of the day:

Mr. M. A. Hardie (Mackenzie River): I wish to direct a question to the Minister of Transport. Is the minister aware that the crown-owned Northern Transportation Company intends to use ships of United States registry in Arctic work this year? If so, would he assure the house that other Canadian companies will be given the opportunity to do at least some of this work before these United States ships are brought in?

Hon. George H. Hees (Minister of Transport): I am not aware of that fact; neither was I given any notice of this question. I will be glad to look into this and give the hon. member an answer as soon as I have done so.

HIGHWAYS

TRAFFIC DELAYS OCCASIONED BY CONSTRUCTION OF BRIDGE AT MONTREAL

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport. Is the government doing anything to reduce the delays of some 10 weeks to highway traffic at Montreal caused by the construction of a diversionary railway span by the Canadian National Railways?

Hon. George H. Hees (Minister of Transport): The government and the Canadian National Railways have looked into all possible means of reducing or minimizing delay. The only plan of which I know that has been put forward for so doing would cost over a million dollars, and neither the government nor the Canadian National has decided to go ahead with such a plan.

Mr. Chevrier: Will the government or the minister give consideration to the construction of a Bailey bridge, which would substantially reduce those delays of 10 weeks this year and perhaps much longer next year?

Mr. Hees: As I said, the construction of an auxiliary bridge has been considered, but the cost of such a bridge is believed to be very high.

DEFENCE PRODUCTION

UNITED STATES—STATEMENT ON REPORTED FAILURE OF CANADIAN FIRM TO SECURE TURBINE CONTRACT

On the orders of the day:

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, I wish to comment briefly on a question raised yesterday by the hon. member for Ottawa West.

This concerned the supply of hydraulic turbines for a dam being constructed by the United States army engineers, for which a bid was submitted by a Canadian company. Specifically, the hon. member asked whether the procedure for evaluating bids which was being followed by the United States army engineers, as reported in the press, was at variance with the arrangements for production sharing.

The answer is no. The production sharing arrangements apply only to the production and procurement of defence supplies. The turbines required do not fall into this category, being part of a civilian project. The United States army corps of engineers are involved, not because of any defence implications but only because it is the practice of the United States government to make them responsible for the execution of works of this nature.

I would add that although there is no direct defence production interest in this matter, my colleague the Minister of Trade and Commerce should be the one to make any further comments if further comments are necessary.

Hon. L. B. Pearson (Leader of the Opposition): Is the minister not aware of the fact that national security is one consideration governing the award of these contracts in the United States? Could it not therefore be assumed that this had defence implications and be brought under the terms of the agreement?

Mr. O'Hurley: In reply to the Leader of the Opposition I may say that the information I have received is that the United States army engineers always work on these projects, these dams, and the project is not of a defensive nature at all.

Hon. Paul Hellyer (Trinity): Is the minister aware that the United States electrical manufacturers have applied to Washington for a declaration that this is in fact a project related to defence in the United States?

Mr. O'Hurley: Is the hon. member for Trinity referring to this dam?

Mr. Hellyer: No; the installation of the turbines, Mr. Speaker.

Mr. O'Hurley: Well, Mr. Speaker, according to the information we received it is not a defence project at all; it is a civilian project.

Mr. McIlraith: Will you find out?

Mr. O'Hurley: We certainly did.

[Mr. O'Hurley.]

FINANCE

REPORTED INTENTION TO CURTAIL PERSONAL AND COMMERCIAL LENDING

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to direct a question to the Minister of Finance. Is the minister aware of an intention on the part of the Bank of Canada and others to curtail personal and commercial lending at this time?

Hon. Donald M. Fleming (Minister of Finance): No, Mr. Speaker, I am not. I saw a newspaper article to that effect this morning. I can only conclude that it was completely speculative, because I have no knowledge of any such intention on the part of the Bank of Canada.

Mr. W. M. Benidickson (Kenora-Rainy River): If the minister should, in the next day or two, receive from the governor of the Bank of Canada a copy of a letter directed to the banks along these lines, would he inform the house about its contents?

Mr. Fleming (Eglinton): I would expect to, unless the letter should be of a confidential nature.

HOUSING

C.M.H.C.—ALLEGED FAILURE TO PROVIDE LOW COST HOUSING IN NORTHWESTERN ONTARIO

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Minister of Public Works. I wonder if the minister has any knowledge of the repeated accusations that Central Mortgage and Housing Corporation has failed to provide low cost housing in the hinterland areas, specifically in the northwestern Ontario region?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, yesterday the hon. member for Fort William (Mr. Badanai) asked me a similar question having to do with the town of Atikokan. I think all the complaints have come from that town. The question asked yesterday was as follows:

> Can the minister inform the house whether down payments on low cost housing in remote areas, such as the town of Atikokan, are on a par with down payments asked in larger centres?

Perhaps I could deal with the two questions in the one answer. There are three factors involved in the determination of down payments. The first factor is the loan terms available under the National Housing Act; 90 per cent of the first $12,000 of the appraised value of a dwelling and 70 per cent of the remainder. These terms are the same in all areas, large or small.

The second factor is the appraised value. The National Housing Act provides that the corporation will determine appraised values for lending purposes. Appraisal levels are adjusted on the 1st of January and the 1st of June each year, as a result of surveys of material costs and wage rates conducted in the corporation's branch office areas. Because residential construction costs in small towns are usually not less than in neighbouring urban areas, the amount of loan in such towns is usually as great as or greater than in urban areas. For example, the loan level in Atikokan is 8 per cent higher than in Fort William and 10 per cent higher than in Winnipeg. Appraisal levels in Atikokan were adjusted upward by 5 per cent on the 1st of January as a result of the survey of residential costs carried out in the area late in 1958.

The third factor affecting the amount of the down payment is the actual selling price of the dwelling. This is something over which the government or Central Mortgage and Housing Corporation has no control. It depends on market conditions, the kind of house and so on. It is the difference between this selling price and the loan which determines the down payment.

In view of the rather bitter attack made by a real estate agent and builder in Atikokan on Central Mortgage and Housing Corporation, I should like to add the following. The housing standards prescribed by the division of building research of the national research council do not mitigate against minimum standard or low cost housing in Atikokan or in any other community. Houses similar to the C.M.H.C. minimum house, which the corporation is prepared to approve, may be built in Atikokan without basements, and indeed without foundation walls. The house may be built on concrete posts. It need not be equipped with electrical services or plumbing, if such facilities are not available in the community. It is known that this house can be built to sell for $8,000 including land, and equipped with both electrical and full plumbing services.

Mr. Benidickson: How much?

Mr. Green: For $8,000. It is also known that this house, similarly equipped, can be built to sell for $9,500 including land in Prince George and Dawson Creek, two of the highest cost areas in Canada. As yet there has not been an application for a minimum house of this type in Atikokan. A loan for the construction of a house similar to the corporation's minimum house would be approved to any creditworthy borrower in Atikokan, Kenora—although I do not suppose they would want minimum houses there—

Mr. Benidickson: Oh, yes.

Mr. Green: —Dryden, Geraldton, Marathon or any other community in northern Ontario.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, may I ask a supplementary question. I know the procedure here. The minister is naturally dependent upon advice given to him by his officials. May I just say that I think, in referring to a builder, he was rather unfair in that the person who is best known—

Some hon. Members: Question.

Mr. Benidickson: My question is this. Has the minister noted that one of the chief supporters of this government in northwestern Ontario declined to accept a directorship in the Ontario chamber of commerce because he felt that that body, contrary to what they did last year, were not prepared to advance the same recommendations along those lines?

Mr. Green: I think this is the builder and real estate agent to whom I was referring. I really was not a bit interested in his politics. I repeat that he made a very strong statement, and a statement which I considered to be unfair.

Mr. Benidickson: Well, I think the minister's statement was unfair, because—

Some hon. Members: Order.

Mr. Speaker: I think this matter should not be continued. I see that it is not.

Mr. J. R. Garland (Nipissing): I should like to ask the Minister of Public Works, in view of the answer he has already given, whether he is in a position to confirm or deny definitely that officials of Central Mortgage and Housing Corporation have been instructed to discourage the construction of these so-called minimum houses in any area of northern Ontario?

Mr. Green: All the instructions I have given to Central Mortgage and Housing Corporation have been just exactly the opposite. I have encouraged the constuction of minimum houses, not only in northern Ontario but in every part of Canada where they can be built.

Mr. Garland: Is the minister in a position to know if his officials are carrying out his orders?

Mr. Green: If the hon. member will give me the name of any official who is not carrying out this instruction I will be very glad to make inquiries.

Mr. M. W. Martin (Timmins): I should like to address a supplementary question to the Minister of Public Works. Does the minister

know of any opposition from real estate people other than those mentioned already in connection with this minimum house?

Mr. Speaker: I should scarcely have thought that was a matter within the administrative responsibility of the minister unless the question means, have there been any communications.

Mr. Martin (Timmins): Has this been drawn to the minister's attention?

Mr. Green: No, Mr. Speaker.

(Translation):

HEALTH INSURANCE

INQUIRY AS TO REPORTED STATEMENT BY QUEBEC MINISTER JOHNSON

On the orders of the day:

Mr. Azellus Denis (St. Denis): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare (Mr. Monteith)?

La Presse reported yesterday that, at a meeting of the Catholic Hospitals Association of Canada, the Minister of National Health and Welfare met the representative from the province of Quebec, Hon. Daniel Johnson, Minister of Hydraulic Resources, and on this occasion, the provincial minister told him, regarding Quebec's acceptance—

(Text):

Some hon. Members: Question! Question! Order!

(Translation):

Mr. Denis: —of the federal plan for hospital insurance—

(Text):

Mr. Speaker: I think the hon. member is indulging in somewhat extended preliminaries. Perhaps he could ask his question.

Mr. Denis: I was just preparing the minister to answer my question.

(Translation):

He is reported as having said this:

If and when we accept to participate in your plan, it will be with the determination to obtain much more than is being offered at the present time. It will be a hard bargain.

My question is this: Did the Minister of National Health and Welfare obtain further particulars on this matter from the provincial minister? If so, what are they?

(Text):

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, this is completely out of order—

Some hon. Members: Why?

Mr. Monteith (Perth): —because whatever conversations I may have had with the minister of resources for the province of Quebec took place at a dinner, and they were of a very private nature. It was a purely personal discussion.

Mr. Denis: I think it is very important—

Mr. Speaker: Order. The hon. member has already taken considerable liberties with his question. He knows he is not entitled to insist upon an answer, as I have said from time to time. He is entitled, perhaps, to a reply, but he has had his reply.

ADMINISTRATION OF JUSTICE

NEWFOUNDLAND—INQUIRY AS TO APPOINTMENT OF CHIEF JUSTICE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I might ask the Acting Minister of Justice if the rumour is correct that a chief justice of Newfoundland has been appointed.

Hon. Leon Balcer (Acting Minister of Justice): I am very sorry, but I cannot confirm this rumour.

POST OFFICE DEPARTMENT

INQUIRY AS TO PURCHASE OF U.S. SCOOTERS

On the orders of the day:

Mr. Azellus Denis (St. Denis): May I direct a question to the Postmaster General. Has the minister any progress report to make about his American scooters?

Hon. W. M. Hamilton (Postmaster General): If the hon. member would preserve his impatience until my estimates are under consideration, I will be glad to give him all the details.

UNEMPLOYMENT INSURANCE ACT

AMENDMENTS TO INCREASE RATES OF REMUNERATION AND CONTRIBUTIONS, ETC.

The house resumed from Monday, May 11, consideration of the motion of Mr. Starr for the second reading of Bill No. C-43, to amend the Unemployment Insurance Act.

Mr. Speaker: Before proceeding with the debate on the motion for second reading of Bill C-43, perhaps I should present to the house the problem which arose over the amendment which was moved by the hon. member for Essex East (Mr. Martin), in the following terms:

That all the words after "that" be struck out and the following substituted therefor: "this house declines to proceed with a bill, the terms of which do not provide that the contribution from the government to the fund be made equal to one-half that of the existing combined contributions from employers and employees.

Mr. Green: If Your Honour is proposing to give a ruling, may I suggest that you allow hon. members the opportunity to make submissions to you first in respect to this point of order?

Mr. Speaker: I was just about to say that I had given careful consideration to this, but that before dealing with the matter I should be glad to hear any hon. member who feels that the amendment is not in order. I did suggest last evening, it will be recalled, that hon. members might take the opportunity to give the matter some consideration overnight. I say quite frankly that my considerations up to this point lead me to think that the amendment could be sustained. I should be glad to hear any hon. member who would like to contest the regularity of the amendment.

Mr. John B. Hamilton (York West): Before you make your ruling, and bearing in mind that there were extensive arguments advanced here last night, I should like to say a few words on this particular point. It seems to me that the opposition in this case had some four alternatives before them with regard to this piece of legislation. First, they could vote against this bill, and they may still do so. Second, they could move a six months' hoist which would, in effect, kill the bill—

Mr. Chevrier: Order.

Mr. Hamilton (York West): Third, they could propose that it be sent to a committee for further consideration if they felt there was something substantial which they wanted to change. As a matter of fact, I think in this connection the minister said yesterday that he was quite prepared that this bill should go to a committee.

There is, then, a fourth alternative which is the one the opposition has chosen. They could move a declaratory amendment adverse to the principle of the bill itself. A great deal of the evidence in this case indicates that the amendment as phrased is not adverse to the principle of the bill, and on that ground I believe it should be ruled out of order. In my opinion the opposition by this amendment is trying to have things both ways. Hon. members of the opposition obviously do not want to vote against this bill, but at the same time they want to use this method to hold it up and substantiate the position they are taking.

I wish to refer Your Honour to two references in Beauchesne's fourth edition. The first is a page 279, citation No. 388. I shall not deal at length with the facts referred to in this citation, but reference is made to a bill dealing with co-operation between the Canadian National Railways and the Canadian Pacific railway. I refer Your Honour to the last words of the paragraph, in which it is stated:

> The Speaker ruled this out for the reason that, instead of being a declaration of principle, it proposed a postponement of the second reading pending a definite declaration of the house; moreover, it did not purport to disagree with the principle of the bill but it dealt with its provisions and anticipated amendments whch may be moved in committee.

I would also refer you to citation 393, subparagraph 1, at page 280. It reads:

> An amendment purporting to approve the principle of a bill and at the same time enunciating a declaration of policy cannot be moved to the second reading.

We also have the words of the mover himself as reported at page 3553 of *Hansard* of May 11:

> We support the principle of supplementary payments in the face of the serious unemployment problem that now confronts Canada; but we say that those payments given to people out of work to help to keep them alive should be borne by all of the taxpayers of the country and not imposed on the workers and on the employers of Canada exclusively.

In effect the mover of the amendment said that he approved of this principle. In all likelihood the hon. member for Laurier will say that if this were reserved and sent to a committee it would be impossible to move an amendment of the type that is involved here. This is not a case where the opposition contend that there is going to be an increase in government expenditure and therefore the amendment could not be moved in committee. At page 3556 of *Hansard* the hon. member is reported as having said:

> It means a reduced expenditure, on the contrary, and because of that it seems to me that this amendment is in order.

If it is in order in connection with the amendment of the hon. member for Essex East now before the house, then obviously it would be in order in connection with an amendment placed before a committee. We have a situation where the opposition are attempting to do something at this stage, but at the same time if the argument hon. gentlemen opposite advanced last night is correct they would be perfectly in order in attempting to do it at the committee stage. In the face of this fact I would say that the amendment should be ruled out of order.

Mr. Speaker: I wonder if the hon. member could elaborate the way in which he considers the principle declared in the amendment is not contrary to the principle of the bill. I had some difficulty in following what he said in that respect.

Mr. Hamilton (York West): I would answer Your Honour's question in this way. At the present time this legislation provides for contributions by the government to the unemployment insurance fund. There is no change in principle in connection with the amendment which has been proposed; there is only a change in the amount. Under those circumstances I would submit that an amendment of this kind is clearly not contrary to the principle of the present legislation.

Mr. Speaker: May I say that if I could accept the view which has been so well expressed by the hon. member for York West, that the amendment amounts to nothing more than an attempt to change the amount of the government contribution by reducing it, then I would have to agree that the amendment is not in order because such an amendment could be moved in committee at the committee stage, and it is clear that no amendment to the principle of the bill on second reading can be accepted if it is an amendment that could be put forward when the bill progresses to the committee stage.

Mr. Hamilton (York West): Mr. Speaker, before making your ruling could I redirect your examination to the views expressed last night by the hon. member for Laurier in that respect.

Mr. Speaker: I followed with interest the quotation from the address that was given, but what I have to interpret is the amendment itself and I think I should give my views on it, perhaps not at great length but at sufficient length to indicate the reasoning I am following.

As the hon. member for York West said, there are a number of ways one can approach an amendment to second reading of a bill, and he has enumerated them. If this one is to stand it clearly must fall within the scope of an amendment declaratory of a principle opposed to the bill. Beauchesne in citation 382 makes it clear that such an amendment is possible. In fact it has been recognized both here and in other parliaments as a proper amendment to second reading. Citation 382 of Beauchesne's fourth edition reads as follows:

> It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from the principles, policy, or provisions of the bill—

I have examined this proposed amendment from that point of view, first as to its form. The form of the proposed amendment to my mind is acceptable. There are precedents both in this parliament and in the United Kingdom for this particular formula for moving a declaratory principle. For example, in the journals of 1877 of the British House of Commons an amendment is noted which declined to proceed further with the bill under discussion for reasons of the principle. Also, in 1933, at page 17 of the journals of the British house, there was another reasoned amendment moved in the following words:

> An amendment was proposed to be made to the question, by leaving out from the word "That" to the end of the question, and adding the words "this house declines to assent to the second reading of an unemployment bill which fails to recognize that all the victims of the unemployment which is inherent in the modern system of industrial capitalism are entitled to equal and honourable treatment and maintenance—

—and so on. Therefore I am satisfied that the form is correct. The real question to my mind is whether it is relevant to this bill. I asked myself what the principle of the bill was, and I have taken in answer the words of the Minister of Labour in explaining the principle of the bill yesterday, as he indicated it in moving second reading of this bill, which is one to amend the Unemployment Insurance Act. He said, as reported at page 3537 of *Hansard*:

> The present amendments in this bill will provide coverage for a greater number of wage earners. They will increase benefits and allowable earnings. They will also increase contributions.

With respect to contributions the minister said:

> However, there is a responsibility on the government to maintain the fund in a condition of equilibrium and this the new schedule of contributions will help materially in effecting.

Therefore one of the principles of the bill is that of maintaining the fund by increasing the contributions. As hon. members know, there are three sources of contributions, namely the employer, the employee and the government. The bill provides that specific increases in contributions be made by both employers and employees. It does not propose to amend section 83(c) of the Unemployment Insurance Act, which provides for the contribution by the government to the fund of one fifth of the amount contributed by employers and employees. However, the effect of increasing contributions which employers and employees are to make under this bill is automatically to increase the amount the government will have to pay to make up its one fifth contribution under the existing act. What the hon. member is saying in his proposed amendment is that the increased contributions to the fund should be made by the government, by increasing its contribution from one fifth to one half of the employers' and employees' contribution as they

now exist, and leaving the employers' and employees' contributions as they now stand.

This, I think, is where I really part company with the hon. member for York West, because if the amendment were found to provide for a one half contribution of the revised schedule it might then be said not to be different in principle but in amount only. In other words, the opposition asks the house to consider a different principle of maintaining the equilibrium of the fund by increasing the contribution of only one of the three contributing parties, namely the government.

It is a resolution declaratory of a principle adverse to the main principle of the bill. It is not an amendment which could be moved in committee except by an amendment which would call specifically for increased expenditures of public funds, which no opposition or private member is entitled to do.

Now, I find some difficulty, as I am sure all members do, with these declaratory amendments. One cannot go too far with them because they would open the way to an endless succession of debates on the second reading of a bill; but in this case it seems to me there is a principle which is different and relevant, because it is a principle of contributions to the fund. Where there is a reasonable doubt or difference of opinion as to whether such an amendment is regular or not, I suggest to hon. members that it should be resolved in favour of the right of private members to bring a matter of this kind before the house, particularly as their function in money matters is so restricted. When this bill comes in and is debated—and its principles are only discovered when it is introduced—I think the door is then closed to a debate at a future time on this particular principle. If a member is to bring the idea of this amendment before the house and divide the house on it, it seems to me this is the only opportunity to do so.

As I say, it appears to me to meet the precedents and the rules of the house; therefore I am prepared to allow the amendment.

Is the house ready for the question?

Mr. Hubert Badanai (Fort William): Mr. Speaker, at the termination of the debate on the amending bill last night the leader of the house made the suggestion that members of the opposition were free to vote against the bill if they so wished. Sentiment along the same lines was expressed a moment ago by the hon. member for York West. We are not against the clause in the bill which provides for an extension of payments from the present 36 weeks to 52 weeks, but we are opposed to the increase in the contributions without corresponding benefits being paid out. Even the extension from 36 weeks to 52 weeks will benefit only a very small percentage, approximately 3.5 per cent, of the workers from whom excessive amounts in contributions are being extracted, and also from the employers. In other words, we are not being fooled by the contents of this bill.

For the record I should like to go a bit into the history of the bill which was introduced in this house by Hon. N. A. McLarty, the then minister of labour, on July 16, 1940. This is the resoluton which I shall read, as recorded on page 1647 of *Hansard*:

> That it is expedient to introduce a bill to enact a scheme of national employment insurance to be administered by a commission appointed by the governor in council, and to create an unemployment insurance fund from contributions from specified persons and from moneys provided by parliament, for the payment of insurance benefits, to be administered by the commission assisted by an advisory committee; with provision also for the organization and maintenance of an employment service administered by the commission with the advice and assistance of a national employment committee; also with power to the governor in council to establish committees and boards subsidiary to the commission and to enter into agreements with the governments of other countries for reciprocal arrangements relating to unemployment insurance; with provision for the remuneration of the commissioners and the appointment and remuneration of such officers, clerks and employees as may be required for the due carrying out of the provisions of the act and for the costs of administration.

During the debate Mr. McLarty said this, as reported at page 1647 of *Hansard*:

> The surest foundation on which to base democratic government is a happy and contented people. Nothing militates more against happiness and contentment than fear. By this measure, fear will be removed to some extent from 4,660,000 of the Canadian people.

These figures included the dependants of the workers affected by the act. When the Unemployment Insurance Act was first introduced the entire labour force in Canada under the act was estimated at 2,100,000. During the course of the debate the then leader of the opposition, Mr. R. B. Hanson, gave approval to the principle of the bill, as indeed it met with the approval of all parties. However, he did question the amount which industry would be asked to pay as its contribution to the plan.

He said this, and I quote from page 1653 of *Hansard* for July 16, 1940:

> I have been told it is estimated that industry will be asked to pay $50 million into the fund in a good running year, after the act has come into operation. I do not know whether or not that is a correct estimate.

The then Liberal minister of labour replied as follows:

> No. I know that the leader of the opposition does not want to give anything but a correct

impression. That would be a very exaggerated figure of what industry would pay under the rates fixed by the proposed bill.

Mr. Hanson then continued:

I have no means of knowing, of course, but that is the figure which has been indicated to me, and I am glad the minister has indicated that it is an exaggerated figure. He will be prepared, when the opportune moment comes, to state the maximum amount which will be taken from industry to finance these proposals. I think the country would like to have the most solemn assurance that the scheme will be actuarially sound, because if it is not, and there is a deficit, the treasury of Canada will be asked to meet the deficit.

These quotations from the debate which took place when the original bill was introduced 19 years ago reveal that the members of the party in opposition at the time, now the government party, were very much concerned with the cost of the operation of the act at a time when unemployment was almost non-existent with the exception of the unemployable. The number in our labour force has probably trebled since then, and the number of unemployed now appears to be in the neighbourhood of half a million.

I am not opposed to the provision to replenish the unemployment insurance fund, which is depleted and overdrawn; but surely when we are asking labour and industry to increase their contributions by approximately 30 per cent with no increase in the benefits to the workers there is something wrong with the bill. The contribution of the worker earning from $51 to $57 per week is being increased from 56 cents to 72 cents a week. A single man in that salary range now receives $21 per week by way of benefit and a person with dependants receives $28. The present bill does not provide for any increases. That is indicated in schedule A on page 4 of the bill, where we see that the rate of benefit for a single person is $21 per week and for a worker with dependants $28 per week.

By no stretch of the imagination can it be assumed that the bill will benefit labour to the extent that we are led to believe. Does the bill include hospital employees? Does it include nurses? Does it include domestic help? It does not include any of these categories. All there is in the bill is a higher contribution by labour and industry without corresponding increases in the benefits, except that the eligibility for unemployment insurance has been extended to 52 weeks.

I sincerely trust this does not mean that the government has given up hope of being able to introduce a program which will eliminate the necessity of accepting continuous large scale unemployment. Our objection to the bill stems from the fact that the government has ignored the recommendations of the advisory committee to the effect that any increase in contributions by labour and industry should be accompanied by corresponding increases in the benefits.

I like to go back into the history of this legislation, because it shows the difference between the attitude of the government in power when the act was originally introduced and that of the present government. For the benefit of the house I should like to quote from *Hansard* of July 18, 1940, at page 1719, where I find the following:

Right Hon. W. L. Mackenzie King (Prime Minister): I understand my hon. friend the Leader of the Opposition does not wish to proceed with the second reading of the unemployment insurance measure today.

Hon. R. B. Hanson (Leader of the Opposition): That is correct. I have striven vainly to understand the principles and details of this bill. Under ordinary circumstances counsel would take at least three days to brief this bill: I have had about four hours. I protest against any attempt to rush this bill through the house without adequate time for study, even before it comes to second reading. The bill, apart from any war measures that we have put through parliament, is the most important measure that I can recall for years, since the act of 1930 at any rate. It involves the annual expenditure of millions upon millions of dollars. There should be no rush to push it through the House of Commons, even if it is to be sent to a special committee.

Mr. Mackenzie King: As I said yesterday, the government have no desire to rush the bill at all. Our desire is simply to expedite the business of the session as far as we can.

Mr. Hanson: I am prepared to stay.

So are we prepared to stay until we see this legislation put through in a proper manner. The prime minister of that time, Mr. Mackenzie King, went on to say:

In agreeing to have the bill sent to a special committee after the second reading I was seeking to oblige the Leader of the Opposition, who made the suggestion, and I propose to hold to the arrangement made. I have sought to expedite the step, since it has already been made abundantly clear that all parties in the house are agreed upon the principle of the bill. If my hon. friend feels that to take second reading tomorrow would not give him sufficient time to examine the bill, I am prepared to hold it until Monday. But I very much hope he may be ready tomorrow.

Prime Minister Mackenzie King appreciated the difficulties under which the opposition was labouring at the time, and did not hesitate to give the opposition the consideration asked for. Would it be too much to ask the present government to give the opposition the same consideration?

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I believe that in discussing this proposal to replenish the unemployment insurance fund we have an obligation to go into some of the aspects of the question that lie behind the need for this particular action in Canada. We have never decided, as they

have in some other countries, just when the unemployment insurance fund should cease to be employed to pay benefits to those out of employment and when the national treasury should be used to supplement this type of payment. In Great Britain, where in the past year they have had 620,000 unemployed or 2.8 per cent of the labour force, it is considered that anything over 2 per cent is a national responsibility. In the United States they have had 4,700,000 unemployed, or 6 per cent of their labour force. In Canada, according to the figures for January, 1959, we have had 538,000 unemployed or 8.9 per cent of our labour force. If one compares the conditions in these two other countries with conditions in Canada, one finds we have had three times as much unemployment, percentagewise, as Great Britian has had, and half as much again as in the United States.

When the unemployment insurance fund was set up it was to handle the problem of seasonal unemployment, or persons who were displaced from industry on a temporary basis. During 1955 we experienced a serious unemployment situation. Again in 1957 and 1958 we had very serious unemployment conditions. These percentages of unemployed have been much higher than we considered the seasonal or temporary unemployment situation would bring about when we established the unemployment insurance fund. These periods of unemployment were covered actuarially by the amount of money Canadians were required to pay into the unemployment insurance fund.

This serious unemployment situation does not appear to be getting any better. It has been pointed out that in the March report of the national employment service the figures show close to 800,000 workers unemployed. This is less than the 885,000 reported in March, 1958, but it represents a staggering problem which is still far from solution. Taken as a proportion of the total paid workers in the non-agricultural labour force, excluding employers and those working on their own account, the March 1959 unemployment figures represent more than 15 per cent of those who normally work for others. The March 1958 figure was 17 per cent. There is a decline, but the improvement is hardly sufficient to warrant the belief that mass unemployment is now only a bad dream.

Merely restoring the Canadian economy to its pre-recession level will not be enough to ensure that those now out of work and those now entering the labour force will secure jobs. A considerable expansion of the economy is required to provide full employment. The government's forecast of capital expenditures by private business this year does not offer much hope for any substantial stimulus to expansion in 1959 from this sector. Consequently it is up to the government to help stimulate expansion by a large scale spending program. However, the budget is more concerned with the bond market than with unemployment.

A number of businessmen and economists have expressed doubt about the Minister of Finance's estimated increase of 7 per cent in the gross national product. Mr. Ashforth, president of the Canadian Chamber of Commerce, for example, expects the gross national product to rise by only 4 per cent over the 1958 level. The point is that even a 7 per cent rise, which the Minister of Finance expects, will be quite inadequate to support full employment in Canada. Our own estimate is that it will require a rise in the gross national product of about 14 per cent or 15 per cent, excluding the effect of price increases, over the 1958 level to support full employment.

This situation does indicate there is a chance that we will again experience unemployment conditions similar to those of the last two years in which there has been an exceptional level of unemployment, not necessarily of a seasonal or a temporary nature. This amendment we are now proposing to the Unemployment Insurance Act is an indication that we are going to try to build up the unemployment insurance fund by means of contributions in an amount that would be sufficient to take care of any unemployment conditions in Canada. Mr. Devon Smith, financial editor of the Toronto *Telegram*, writing in the Toronto *Telegram* of Monday, April 27, 1959, had this to say:

> The threat that hangs over our unemployment insurance has its roots in a dangerous mood.
>
> The threat is that our protection against unexpected unemployment is being melted away because we are using the money collected from our industrial workers for other purposes.

Then he goes on to say:

> Sound accounting quite obviously calls for a separation of the assistance given to seasonal workers and misplaced or unemployable persons, from the self-help provided by regularly employed industrial workers for their own unexpectedly unemployed.
>
> We must keep unemployed insurance free of any share the wealth political enterprise.

I think this suggestion is one to which we must give some thought, namely the matter of separating the unemployment insurance fund from what might be termed a national unemployment disaster fund, which obviously must be supported from the current revenues of the government. It is not fair, it is not reasonable, to ask people to carry insurance

against the type of disaster that is contemplated by seasonal and temporary unemployment, and at the same time ask those people to increase their contributions to the extent that the fund will carry a national situation which is not within the control of the contributors. We are suggesting, therefore, that two funds be set up, the one we now have in force and a new one to which we could bring money from the treasury.

The unemployment insurance fund has dropped from a maximum of $927 million in 1956 to $427 million. The average amount paid out of the fund yearly to take care of seasonal and temporary unemployment could be worked out actuarially; then when the fund dropped below a certain amount additional moneys to bring the fund back to that level could be obtained from the treasury. This would mean that conditions over which the insured workers have no control would be taken care of by contributions through taxes paid by the Canadian people. This is an idea that has been endorsed in the agricultural field, and we are only suggesting that the same type of program be introduced to take care of the labour force by establishing a new, auxiliary fund.

We have some qualms about supporting this particular measure. At the same time we sympathize with the minister in the problem with which he is confronted. We realize that the need for increased benefits is quite evident. We agree that a certain amount of money will have to be paid if we are going to extend the benefits for unemployed workmen. Certainly we are very much in favour of extending the benefits from the period of 36 weeks to 52 weeks. But it is my information that the increase we are granting to the unemployed in extending the period from 36 weeks to 52 weeks will require an increase of 1 per cent in the premiums paid by the workers at the present time. This information would indicate that a great deal less money is necessary in premiums than the 30 per cent the minister has asked for. I should like to know whether the minister has these actual figures, whether he knows how much more actuarially it will cost in premiums to allow for the extension of the benefit period from 36 weeks to 52 weeks.

Second, we would have to take into consideration and be willing to increase the premium to take care of the extension that is being made to those that are now in penitentiaries, increasing the period during which they may revert into their working period from 44 weeks to two years, on a basis similar to that of those who are sick or unemployed through medical reasons. I would think the minister probably has these actuarial figures. At one time we had the benefits extended to this period. They were subsequently reduced. It is quite probable that it would not be too difficult to work out how much this extension is going to cost.

I would suggest this with respect to this other category we have added, namely the category on the top, and may I say that I am not opposed to adding this category. But as to this category on the top, where we have raised the amount of money that an insured worker can earn to $5,460 and where we pay him an increased benefit of $36, I would feel that this would be an inexpensive category to add. I would think that the higher in the wage scale we go, the less chance there will be for those people to be unemployed because there has always been a tendency for the higher paid groups, those in the highly skilled trades, when they are unable to find work, to keep coming down into a lower paid category where work over a wider scale was available to them. I would therefore think the number who will be unemployed in this particular category will be much less than in any of the categories of employees earning much less money.

I think the amendment moved by the official opposition is worthy of support. I believe that the facts and figures presented in moving that amendment are worthy of some consideration. They have taken into account the observances of the former government in the years in which they had administrative responsibility for this department. It may well be that some of the facts presented last night have not been available to the present Minister of Labour. If so, when we are asking for this bill to be referred for further study I would think that consideration could be given to this matter by the minister and that he could join in hoping that this bill would be sent back to a committee so we would have a better chance of examining this situation.

Over the last few weeks newspapers have mentioned their opinion of the increase in the unemployment insurance fund. I think they have generally agreed that we are going to be obliged to give some consideration to splitting this fund into these two parts, one for which the money will come out of the treasury because of the fact that the economic situation in Canada is such that unemployment results.

In this regard it should be borne in mind that many economists in Canada are saying that we are going to have 400,000 people unemployed continually or we are not going to have a rising and expanding economy. I disagree violently with this sentiment. Certainly we must have holes in our heads if we think we have to plan for

400,000 people to be unemployed so we can have a rising economy. I disagree that this is going to happen. I certainly hope that the government does not sympathize with this thought.

The great unemployment that we have had has not been the result of seasonal lay-offs or lay-offs in particular industries because of automation. They were not seasonal lay-offs that took place in the automobile industry. They were not seasonal unemployment situations that developed in the lumbering industry. Rather they are lay-offs that took place because of the economic situation in Canada. Therefore I think justification can readily be found for the inclusion of treasury money for the support of this unemployment fund, because the fund was never set up to handle national disasters. These things should bear some consideration.

I think the minister should be able to tell us how much it costs to extend seasonal benefits for these workers—I think actuarially the information is available—and how many people will be unemployed in the new category that we have added to those now covered by unemployment insurance. With this information we may reconsider the position that I think we must take if we are not so say that the best information we have would indicate that only a 1 per cent increase in the premium is necessary to extend the benefits to 52 weeks. If this is true, then I do not believe we can support a 30 per cent increase, 29 per cent of it to cover what we would consider to be a national problem in an economic sense. I think the minister in his summary should give some indication as to the actual cost involved in the various increases.

Mr. H. M. Batten (Humber-St. George's): Mr. Speaker, it appears to me that the main purpose of Bill C-43 is to increase contributions to the unemployment insurance fund so as to stabilize that fund and increase the amount of money available for purposes of paying benefits to those who may be unemployed in the future.

However, I feel that we are discussing the bill without having available to us the necessary information. Certainly the last fiscal year was one in which there was a great depletion of the unemployment insurance fund. A great deal of money was taken from that fund in order to pay unemployment insurance benefits to those who were out of work and were able to qualify. Because I think the greatest depletion in that fund has been during the last fiscal year, I believe the figures for the last fiscal year should be given to the house so we may be in a better position to understand what the situation is.

I realize, of course, that the advisory committee under the act is not compelled to present its report until some time before July 31. At the same time I do think it might have been very helpful to the house if the appropriate information had been given us so that we would have been in a position to discuss this bill in a way which would be more relative to the facts of this year rather than to the facts of last year.

Certainly, many people across Canada are very concerned about this fund. Over the last two years they have been able to experience its good effects in time of recession, and they have been able to appreciate the benefits which have come from this fund. In many cases across this land distress has been alleviated because this fund was in existence and because demands could be made upon it. I think no greater tribute could be paid to the former administration than to say that at a time of depression, such as we have had in the last two years, a fund was in being to alleviate the distress which would have been experienced if no such fund had been in existence. I believe that this fund, set up almost 20 years ago by a Liberal government, has proved in the last two years to be a bulwark against the country-wide effects of recession.

I say again that people all across this country, and particularly those who work for wages, are very much concerned about the state of this fund. They want to know how much money is there, and what possibility there is of the fund being able to carry on next year, the year after, and the year after that. And yet, although the people who receive these benefits have contributed 80 per cent of the money to this fund, we are discussing this bill without the necessary information which should be given not only to the house but to all those who have contributed so largely to the fund over the years. As I say, there is keen interest in this fund throughout the country, and why should there not be?

During the last two years, this fund has been reduced by an amount of approximately $400 million. We can look at page 3 of the report of the advisory committee of August 18, 1958 and note the status of the fund in 1955 as compared with 1958. In 1955 the fund was in credit to the extent of approximately $846 million. The deficit in that year was $41 million. In the following year, 1956, the balance to the credit of the fund was approximately $859 million, and in that particular year the credit balance rose by an amount of $13 million. In the year 1957 the balance to the credit of the fund was $878 million, and even in that year the total year's operations resulted in an excess of revenue over

expenditure of nearly $19 million. We come, then, to the year ending March 31, 1958, and we find that the fund has been depleted to the amount of $744 million, with a deficit for the year of $134 million. We do not have a report for the year just ended, but it seems that the amount to the credit of the fund as on March 31, 1959 was about $496 million and that the deficit on the whole year was about $248 million, which means that in the last two years this fund has been depleted by almost 50 per cent.

A further comparison can be found in the table which is printed on page 5 of this report. This table shows the balance in the unemployment insurance fund per insured person, and for the year 1950, at the beginning of March, the lowest amount for that year was $216 per person, and the highest, $223. In 1951 the lowest was $221, in the months of January and March, and the highest amount was $249. And so we go right on to the year 1958, and we find that as of March 31, 1958 the amount in the fund per person of the insured population was $177. Or let us look at the amount for March of each year from the year 1950. In March, 1950, it was $223; in 1951, $221; in 1952, $252; in 1953, $270; in 1954, $273; in 1955, $242; in 1956, $232; in 1957, $221, which was the same, approximately, as in the years 1950 and 1951. As of March 31, 1958 the amount was $177 per person, and I suspect that the amount as of March 31, 1959 will be considerably lower still.

I agree with the minister that some effort must be made to stabilize this fund. Some real effort will have to be made if we are to prepare ourselves against the type of unemployment such as we experienced during the past winter. Are the methods outlined in this bill sufficient to enable us to do what needs to be done? Yesterday, when the minister spoke on second reading, he said, as reported on page 3537 of *Hansard*:

> The present amendments in this bill will provide coverage for a greater number of wage earners. They will increase benefits and allowable earnings. They will also increase contributions.

All of us would agree that there are some benefits which will be increased by this bill, but I hope nobody will take the minister's statement as meaning that there is to be a general increase in benefits. Possibly one of the things which the government should do is to look more closely at the administration of this fund. I have here a cutting from the Ottawa *Citizen* of April 24. The headline states: "Big Loss Taken in Government Bonds by U.I.C.'s Fund". The first paragraph states that the unemployment insurance fund took a loss of $10,155,171.51 on the government bonds it sold last year. The article goes on to say that this was due to the fact that these bonds held by the commission had been converted during the conversion period. Bonds to the value of $300 million had been cashed, and in cashing that amount $10 million had been lost. I am sure that the people of Canada when they listened to the Prime Minister (Mr. Diefenbaker) and the Minister of Finance (Mr. Fleming) as they gave that tremendous broadcast and reduced financial leadership in this country to television showmanship, did not expect that to happen. I am sure the people of Canada did not expect anything like that to happen when they were encouraged to convert their victory bonds, and surely if such a thing could happen to a government agency it could, in proportion, happen to other people who have money invested.

Further, as was stated last night by the hon. member for Essex East—

Mr. Fleming (Eglinton): You had better get a better authority than that.

Mr. Batten: —the minister made a loan to the unemployment insurance fund of $80 million. The Minister of Finance does not want to talk about this $80 million, but it has come to our attention that a loan of this magnitude was made to the fund.

Mr. Fleming (Eglinton): No, it was not.

Mr. Batten: Yesterday the hon. gentleman did not accept any responsibility for that at all, but if this loan had not been made to the fund surely the Minister of Finance would be in a position to tell the committee that it is not so. Again, if we were to look at the investment portfolio of the fund we would find many holdings of a long term nature. It is my view that because of the nature of the unemployment insurance fund when it may be necessary from to time to time to pay unemployment insurance benefits to those who are unemployed, the holdings of the unemployment insurance commission should be more liquid. They should be able to be used more readily if they were of a shorter term nature.

The minister says that there are increased benefits and that, of course, is a true statement, but let us have a look at those increased benefits. In the first place the benefits will be increased from 36 to 52 weeks. That will include a small percentage, perhaps not more than 3.5, of those who now receive benefits from the fund. Also the levels are raised and there are added classes. The wage level is raised from $4,800 to $5,460. This will include not more than 80,000 workers. I agree with these benefits but I suggest they are not nearly as important in quantity and amount as they would appear to be from the minister's statement. Surely

the 80,000 people who are going to receive benefit from this represent but a small percentage of the thousands of workers who receive benefits from the total unemployment insurance fund.

The actual fact is that there is no real increase in benefits under these amendments. On page 2 of the bill there is a table setting out the rates of contributions. The first class earning less than $9 a week enjoy an increase of less than 25 per cent. The various ranges of earnings are set out in the table and the increase for the last class is 30 per cent. While these rates are increased by 30 per cent there is no real increase in the benefits derived by those people who are in those classes.

Here we have a bill under which it will be expected that the people who are in the two added classes at the top of the list will provide approximately $8 million of revenue to this fund. Here we have a bill that will ask the employees and employers across this country to provide $32 million for each group in the form of additional revenue to this fund. This is a total of $72 million. In actual fact this bill is nothing more than an increase of $72 million in taxes which is 20 per cent of the total impost for a full year announced by the minister in his last budget.

The people of Canada who pay into the fund are largely opposed to having their contributions to it increased. I believe they feel that if the rates of contribution are to be increased then surely the rates of benefits should also be increased. Thus far in this debate we have heard very little from those hon. gentlemen who sit on the government benches. I hope that before this debate concludes those who sit on the government benches will stand up and give us the reasons why this bill is as it is. I trust they will be able to support the various amendments introduced and the statements made in the bill. I am sure the whole house would benefit from their opinion and I am sure the country would welcome the statements they have to make about this bill.

Mr. Frank Howard (Skeena): Mr. Speaker, I have just a few remarks to make because I believe the general criticisms have been well summed up. We can look at the bill and say it is nothing more than a tremendous increase in payments and represents no increase in benefits beyond the two new classes. The entire purpose of the increased benefits apparently is designed, as the minister expressed it, to build up the fund to a point where it will not be in such great danger and at such a low level as it is at the present time. The added hope or the added carrot is that come next election the minister will be able to reduce the payments and then stalk about on election platforms telling the people what a fine chap he is and that he should be re-elected.

This is nothing more than an attempt to force working class people to pay for the short-sightedness of the government in respect of its economic policy and with respect to its inability to see past its collective nose when it comes to the question of unemployment. It is an attempt to bail the government out of a difficulty which it got itself into. As my friend the hon. member for Humber-St. George's (Mr. Batten) said, it is a backdoor method of increasing taxes. However, as I said previously these points have been covered and may be covered again by other hon. members when they speak.

I wish to make only one point concerning one group of workers affected by the act and by unemployment both seasonal and the type of unemployment that accompanies Conservatism. I speak particularly of loggers who through no fault of their own but rather because of the nature of the industry in which they work and because of weather and the export conditions of that industry experience difficulty.

The act was amended a few years ago, I believe in 1955. Provision was made that where a person had a previous benefit period he then had to have thirty contribution weeks within the last year. There is a provision in this bill to amend this section but not the appropriate part I am going to mention here. It was found in the application of that section that there were countless hundreds of loggers who could not possibly meet the qualifications because of the seasonal nature of the industry, the shortness of the work year, the recurrent lay-offs because of factors other than weather, and so on. Quite a bit of correspondence was entered into between the then minister of labour, the loggers affected and their union.

The then minister of labour, the Hon. Mr. Gregg, sponsored a bill in this house at a subsequent session which reduced the qualifying period from 30 to 24 weeks which made it somewhat easier for the loggers. Although I mention loggers it is because I am familiar with them but I am certain there are other categories of working people who are also adversely affected by this provision in the act. If the minister wanted to do something constructive he could have altered subsection 2 of section 45 of the act to establish a closer relationship between the period of qualification set out in the legislation and the inability of some people to comply with it due to the nature of their empoyment.

Surely, if the minister feels it necessary to allow inmates of penal institutions to have

special considerations under the act in order to qualify, then he could extend that self-same generous attitude to working people who for one reason or another do not get into penal institutions. I agree that inmates of penal institutions should be covered. In fact, the minister will recall that he was one of the first persons I called on personally when I got to Ottawa in 1957, before the fall session was held, and had a personal discussion with him about these two particular things: one, inmates of penitentiaries being allowed to extend the qualifying period up to two years, the same as people who are self-employed or unemployed because of illness or something of that nature; two, the question of the application of section 45, subsection 2, as it applied to loggers and to other employees. The minister went half way, but his attitude would be much more acceptable to the working class people if he had gone in the other direction, or in both directions, and dealt with the adverse manner in which the act applies to loggers.

I do not intend to say any more, but I should like to reiterate that we in the C.C.F.—and some of our members have spoken on this—have posed a number of questions to the minister. I have asked for some actuarial figures, if he has them, of the relationship between the tremendously increased payments and the so-called increased benefits to which he referred. The unfortunate part is that the minister did not see fit to advise the house of these matters, which I am sure he must have felt were material to the bill, and on which he should have advised us when he made his introductory remarks on second reading. Perhaps if he had done that we would not be going around and around in this particular discussion at this time.

Perhaps part of the reason is, as happens so often, when a minister wants to refer a bill to a committee he sloughs most of the responsibility that he should have off on the members of the committee, hoping that the bill will get past second reading and that he will not be in too embarrassing a position. If that is the case, I am sure the minister has good reasons for not wanting to extend this type of debate because certainly he would be in an embarrassing position if he started to relate what actuarial figures there are, if there are any, to the relationship between the 30 per cent increase in contributions and payments, and whether that terrific increase was necessary merely to cover persons when they are released from jail in order to go back an additional two years, or whether it was justified to cover the extension from 36 weeks to 52 weeks, or whether it was justified to cover the two new classes, or whether it was justified to cover the whole three at once.

I submit the minister will have to admit that what he is doing is taking over part of the responsibilities of the Minister of Finance (Mr. Fleming) and attempting to become a second minister of finance by taxation methods. Perhaps all the Minister of Labour is doing is trying his hand out. He may move into the seat of the Minister of Finance when that hon. gentleman moves somewhere else. It may be that this is just a sort of apprenticeship course that he is going through to see what it feels like to impose taxation on people.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, the legislation which we now have before us appears to have two desirable features and two very undesirable ones. I think the increase in allowable earnings is something that deserves favourable consideration because it will remove one of the problems of the worker who is unemployed and enjoying unemployment insurance. We all know of many cases—certainly there are many instances in my own riding—where the worker receiving unemployment benefits has been offered work but he is afraid to take that extra job for fear his earnings might disqualify him for further benefits and then several weeks would have to elapse before he could be reinstated in his benefits. The increase in the allowable earnings will to some extent alleviate that problem and for that reason I welcome it.

The other feature, the two new classes of benefits, I think perhaps deserves support because it relates benefits to people in the higher brackets whose contributions are so much greater that perhaps in the past they have not received a fair benefit in proportion to the contributions they have made. Therefore, in the interest of justice I would say that this, too, is a desirable change.

The undesirable features of this legislation are, of course, the size of the increase itself and the fact that the burden falls entirely upon the workers and the employers. Our chief criticism of this legislation is that the government makes no contribution to the increased payments into the fund. Since there is no comparable increase in the rate of benefit, therefore the benefits which the workers will obtain from this are not comparable to the increased rate of contribution. The 52 weeks extension, to my mind, is of doubtful value. It merely restores the original benefit period which was written into the act when it was first set up by the former Liberal regime. When it was reduced

to 36 weeks I do not think that any very serious disadvantage resulted and I doubt whether there is any very great advantage in restoring it.

To appraise this legislation we must carefully weigh the benefits against the impact upon the taxpayers and upon the national economy. We must ask ourselves how many workers will benefit from this extension from 36 weeks to 52 weeks. In this connection I should like to put on record a paragraph from the fifteenth annual report of the unemployment insurance commission and I quote from the bottom of page 49:

> The great majority of insured persons have a good contribution history and experience had shown that in many cases the credit thus set up for an unemployed person when he files the claim was not being used. For example, during the five-year period 1949-1953, although about one-third of all those establishing benefit rights were entitled to 180 days (30 weeks) or more, only about one-twentieth actually drew benefit for 180 days or more. This is illustrated by the following: The average duration authorized for all claimants was 26 weeks; the average benefit taken by all claimants was nine weeks; 90.1 per cent drew only one to 19 weeks, 6.4 per cent drew 20 to 29 weeks, while only 3.5 per cent drew 30 or more weeks.

Since that paragraph contains statistics for the five year period from 1949 to 1953 it does include a period of recession which in some respects is very comparable to our present situation. If we had the figures for today I doubt that there would be any great change in these percentages. In fact, as we progress toward the 52 weeks the percentage will certainly drop considerably and should be below the 3.5 per cent mark. It seems then that we are paying a price that proportionately is too high for the benefits that are going to be received by such a small number of applicants.

We must ask ourselves also what will be the impact of this heavy increase in the rates of contribution. We know there will be no increase in the rates of benefit so that those workers who fall in the category of less than 36 weeks, and they are the majority, will receive no benefit at all. The impact on the contributor, however, will be considerable. Ostensibly the increase is going to be shared 50-50 by the worker and the employer. The worker will pay 30 per cent more and the employer will pay 30 per cent more for the same benefits.

We know that there is no escape for the employee. He must pay the 30 per cent increase because there is no way of passing it on to anyone else. But with respect to the contribution paid by the employer, perhaps in the majority of cases the contribution does not come from the employer at all. He simply passes on the cost to the consumer. Since the worker is also a consumer he will therefore pay not only his own contribution but a considerable part of the employer's contribution. Consequently, the increase in the case of the employee will be considerably more than 30 per cent. Just how much more, of course, is difficult to say but it could very well raise his share of the increase from 30 per cent up to 40 per cent or perhaps even higher.

We must also look at the impact on the economy. Since a large part of the employer's share is going to be passed on to the consumer, this amounts to another tax, and we all know the effect of an increase in taxes upon prices. The recent increase in the cigarette tax is a good example. In order for the government to get two cents extra the person who buys a package of cigarettes now pays four cents more. The same will be true with respect to the consumers who will have to pay through higher prices for a part of the employer's share.

We understand that the total amount to be raised by this increase will be approximately $72 million, and for $72 million to be collected by the government and placed in the unemployment insurance fund the taxpayers certainly will have to pay considerably more. Possibly they may have to pay $80 million, $90 million or even $100 million in order to make $72 million available to the unemployment insurance fund. This in turn is going to have an effect upon the competitive position of industry and upon our position as a trader in world markets.

There is another aspect of this matter I should like to bring to the minister's attention. There are many contributors who will keep on paying as long as they work and will never receive one cent in benefits because of the nature of their employment. It does not seem quite right to me that these people should pay continually when there is no chance whatever of receiving any benefit. I should like to make a suggestion to the minister for his consideration. When a person has paid five years' contributions without receiving any benefit at all I suggest that when he pays his sixth year he should get his first year's contributions refunded. Perhaps a five year period may not be feasible but I use it to illustrate the proposal I have in mind. Possibly the period could be ten years, but I think some consideration should be given to the worker who has to pay in during all his working life and by the nature of his employment can never get anything back.

Finally, Mr. Speaker, this unemployment insurance legislation was meant to take care of temporary unemployment only. But

we are faced now with conditions that did not obtain when the legislation came into being. There is now a distinct possibility that we may be faced with a large measure of permanent unemployment. We know that our population is growing and that our work force is expanding at the rate of about 200,000 or more new jobs every year. The theory behind this legislation is that a man's labour is a marketable commodity. To take care of our increasing labour force we must depend upon the expansion of capital investment but at the present time a considerable portion of our capital investment is devoted not to creating jobs but to destroying jobs. I think the time has come when the Minister of Finance (Mr. Fleming) must try to secure some sort of breakdown of public and private investment to determine what proportion will be devoted to creating jobs and what proportion will be devoted to automation which will have the effect of destroying jobs. Certainly all indications now point to the fact that our labour force is going to expand at a rather more rapid rate than new jobs are going to be created, and this will tend to increase unemployment and to make a larger proportion of our labour force permanently unemployed.

I believe this will necessitate rethinking on the concept of labour because a man's life and the life of his family depend upon employment, upon his ability to market his labour commodity. I think we must ask ourselves what is going to happen when there is no market for a man's labour. This situation may not be as far in the future as many of us believe. Certainly, it is something to which we should be giving some thought at the present time, because if we are going to meet that situation it is going to involve a great deal of change in our monetary policy—

Mr. Speaker: The hon. member is going rather far afield from anything that is contained in this bill.

Mr. Carter: I was just pointing out that provisions we are considering are for temporary unemployment only, and we have a bigger problem to face as a result of the conditions to which I referred, and the time to think about it is now.

The house divided on the amendment (Mr. Martin, Essex East), which was negatived on the following division:

YEAS

Messrs:

Badanai
Batten
Benidickson
Boivin
Bourget
Brassard (Lapointe)
Caron
Carter
Chevrier
Crestohl
Denis
Dumas
Dupuis
Eudes
Fisher
Forgie
Garland
Godin
Granger
Hardie
Hellyer
Herridge
Howard
Leduc
Lessard
Loiselle
Macnaughton
McIlraith
Martin (Essex East)
Martin (Timmins)
Meunier
Mitchell
Nixon
Pearson
Peters
Pickersgill
Racine
Ratelle
Regier
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Tucker
Winch—44.

NAYS

Messrs:

Aiken
Aitken, Miss
Allard
Allmark
Anderson
Balcer
Barrington
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Belzile
Bigg
Bourbonnais
Bourdages
Brassard (Chicoutimi)
Brooks
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Campbell (Lambton-Kent)
Campbell (Stormont)
Campeau
Cardiff
Casselman, Mrs.
Chambers
Chown
Comtois
Crouse
Danforth
Deschambault
Dinsdale
Dorion
Drysdale
Dubois
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Fortin
Fraser
Gillet
Green
Grills
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Harkness
Hees
Henderson
Hicks
Horner (Acadia)
Horner (Jasper-Edson)
Howe
Johnson
Jones
Jung
Kennedy
Kindt
Knowles
Kucherepa
Lahaye
Latour
Lennard
Letourneau
Macdonnell
MacEwan
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
MacRae
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McGregor
McIntosh
McLennan
McPhillips
McQuillan
Maloney
Mandziuk
Martel
Martineau
Martini
Matthews
Monteith (Perth)
Monteith (Verdun)
Montgomery
Morris
Morton
Muir (Cape Breton North and Victoria)
Murphy
Nesbitt
Nielsen
Noble
Nowlan
Nugent
O'Hurley

Ormiston	Smith (Simcoe North)
Pascoe	Southam
Paul	Speakman
Payne	Spencer
Pigeon	Starr
Pratt	Stearns
Pugh	Stefanson
Rapp	Stinson
Rea	Tassé
Regnier	Taylor
Ricard	Thrasher
Robinson	Tremblay
Rogers	Walker
Rompre	Webster
Simpson	Weichel
Small	White
Smallwood	Winkler
Smith (Calgary South)	Wratten—142.
Smith (Lincoln)	

Mr. Speaker: Is the house ready for the question?

Mr. Chevrier: May I call it five o'clock?

Mr. Speaker: It being five o'clock, the house will proceed to consideration of private and public bills, the former having precedence, pursuant to standing order 51.

PRIVATE BILLS

LUTHERAN CHURCH—CANADA

The house in committee on Bill No. S-18 to incorporate the Lutheran Church—Canada. —Mr. Weichel—Mr. Rea in the chair.

Clauses 1 to 18 inclusive agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

THE CANADIAN LEGION OF THE BRITISH EMPIRE SERVICE LEAGUE

Mr. Richard A. Bell (Carleton) (for Mr. Macdonald, Kings) moved the second reading of Bill No. S-19 respecting the Canadian Legion of the British Empire Service League.

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

SECOND READINGS—SENATE BILLS

Mr. Speaker: As there are a number of divorce bills standing for second readings, is it agreed that the house shall take all these in one motion? They are bills SD-206 to SD-233 inclusive, items 50 to 77 on today's order paper.

Some hon. Members: Agreed.

Bill SD-206, for the relief of Theodora Cornell Moore Martin.—Mr. McCleave.

Bill SD-207, for the relief of Rose Ange Lorange Gadoury.—Mr. McCleave.

Private Bills

Bill SD-208, for the relief of Brenda May Newbury Sherwood.—Mr. McCleave.

Bill SD-209, for the relief of Lillianne Reed Volchuk.—Mr. McCleave.

Bill SD-210, for the relief of Fernand Filiatrault.—Mr. McCleave.

Bill SD-211, for the relief of Elisa Gislena Maria Blankaerts Juneau.—Mr. McCleave.

Bill SD-212, for the relief of Louis Gustave Rey.—Mr. McCleave.

Bill SD-213, for the relief of Gertrude Mary Prosser Hortig.—Mr. McCleave.

Bill SD-214, for the relief of Mary Barbara Jex Light.—Mr. McCleave.

Bill SD-215, for the relief of Joan Elizabeth Healy Watson.—Mr. McCleave.

Bill SD-216, for the relief of Franz Prader.—Mr. McCleave.

Bill SD-217, for the relief of Emilienne Celestine Mallard Grossin.—Mr. McCleave.

Bill SD-218, for the relief of Gertrud Maria Meta Wauer Macovetsky.—Mr. McCleave.

Bill SD-219, for the relief of Mohammed Dijiro.—Mr. McCleave.

Bill SD-220, for the relief of Aurore Giguere Gourd.—Mr. McCleave.

Bill SD-221, for the relief of Lucinda Marguerite Vaughan Flood.—Mr. McCleave.

Bill SD-222, for the relief of Joan Turvey Fields.—Mr. McCleave.

Bill SD-223, for the relief of Patricia Elizabeth Tobias Garber.—Mr. McCleave.

Bill SD-224, for the relief of Marian Ida Rex Ross.—Mr. McCleave.

Bill SD-225, for the relief of Mary Ann David Arial.—Mr. McCleave.

Bill SD-226, for the relief of Marjorie Barbara Hawthorn Morrison.—Mr. McCleave.

Bill SD-227, for the relief of Sarah Friberg Lazare.—Mr. McCleave.

Bill SD-228, for the relief of Marie Adrienne Maryse Dagenais Garlick.—Mr. McCleave.

Bill SD-229, for the relief of Alexandre Pare.—Mr. McCleave.

Bill SD-230, for the relief of Norman Grover, otherwise known as Norman Bernard Grover.—Mr. McCleave.

Bill SD-231, for the relief of Marjorie Winifred Joyce White Young.—Mr. McCleave.

Bill SD-232, for the relief of Helga Fischer Dollard.—Mr. McCleave.

Bill SD-233, for the relief of Marguerite Louise Agathe Piche Chartrand.—Mr. McCleave.

Fraser River Fisheries

FRASER RIVER

LEGISLATION TO SAFEGUARD NAVIGATION AND FISHERIES

Mr. A. D. McPhillips (Victoria, B.C.) moved the second reading of Bill No. C-23 respecting navigation and salmon fishery on the Fraser river.

He said: This bill is a very short one and, as is apparent from the title, it has to do with the protection of navigation and of the salmon fishery on the Fraser river in the province of British Columbia.

Perhaps at the outset I should say that the control of these matters on the Fraser river belongs to Canada. The Fraser river was a navigable river at the time of confederation; in fact it was a navigable river a good many years before this country entered upon confederation. In addition, it is part of the sea coast and inland fisheries of Canada. One of the purposes of this bill and certainly an important one, is to prohibit the building of hydroelectric projects on the Fraser river, or of any dam for such purposes, and also to prohibit the placing of any obstruction in the Fraser river except those which may be necessary to be built by the government of Canada in connection with erosion, or flood control or current control. And, of course, the government of Canada does this now on the Fraser river, and has been doing this for many years as the authority which has control over the navigable waters of the river.

Hydroelectric power dams are always high dams and they store a great deal of water. No matter how carefully they are constructed or operated they always affect the flow in the river involved. The Fraser river presents difficulties from the point of view of navigation. My view is that the river should not in any way be rendered more difficult in the matter of navigation than it is right now. At this time the great port of New Westminster is concerned about silting up and that sort of thing.

I can say with exactitude and with no fear of contradiction that the Fraser river is the greatest salmon river in the world. The fishery of which that river is the foundation of an important item in the Canadian economy. The salmon fishery on the Pacific coast makes an annual contribution of $80 million to the Canadian economy. Of course, the fishery on the Fraser river itself is only part of this industry and the great feature of the Fraser river is the run of the Pacific salmon. We must also consider the wages earned by the fishermen and all the collateral matters of commerce such as fishing boats which are expensive, their engines and equipment, nets and so forth.

[Mr. Speaker.]

The Pacific salmon industry gives Canada an important position in the export market of canned salmon, particularly in the United Kingdom. This is a prestige export for Canada because Pacific salmon is the finest canned product of the sea to be found anywhere in the world. One might say I have dealt with the economic side of things and all of these factors are highly important today. In addition we must recognize that this industry provides a great source of protein food. My suggestion is that we cannot take any chances of doing possible damage to that industry because of the vast amount of food it produces each year.

I know there are those who say that power and salmon can exist together on the Fraser. That has been said on previous occasions by learned engineers, professors, biologists and others in connection with the Columbia river just south on the Pacific coast which flows into the sea between the states of Washington and Oregon. Expert opinion was that the Bonneville dam could be built without damage to the fishery but that dam ruined the entire fishery on the Columbia river which was second in importance only to that on the Fraser.

There is a canal in connection with the Bonneville dam and one learned gentleman said that the salmon would follow a ship into the lock and go out the other side when the ship passed through, but the Pacific salmon does not operate in that fashion. While I have every respect for the expert opinion of these engineers, professors and others, when it comes to an innate knowledge of the spawning habits of the Pacific salmon I have more respect for the knowledge of the fish.

At the present time there exist no safe or accepted method of passing fish up and down the river to the sea. Getting them up is not as difficult as getting them down. The little fingerlings, as they are called, are not strong when they go down to the salt water. They suffer injury dropping over the dam or passing through the turbines and are killed by the millions.

Furthermore it should be noted that there is no need for the development of electric power on the Fraser river. We have the Columbia river in British Columbia about which most hon. members in this house know because it has been in the news a great deal. Another important river is the Peace river. In my opinion these two great rivers are capable of generating all the power needed in the foreseeable future. We also have the potential of atomic power.

I should like to read the views of the president of the Fisheries Association of British Columbia as set out in a letter to

me dated February 11, 1959. I am sure that most hon. members opposite will remember very well the Hon. James Sinclair, president of this association. He stated:

> The stand of the Fisheries Association has been that we can have both fish and power in British Columbia. Fish from the Fraser and power from non-salmon streams, such as the Peace and the Columbia. In addition, there are ever increasing thermal sources of power now available in British Columbia with the completion of the oil and gas lines to the coast. The British Columbia Electric has already built a 75,000 KW gas turbine at Port Mann and is now building a very large thermal plant at Ioco which can use either oil or gas. The first unit of this plant will be 300,000 kilowatts and its final capacity 1 million kilowatts. This latter figure equals the total production of the British Columbia Electric system today from all sources. These plants certainly would not be built if the cost of thermal power was not pretty close to the cost of hydro power.
>
> There has been remarkable increase in the efficiency of thermal plants in recent years.
>
> The third alternative source of power comes from nuclear energy. In this field, the British are the leaders with six plants either in production or under construction. Two plants have been producing power for the commercial grid for over a year. Sir John Cockcroft, head of the British Atomic Energy Commission has announced that by 1962 power from nuclear plants will be competitive with conventional power plants and by 1982 will be half the cost of conventional power. In view of the enormous resources of uranium which Canada is fortunate enough to possess, it would be the height of folly to dam the Fraser when other such sources of power are available for if the Fraser is dammed, the salmon resource will be lost forever.

That is the considered view of a fisheries expert. The parliament of Canada can settle this question once and for all. We have in Canada the greatest salmon river in the world that provides a vast source of food. There is no need for generating power on this river when other alternatives exist.

In closing let me urge hon. members to give this matter sympathetic consideration. Let us take no risk in using the Fraser river for the purpose of providing power. I ask all hon. members to assist in the protection of our vital salmon fishery through giving their support to this bill.

Mr. W. H. Payne (Coast-Capilano): Mr. Speaker, I should like to take this opportunity of congratulating the hon. member for Victoria (Mr. McPhillips) for so ably presenting a case with which I am quite frankly in disagreement although familiar with. It is not many months since the day when discussions on this subject were held at considerable length with the gentleman whom the hon. member has quoted so widely in defence of Bill No. C-23, the Hon. James Sinclair, as an outstanding fisheries authority.

I wish to make myself quite clear, as I have on many occasions on the platform, with this authority in matters having to do with Canada's fisheries. I, like thousands of British Columbians, have not at any time encouraged a program which would deny to anyone a benefit. I wish to make that most profoundly clear; but I do, Mr. Speaker, take violent issue with a bill of this kind which in effect does not only close the door but slams the door in the face of all practical and logical study and investigation which could, if properly carried out, be the means of seeing that the people of British Columbia were favoured with both the benefits of salmon fisheries as well as of low-cost power. This would aid them, not only in their industrial and commercial uses, but would lessen a burden on the thousands of homes and families in the greater metropolitan complex area from which I come.

In saying this I wish to emphasize most definitely that the domestic bills for power today, essential to the life of the modern communities, in the greater Vancouver area run almost twice, and in certain specific instances three times, the cost borne by householders elsewhere in any other communities in this dominion of ours. I think before we slam a door in the face of a proper, logical and reasoned approach, which may bring a solution to this complex problem, we should give a little thought to the interests of the thousands of people who today are paying through the nose because insufficient research and insufficient study has been carried on. Too many authorities have grown up, authorities, which I wish to emphasize most forcefully, when it comes to power matters in British Columbia today, believe you should go to see the fisheries experts on power matters. You should go and talk to the president of the B. C. fish association; you should go and talk to the fisheries biologists; if you want the answers to power problems. That is the place to get your answers. I am likewise equally critical when, if you want solutions today to biological fish problems in our province, you go to the power authorities.

I have read evidence which has been presented to committees from time to time during this session. I refer to the committee on mines, forests and waters and also the committee on marine and fisheries. It is pointed out, as I say, if you wish an expert on fisheries you go to the opposite side of the pole. If you want to consult an expert on hydro matters you go to the fish people. It is high time that this whole problem was made free of all closed, bigoted views. Intelligent men, qualified people, must be brought in to solve this problem and must be adequately financed. It is high time, Mr. Speaker, that this dominion of ours started to call on the

United States under the international North Pacific fisheries treaty to pay its share because it takes half of the harvest of the salmon that spawn on the upper stretches of the Fraser river. I contend that our United States neighbour, taking that advantage, has not produced according to the treaty nor in any way co-operated toward a logical solution to this matter.

I hold in my hand what I consider to be a very well thought out editorial from the Vancouver *Sun* of February 17, 1958. It reads in part as follows:

> Research can find a way to have both salmon and hydroelectric development of the Fraser river.
>
> But the research isn't being done.
>
> Again this sensible warning comes. When will it sink in with politicians who posture so eagerly as saviours of the salmon from the wicked hydro barons? When will it sink in with fishing interests who applaud the politicians and try to sell the idea that hydro soon won't be important? And with hydro interests who face having to inflict higher costs on the public unless the Fraser is used.

I also hold in my hand a mail-out that every householder of the lower mainland received last year. This indicates another expense of modern day costs in raising a family. It indicates that household electric rates must be increased, and the people of the lower mainland of British Columbia know the results.

In discussing this matter there is also a great tendency to overlook a few of the facts. Flood danger is an ever present one on the Fraser river. I admit that the proposer of this bill will say that the bill in no way precludes solution of flood problems. I would like to read from the interim report of the Fraser river board, dated June, 1956. In part, it says:

> Since then, in 1950, 1954 and again in 1955 the river rose above the 20-foot level at the Mission bridge, the danger mark prior to dike reconstruction in 1949. However, the system of dikes as reconstructed since the 1948 flood, contained the freshets and only very minor local damage or inconvenience has resulted.

Then it goes on to refer to other very disastrous floods which the people of the lower mainland of British Columbia have learned through the years to live with. The important fact is that this same report in its findings recommends—and I would point out that on that board as one of the five members was a representative from the department of water resources branch, Department of Northern Affairs and National Resources, Mr. T. M. Patterson; from the Department of Fisheries there was the chief supervisor of fisheries, Pacific area, Mr. A. J. Whitmore—that a multi-purpose project should be undertaken to control floods. The reason they recommend multi-purpose projects is that damming for the sole purpose of controlling flood waters in the Fraser river is not economically feasible unless benefits can be gained by virtue of the production of power, by virtue of the reclamation of land through moving siltage up on to the flat lands and moving water on to the surface. I point this out, Mr. Speaker, but not to suggest that this parliament can go forward on such a project today. I do not think any person in the province of British Columbia contends that this matter of salmon and power can be solved today; but we do contend that it will never be solved if we are going to face a lack of co-operative effort and approach the problem on a level of bigotry.

I should like now to refer to a statement by the Minister of Fisheries (Mr. MacLean). I will say to him that I have heard this statement made on many platforms by other past ministers of fisheries. At page 100 of the proceedings and evidence of the standing committee on marine and fisheries of April 23, 1959, the minister said in answer to a question, and the proposer of this motion concurred in these remarks in his earlier statement:

> That power development from hydro sources, or even from the common types of thermal development, may be a passing thing. It is quite likely that in the very near future it will be economically feasible to produce power from atomic energy.

It is statements of this nature by fisheries people speaking on technical matters regarding energy and generation of power that wash out a solution of the problems that we are now concerned with. I am deeply concerned with the power cost that results, from this approach. The burden is placed on our homeowner. I should like to refer to the minutes of proceedings and evidence, No. 11, of the standing committee on mines, forests and waters, April 7, 1959, wherein perhaps the most outstanding Canadian authority on atomic matters, Dr. John Convey, director of the mines branch, Department of Mines and Technical Surveys, gives his testimony as found on page 261 and on following page. He had this to say:

> Mr. Chairman and gentlemen: I am somewhat on the spot, but since I reported to you almost 12 months ago, I am in a position to give evidence that there has been a lot of experimental work done in the field of the development of nuclear power. However, it is still in the experimental stage and there do not exist any economical kilowatts produced by atomic reactors today. At Geneva last fall it was reported there were some 13 power reactors producing power, but none of them economically. Eight of these exist in the United States, one in the U.S.S.R. and three in Great Britain. The situation is still one in which you have a combination of three main factors: the nuclear fuel, the moderator and the coolant.

He goes on to say:

> Quite a number of experiments are under way at the present time, but the cost of producing power for these reactors is certainly nowhere in

the neighbourhood of six mills. There are educated guesses as to when it will break through, but as far as I know at the present time it is merely a guess to say that by 1970 we will be producing economic power.

He goes on at great length and makes this final statement:

So I would say right now that experimental work in reactors has not reached a stage wherein one could give an honest guess as to just when it will break through; and I cannot see it breaking through at least for another two decades.

I and the thousands, I say advisedly, who feel as I do and for whom I speak in the house do not say that atomic power may not be the only economic means of generating power requirements in the future. We do not say that dams are essential on the Fraser river. We do say that, at the moment, the only economic means of generating power is through hydro development, and as long as that situation exists let us not, by passing Bill No. C-23, close the door to a logical, reasoned and intelligent approach to this problem which faces all in the lower mainland of British Columbia. Rather, let us get on with an intelligent, reasoned research program so that we will not deny the people of our province those benefits which may be derived through a logical, proper approach to the problem.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I want to have a few words to say on this, shall I say, most novel and interesting bill. I fully appreciate the concern of the hon. member for Victoria (Mr. McPhillips) with regard to preserving the salmon fishing resources of the Pacific coast but I think he has taken a rather unusual way to do that. In my opinion there are several sound reasons why the bill should not be passed by the house. I respect fully the sincere intention of the hon. member to protect this fisheries resource about which he is so concerned.

First of all, the bill is very final. It slams the door. It reminds me of an occasion about 60 years ago when my father wanted to stop me skating on Sundays and in order to do so he chopped up my boots and skates.

Mr. McIlraith: Did you say 60?

Mr. Herridge: Yes.

Mr. McIlraith: I thought it was 40.

Mr. Herridge: It was a very final act but within a week or so my father ended up by having to buy me new boots and skates. This bill is final. Section one provides:

No hydroelectric power shall be generated in the Fraser river in the province of British Columbia, nor shall any dam, weir or other obstruction to navigation or to the spawning run of the Pacific salmon, be constructed in or over the said river.

If the bill should pass it would finalize the situation so far as the Fraser is concerned. I think the bill overlooks possible developments of the future. We are not in a position to say today that it will not be possible to have fish and power on the Columbia as a result of research. Today I was reading of the tremendous advance made in that direction in the Soviet union, according to a report in the newspapers, where they claim that they have been able to develop power and preserve fishery resources at the same time. It is only a newspaper report but I suspect there is some foundation of fact in it.

In adopting the bill we would be closing the door to possible developments of the future through research and so on. I am sure that all thinking people in British Columbia are concerned about the preservation of the fishery resources but the people who think and take a long point of view do not want parliament to take any action that would prevent any future development as a result of advances in science and in our knowledge of these matters.

There is a second reason for my opposition to the bill. The member realizes there are other, shall I say, surrounding aspects to this question that I do not want to go into in detail at this time, but if the bill were to pass it would preclude the more efficient development and use by Canadians of the surplus waters of the Columbia in the future. In that connection we are not certain what the possibilities are and what the circumstances will be, but the bill would preclude Canadians from using the surplus waters of the Columbia in the years to come in the most efficient way and in the best interests of the people of British Columbia.

For these reasons, Mr. Speaker, I take strong exception to the bill and trust it will not be passed by the house. I think we would be much wiser to leave ourselves the opportunity to take whatever course we see fit to take in the future with respect to the development of the Fraser and the utilization of the surplus waters of the Columbia in the light of the fact that at the present time, as St. Paul says, and I use his words in connection with this problem: "We see as in a glass darkly."

Mr. John Drysdale (Burnaby-Richmond): Mr. Speaker, in rising to speak I must say at the outset that I disagree violently with the preceding two speakers, especially the hon. member for Coast-Capilano (Mr. Payne) who, incidentally, is my roommate. He took exception to the fact that the hon. member for Victoria (Mr. McPhillips) in his bill was slamming the door but I feel that the door

was not slammed tightly enough or perhaps was slammed too violently so that it sprung open. Contrary to the opinion expressed by the hon. member for Coast-Capilano, I believe that the legislation does not go far enough. The hon. member for Victoria (B.C.) has provided in his bill that no hydroelectric power dam shall be constructed on the Fraser river. In the second paragraph of the hon. member's bill he allows the federal government a certain amount of leeway with respect to flood control, navigation and so on, and I think that perhaps this is one of the difficulties in the bill.

In recent testimony before the marine and fisheries committee, the Minister of Fisheries (Mr. MacLean) pointed out very clearly the sensitivity of spawning fish to any interference with their natural habitat. I, myself, am rather leery as to any interference by power dams or flood control dams. If I may, I should like to quote what the minister says on page 11 of the proceedings of the marine and fisheries committee:

> In British Columbia and the Yukon we have been concerned with the continuing problem of overcoming the effects of industrial developments on the major salmon runs. I might say in this connection, in a general way, that one of the problems of conservation is of course the impact of civilization and industrialization on the environment in which fish live. There are very severe changes which follow industrialization and settlement in a natural habitat which may not be apparent to the casual observer, but which the fish are very much aware of. I am referring to such things as changes in the fluctuation of run-off, water temperatures and many other things along this line of which the casual observer is not aware. These things include siltation of spawning beds and the reduction of the sunlight in water by siltation, and contamination and suspension of fine material in the streams, which cuts off the sunlight and reduces the growth of micro-organisms in the streams, on which the fish feed, especially in the early stages of their growth.

Perhaps the fisheries committee, in its recommendations, Mr. Speaker, expresses more truly the principle which the hon. member for Victoria (B.C.) is trying to enunciate. In their conclusions on page 85 of the committee's report we find this:

> Your committee expresses the opinion that no dams should be built on the Fraser river, or any of its tributaries, where such dams will, in the opinion of the Minister of Fisheries, interfere with, or be detrimental to anadromous fish runs.

The hon. member for Kootenay West (Mr. Herridge) expressed concern about the fact that this legislation was final. He seems to forget that parliament can, in the next day or even next year, should changes be required, introduce other legislation to replace this legislation. I would say, therefore, that the difficulties in connection with shutting the door are perhaps theoretical and only for the time being. I believe the door should very definitely be slammed.

What is the reason for this interest on the part of power companies in British Columbia? British Columbia has a power potential of some 25 million horsepower. In this connection, the Fraser river has a power potential of approximately 7 million horsepower. I contend, that we have two other rivers, the Columbia river with a potential horsepower of 3 million and the Peace river which has another 4 million potential horsepower. In addition, we have thermal power, for example, such as that which exists at Port Moody. I believe there are some six nuclear power stations which have been established in the United Kingdom. It is purely the monetary and economic considerations which urge these interests to establish a power dam on the Fraser river because of its closeness to the settled mainland area.

I feel, Mr. Speaker, that of more importance than dams and electricity is the fact that we have a tremendous resource which, in the past year, had a landed value to the fishermen of some $37 million. The market value would probably be considerably more than that. This represents almost 15 million fish going up the Fraser river. I feel that when we have this natural resource that comes back year after year it is extremely important that we do nothing to jeopardize the continuity of this particular run. One of the suggestions that is frequently made in connection with this fish and power problem is the idea of having fish hatcheries. The experience of those in the hatchery business has been that the fish leaving the hatchery are extremely vulnerable. The fish can be produced in the hatchery, but once they get clear of the hatchery they tend to die off in large numbers. Experiments have shown there is no advantage in artificial over natural propagation in this respect.

The sockeye salmon, which is the one with which we are most concerned in the Fraser river, apparently has proven the least suitable for hatchery culture. For example, I should like to cite from the *B. C. Professional Engineer* of March, 1959 an article entitled "Artificial Propagation is Not the Answer". This particular article, dealing with the problem of raising young fish in a hatchery, states:

> A modern salmon hatchery capable of rearing 2 million sockeye to seagoing size costs approximately $1 million and at least $60,000 annually for operation. The Adams river run alone would require 100 such hatcheries to equal the natural production of seaward migrants. The super-hatchery installation required would have 16,000 standard-size rearing ponds, an inflow of several thousand c.f.s. and a labour force of over 2,000. Other lesser runs

which are concurrent with the Adams run would require additional space. Even with all this effort to duplicate the numbers that would be produced naturally, the low survival rate of the hatchery-raised fish would fail to duplicate the natural return of adults.

To summarize, the Fraser fish-power problem centres around the sockeye salmon, the species of salmon which is least adaptable to hatchery culture on any scale, and which occurs in such abundance in the Fraser river that hatchery and rearing facilities are inconceivable.

Two of the greatest difficulties with regard to the problem of the fish migrating upstream is, first of all, the delay and second the problem of transporting them over the spillways. Again I should like to refer to the same article because it very succinctly and concisely sets forth the problems:

Basically there are two problems on the Fraser for which no satisfactory solution has been found. First, sockeye salmon will not tolerate delay in upstream migration and there is no known system for transportation of large numbers of adult salmon over a dam without delay. The problem is not primarily one of engineering. Fishways or lifts, locks or pumps, tank trucks or trains can all be engineered to accommodate large numbers of fish, although the cost would be high. The difficulty lies in convincing the fish that the facilities are designed for their benefit, i.e., getting the fish to go into them without delay and to proceed through them without stress or panic. The answer to these problems lies with the research biologist studying behaviour and physiology. Recent findings in this sphere have been significant and there is some basis for optimism that they will lead eventually to much more successful design of apparatus for directing salmon from the broad expanse of turbulent spill into the fish facilities. None of these developments have reached the stage where a solution based on them could be considered a calculated risk in a mammoth application to the Fraser.

I interject at this time, Mr. Speaker, because the hon. member for Coast-Capilano made some brief reference to the research facilities. While I was a member of the fisheries committee I took the opportunity to ask Dr. Pritchard whether there was sufficient money and men available to do the necessary research to try to solve the problem. He explained to me the problem was not one of the number of men. He said that at the present time they have approximately 75 scientists and engineers working on this fish-power problem. There is a joint outlay between Canada and the United States of approximately $3 million every year on this problem.

Returning to the article, I find it states:

The second problem is centred on the safe transport of hundreds of millions of young fish down over spillways and through turbines. A large and well co-ordinated research effort has gone into both the design of spillways and turbines to minimize losses, and engineering and biological studies to probe the possibilities of directing or guiding the young fish into safe downstream bypasses. Where river flow is extremely small, guiding by electricity or light has been used with success. In small forebay installations mechanical screening may be a feasible though costly protection. None of these techniques has measured up to the problem posed by large mainstem developments in which the freshet discharge accompanies the downstream navigation of the fish. For instance, effective mechanical screening on the Fraser would necessitate maintenance of approach velocities of less than ½ foot per second in the forebay of dams which with existing design would have velocities of 13 feet per second during freshet periods. It is obvious that in addition to the tremendous costs of screening, physical conditions in the Fraser canyon make it impossible to meet such standards.

I might say, Mr. Speaker, both the fisheries association and the united fishermen and allied workers union have opposed power development on the Fraser river. Although both organizations recognize the need for flood control they have steadfastly been in agreement that power dams should not be erected on the Fraser river. This is one of the few occasions on which they have been in agreement. I must commend the hon. member for Victoria, B.C. for bringing forward this legislation although I must reiterate that, as for myself, I do not feel that it goes sufficiently far.

Mr. W. A. McLennan (New Westminster): Mr. Speaker, I do not intend to take up much of the time of the house on this bill. It has been fairly well explained pro and con by the hon. member for Coast-Capilano (Mr. Payne) and the hon. member for Burnaby-Richmond (Mr. Drysdale). I should like to thank the hon. member for Victoria, B.C. (Mr. McPhillips) for his interest in the Fraser river and to congratulate him on bringing forward his bill.

As all hon. members of this house know, the Fraser river is the greatest salmon river in the world, as was pointed out by the hon. member for Victoria, B.C. From experience we all know what the power dams on the lower Columbia river did to the salmon runs of that great river. We also know that the United States government has spent hundreds of millions of dollars in trying to bring back the salmon runs of the Columbia river but has met with little success.

I understand that the value of the fish pack from the Fraser river run last year was between $80 million and $100 million. That resource has added a terrific amount to the economy of the province of British Columbia. It is not altogether the monetary value which we are considering when we think of the fish; it is the great food value that will eventually be lost if that salmon run of which we are so proud is ever decimated. With the development of the upper Columbia river and with the power potentials of the Peace and other non-fish bearing rivers of British Columbia, I believe we shall have for many years all the power that we need in our

province. With the great development of atomic energy and nuclear power I think the time may be near when the need for development of the Fraser river for power will be past and that we shall have plenty of power and also the fish produced in that great river. I am convinced the time lies a long way in the future when we can have both fish and power. From all the experiments that have gone on in the past, there is no sign that we can have both on this great river.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, the Fraser river is about three miles from my constituency but in my riding I have a great number of fishermen. On behalf of myself and the fishermen of my riding I can say that we appreciate the interest of the hon. member for Victoria, B.C. (Mr. McPhillips) on Vancouver island some 75 miles away, in the maintenance of the fishing industry in general and the salmon industry in particular on the Fraser river. However, I want to say this most emphatically, and I think I understand the problems of the fishermen and the importance of the Fraser river. I want to say that I cannot agree with the terms set forth in Bill No. C-23. Clause 1, without any question of doubt whatsoever —and here I completely agree with the remarks made by the hon. member for Coast-Capilano (Mr. Payne)—completely slams the door on any development whatsoever of the Fraser river because it contains this provision:

> 1. No hydroelectric power shall be generated in the Fraser river in the province of British Columbia, nor shall any dam, weir or other obstruction to navigation or to the spawning run of the Pacific salmon, be constructed in or over the said river.

I am afraid that the hon. member for Victoria (B.C.) does not understand the development and the resources of the Fraser river. It was not too many years ago that nature itself, by means of land slides, almost completely obstructed the Fraser river in what is known as Hells canyon or Hells Gate. What happened? The federal government of that day spent a great deal of money in the construction of a fish ladder at Hells canyon. I think it cost in the neighbourhood of $1½ million, although I may be wrong in the figure. From the hon. member who just sat down, Mr. Speaker, you heard about the Adams river run which is of only a certain type of salmon. There are four species that go up the Fraser river. This year the greatest run that British Columbia has ever known on the Fraser river, on the Adams river run, got over what? It did not get through Hells Gate directly but it got through the fish ladder constructed at Hells canyon or what is known as Hells Gate.

According to reports millions of fish died because there were so many. There was there, as there is now, complete proof that when nature caused an obstruction and when a government took action of a scientific nature, the run was not only maintained but was of such a nature that millions of fish, when they reached their spawning ground, died in large numbers. I saw pictures of them only the other week. You could almost walk over their bodies on the Adams river.

In addition to that, as I say, with the principle and purpose of this bill I completely agree. However, it closes the door to scientific knowledge and proof by the federal government, even up to now, that at Hells Gate you can take care of the fish.

Mr. McPhillips: That was just a few feet.

Mr. Speaker: Order. It being six o'clock, I do now leave the chair.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

UNEMPLOYMENT INSURANCE ACT

AMENDMENTS TO INCREASE RATES OF REMUNERATION AND CONTRIBUTIONS, ETC.

The house resumed consideration of the motion of Mr. Starr for the second reading of Bill No. C-43 to amend the Unemployment Insurance Act.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, the purpose of this bill is to increase the contributions made to the unemployment insurance fund by the government, the employers, the employees and by those who will benefit under this measure. In other words, it is sought by means of this legislation to increase the rates of contribution by the employer and the employee by about 30 per cent without at the same time increasing the benefits to the employee.

For every dollar put into the fund before this measure was brought before the house, 40 cents thereof was paid each week by the employer, 40 cents by the employee and 20 cents by the government. This contribution will hereafter amount to 52 cents from the employer, 52 cents from the employee and 26 cents from the government. Why has it been found necessary to do this? The minister, in introducing this measure, stated in effect that it was because the fund is depleting. The hon. minister said this was required in order to maintain the fund in a stable position during the next two years.

During the last two years of recession the minister has indicated that there has been a heavy payment out of the fund. He has stated, further, that it is the responsibility of the government to see to it that this fund is able to meet whatever eventualities may arise. But I say to him that it is also the responsibility of the government to protect the fund. The government did not discharge that responsibility, and because it did not discharge that responsibility it is now asking the employer and the employee to pay the shot by means of this measure.

This, sir, is just another tax; it is just another method of imposing taxes on the people of this country which should have been announced during the budget debate. This, I say, is another way—a backdoor method, if you will—of collecting taxes. By means of this additional tax to which no reference was made in the budget speech it is expected to raise between $80 million and $100 million over a period of one year. That is a substantial sum of money having regard to the increased taxation which has already been placed upon the people of Canada.

I say that the unemployment insurance fund has not been properly administered. Last year the fund suffered a loss of $10 million in the sale of securities. According to sessional paper 82A which was tabled in the house it appears that the fund held about $400 million in victory bonds and we have good reason to believe that a substantial portion of those bonds were converted. Later when cash was required to meet the calls made upon the insurance fund by the unemployed, the government was forced to sell government securities, and as a result of these operations it made a loss exceeding $10 million. The administration of this fund is an example of how the conversion loan worked out. The government lost this money and it is now calling upon the workers to pay a portion of the bill.

What are the facts? The facts are contained in a document known as sessional paper 82A. I will not repeat what was said last night by the hon. member for Essex East (Mr. Martin), but there are a number of things which I believe should be drawn to the attention of the house and which are to be found in this document. As of March 31, 1958 the balance to the credit of the unemployment insurance fund was $744 million, approximately, which was a decrease of $134 million over the 12 months period. The revenue for the fiscal year 1957-58 totalled $250 million, roughly, and benefits paid in the year 1957-1958 totalled $385 million. This represents an increase over the previous year of $153 million in total benefits. The operations of the year resulted in an excess of expenditure over revenue of $134 million. I think it is important that this should be brought to the attention of the house, because repeatedly, not only in this report which I hold in my hand but also in the other report of August 26 which was tabled yesterday by the minister, there is reference to this drain upon the unemployment insurance fund. Here it is stated that the staggering increase in benefit payments is mainly due to the large number of unemployed workers during the period and to the extension of the period during which seasonal benefits were available.

There are at this time 525,000 unemployed persons seeking jobs in this country, and more than one-third of those are in the province of Quebec. In the province of Quebec alone that represents 12.5 per cent of the working force, and I remind the minister that it is because of this unemployment that the drain on the fund which is referred to in this and in the other report is mentioned by the advisory committee.

The advisory committee also calls attention to the serious situation in which the fund finds itself. "It is a fact, however," states the committee, "that the burden of this expense, in the opinion of the committee, should not be imposed on the unemployment insurance fund unless the loss to the fund is made good." The committee goes on to state:

> We trust the government will take action to replace the drain on the fund, by reason of the extension of the seasonal benefit period by a grant.

Mr. Speaker: Before the hon. member goes further, I think it well to remind him that the house has decided the question which was raised by the hon. member for Essex East (Mr. Martin) which called upon the government to make contributions to the fund and to that extent the debate is limited from this point on because of the disposition of that matter.

Mr. Chevrier: Thank you, Mr. Speaker. What I wanted to do was to incorporate the report which was tabled yesterday by the minister and which I think forms part of this sessional paper with reference to section 89 (1) with which I should like to deal if I may be allowed to do so. What I was going to bring to the attention of the house was the last recommendation of the committee and then I am through with sessional paper 82A—which states that:

> The committee respectfully recommends that the division of responsibility for revenue to the fund as between employers, employees and government be adjusted so that the contribution from each be made equal. In other words, that the contribution from the government be made equal to one-half that of the combined contribution from employers and employees.

Mr. Speaker: That is just the point where the hon. member reverts to the motion which was made by way of amendment and was disposed of. He is free to deal with the report but not in so far as it relates to the matter we have disposed of.

Mr. Chevrier: I will not labour the matter. If I may be allowed to make one other reference to it I will pass on to another matter.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I rise on a point of order. We have seen this type of debate steadily increasing in the last few weeks.

Mr. Martin (Essex East): What is the point of order?

Mr. Green: Under this bad practice a point of order will be raised, Your Honour will make a ruling, and then the hon. member of the opposition who has the floor will go on to make his point as though Your Honour had never said a word. This is a practice which is being followed, I suggest, deliberately by the opposition.

Mr. Pearson: Are you lecturing us?

Mr. Green: Your Honour has ruled that the hon. member could not deal with this question. He said, "Oh, yes, Mr. Speaker, but I have just one more point I want to make". I submit he should be forced to follow your ruling and should not be allowed to evade it in that way. He has already done so twice since I have been here in the last five minutes.

Some hon. Members: Closure.

Mr. Speaker: I am not sure what the final point is which the hon. member for Laurier (Mr. Chevrier) wishes to extract from the report or the sessional paper from which he is reading but I expect him to observe the limitation which is a clear one.

Mr. Bell (Carleton): The hon. member wants to be out of order just once more.

Mr. Bell (Saint John-Albert): He is trying to beat the hon. member for Bonavista-Twillingate (Mr. Pickersgill) who holds the record.

Mr. Speaker: The amendment that was disposed of dealt specifically with the question of government contributions to the fund and to my mind that point is closed as far as this debate is concerned.

Mr. Chevrier: I accept your ruling, Mr. Speaker. What I was going to do—

Mr. Bell (Carleton): And we see that you are now going right on to do it.

[Mr. Chevrier.]

Mr. Chevrier: —was not to continue but simply to ask a question.

Mr. Bell (Carleton): Oh!

Mr. Chevrier: The question was this. Why was not the recommendation of this committee, a copy of which I hold in my hand, accepted by the minister or by the government? Having said that may I now proceed to another matter which I think is equally—

An hon. Member: Out of order?

Mr. Chevrier: I hope Mr. Speaker will not find it so, but if the Speaker does think I am out of order I shall quickly abide by his decision. My hon. friends may not like what I intend saying and they may not be so anxious later to make the interruptions which they made a moment ago.

If they will only bear with me and be patient I shall come now to another part of my remarks. I turn to the most amazing thing, in my opinion, about the subject matter of this measure, and that was the report dated August 26, 1958, which was tabled in the house yesterday by the Minister of Labour (Mr. Starr). This is a report which should have been tabled earlier and which in my mind is in clear violation of section 89 (1).

Mr. Speaker: I had considerable difference with the hon. member for Essex East, on that point last night and I hope I will not have the same difficulty with the hon. member for Laurier.

An hon. Member: You will.

Mr. Speaker: I agreed quite readily that it was open to any hon. member to use the report which had been tabled and to use it in the debate but it is not open to hon. members to go into a collateral debate on whether or not this report is of a certain character which requires its tabling by law. That is something that can be brought up at another time but it is not relevant to the bill which is now before the house for second reading. Therefore I hope the hon. member for Laurier will keep within the limits which I tried to define last night.

Mr. Chevrier: Will Your Honour hear me on the relevancy of the point which I seek to make?

Mr. MacInnis: That point was determined last night.

Mr. Chevrier: No, this point was not determined. I wish to refer to what is contained in the report of August 26 and establish its relevancy before I am told not to go any further.

Mr. Speaker: I of course will hear the hon. member briefly if he wants to indicate that that particular line is relevant but I hope he will not debate it in the course of making his statement concerning its relevancy.

Mr. Chevrier: I will do it as briefly as I can, Mr. Speaker. The point I want to make is this. In the report of August 26 there are three paragraphs which deal with the fund and I shall not bother Your Honour with them but the last paragraph consists of one sentence which reads as follows:

> In the meantime we respectfully draw your attention to our report of July 18, 1958.

My contention is that the report which the minister tabled, sessional paper 82A, together with this report of August 26 forms the recommendations to the governor in council and therefore is debatable. I maintain that I can refer to it within the terms of section 89 (1) which says that the minister shall lay before parliament every report made by the unemployment insurance advisory committee. I say that by incorporation and by reference those two reports are debatable now.

Mr. Speaker: The hon. member appreciates that the minister has laid them before parliament. What he is asking to do is get into a collateral debate on quite a different matter than is before the house under this bill. As I understand it the question of whether or not the handling, disposition, and tabling of these reports and so on is in compliance with the act is not an issue on the second reading of this bill.

Mr. Chevrier: May I point out to Your Honour that this matter was not before us at the resolution stage because when the minister introduced the resolution he had not tabled the report and it was only afterward that we were able to consider the report. I feel that on that basis since—

Mr. Speaker: I still have not made myself clear. I do not suggest that the hon. member is not free to complain that he has not had the report in fact but what I do think he should avoid is a debate on the legal responsibilities of the minister with respect to these reports because to my mind such observations are not pertinent at this time. They would be pertinent if the question were raised as a supply motion condemning the government for not tabling the reports in accordance with the act but they are not relevant in this debate.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, on a point of order, we are now, of course, dealing with the second reading of a bill which deals with the unemployment insurance commission and the operation of a fund and measures taken by the government to strengthen the fund. In respect of that we now have before us a report, which was tabled last night at six o'clock, of the unemployment insurance advisory committee giving certain views of that committee on how all this might be done. Surely, Mr. Speaker, on the second reading of this bill we can refer not only to this report but to the circumstances surrounding the tabling of it and, as we see it, the fault of the government in this matter which is borne out by the report. Surely, Mr. Speaker, this has a bearing on the principle of the bill which is before us.

Mr. Green: Mr. Speaker, last evening Your Honour dealt with this point at some length and under some difficulty when the hon. member for Essex East (Mr. Martin) was speaking. I submit that the hon. member for Laurier and the Leader of the Opposition have absolutely no right to go back tonight and argue that same point of order and ask to be allowed to go on with the same type of debate which was not allowed from the hon. member for Essex East last night. I urge upon Your Honor that the rules of the house be enforced in respect of these three hon. members and that they be restricted from dealing with this point on which Your Honour ruled last night.

Mr. Caron: Closure.

Mr. Green: When these people across the way talk about closure I say there is no doubt about who are the experts on closure in this house.

Mr. Pickersgill: Mr. Speaker,—

Mr. Bell (Carleton): Let's not make a joke out of this.

Some hon. Members: Order.

Mr. Speaker: What the minister says is quite true. The point of order which I raised last night was debated at considerable length and I thought I made it quite clear what were the limits of the debate which could take place on the background of this report. I have no objection and there is no rule that I know of which would prevent the hon. member for Laurier from complaining that he had this information only last night, and that that does not give him time to use it appropriately. What I do reiterate—and I feel I must, of course—is the point which I made last night, namely that the regularity of the government's action with respect to this report is a matter entirely outside this debate.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, there is a slightly different point actually, it seems to me, that the hon. member for Laurier was trying to make. Your Honour will recall that, according to May's sixteenth edition, it is competent to members to move amendments which may express opinions as to any circumstances connected with the introduction or prosecution of a bill. I apprehend that if it is competent to move an amendment about it, it is certainly competent to debate it and it seems to me that what the hon. member was seeking to do was not to debate a specific point, as perhaps the hon. member for Essex East may have been doing last night, but to debate the circumstances connected with the introduction of this bill, and particularly the circumstances that we did not have this information at an earlier stage.

Mr. Speaker: The simple answer to what the hon. member for Bonavista-Twillingate says is that the amendment must be relevant. The debate is not relevant and an amendment which would open up the debate which the hon. member is seeking to introduce is not relevant.

Mr. Pearson: On the second reading of this bill are we not competent to debate the relations of the government to the unemployment insurance advisory committee? Its relations have been explained in part at least in this particular report. Those relations surely, have a bearing on our attitude toward this particular bill and those relations, surely, cannot be discussed unless we discuss this particular report and the circumstances surrounding its introduction in this house.

Mr. Speaker: I think the hon. member must be under a misapprehension that the whole Unemployment Insurance Act is before the house.

Mr. Pearson: It is.

Mr. Speaker: This is the second reading of a bill to amend an act. It has been very well established, and the practice has been very closely followed in the house, that a bill to amend a particular act opens up only the sections that it seeks to amend. Now, there are three or four principles or purposes in those amendments: one has to do with the numbers who may benefit; one has to do with the amount of benefits; one has to do with the amount of contributions. That is a fairly broad range of the unemployment insurance scheme, but it does not open up the whole act by any means, and it does not open up debate on the contents of the Unemployment Insurance Act, the advisory committee and its relations with the government.

[The Speaker.]

It only opens up the principles which I think were reasonably correctly stated, as I understand the bill, by the minister when he introduced the bill yesterday and referred to the four principal changes which are the purposes and principles of the bill.

Mr. Chevrier: Mr. Speaker, I suppose then that I would not be prevented from discussing what the minister said in his opening remarks yesterday. I presume, then, if I may be allowed to go on, I can at this stage deal with some of the statements that he made and to challenge those statements.

Mr. Horner (Acadia): And take an hour and a half to do it.

Mr. Chevrier: No, I did not take an hour and a half to get at this.

Mr. Horner (Acadia): You have another hour and a half.

Mr. Chevrier: No, I have 40 minutes in which to speak and I would like to take the 40 minutes unless I am interrupted.

At page 3538 of *Hansard* of Monday, May 11, 1959, the minister said:

> I asked the unemployment insurance advisory committee to give some study to some of my suggestions for amendments to the Unemployment Insurance Act, which they did.

The minister said in this statement which I have just read that the report was given to him at his request; that he asked the unemployment insurance advisory committee to give some study to some of his suggestions, which they did. He considered the report as confidential but the report which was tabled yesterday is not so marked. The point that I make now, is that it should have been tabled long before yesterday, along with the sessional papers.

Some hon. Members: Order.

Mr. Green: On a point of order,—

Mr. Chevrier: It should have been tabled—

Mr. Green: On a point of order,—

Mr. Speaker: The hon. member who has the floor is questioning the regularity of the acts of the minister and of the government with respect to this report. That is what I indicated last night was outside the ambit of this debate. This does not mean he is not able to refer to the report or to the time it was tabled. To make a debate on the subject of whether or not the government should have tabled it when it did, or whether it was required to table it under the act, is the limit that is being set and that is what I have been trying to tell the hon. member. I hope he will keep that in mind.

Mr. Pearson: Is the minister permitted to make a statement regarding the circumstances of the production of this report? He said last night that this report was produced at his request, but the report itself shows that that is not so. Are we not allowed to comment on that statement of the minister, he having been permitted to make it last night?

Mr. Chevrier: That is really the point, sir. If I am not allowed to make any comment on what the minister said, then I might as well resume my seat and not go on with my remarks. The minister did this. Surely, if the minister is able to make certain statements, then I ought to be able to reply to those statements and that is what I intend to do, unless I am interrupted by Your Honour, because there are statements here which I think demand explanation and which I think the minister should explain before second reading of the bill is proceeded with.

One of the things I believe he should explain is this. Did the minister actually ask the advisory committee for these suggestions?

An hon. Member: He said so.

Mr. Chevrier: He said he did but if you read the sessional paper dated August 26—I doubt if I am able to refer to it—there is not the slightest indication in that paper that the minister asked the advisory committee for suggestions as he said he did. What are the suggestions that the minister made? I think the house is entitled to know what those suggestions were. We know what the answer is. We know what the report of August 26 is but we do not know what the suggestions are which the minister made. Why are we being denied this information?

Mr. Fleming (Eglinton): He did not say that.

Mr. Chevrier: Why is it that we have not got the information? Where are the suggestions? The House of Commons is entitled to know what these suggestions were. We should not have just half of the picture. We should not have the report of August 26 without, on the other hand, having the suggestions which the minister made and which brought about the report. The house is entitled to this information and I say that we are being denied it. We have a right to have that information, and I challenge the minister here and now to produce the minutes of the meeting which will indicate what the suggestions were.

Why is it, that in the last part of this report there is not only no indication that the minister asked for suggestions but on the contrary there seems to be clear-cut evidence, and it appears from the last paragraph, that although at least three members of the advisory committee were not in accord with the minister, the minister had not notified the committee of his intentions. The minister says that he asked the advisory committee to study some of his suggestions for amendments to the act. I say, that the minister has no right to do that. I say that there is no provision in the act for such action. I say that the minister acted in contravention of the Unemployment Insurance Act when he asked for this report.

An hon. Member: Whoo, whoo!

Mr. Chevrier: My hon. friend says, "whoo, whoo". Let us see what the act says.

Mr. Pearson: Trained owls.

Mr. Chevrier: Section 91 (1) of the act reads as follows:

> Whenever the governor in council, after consultation with the commission, considers it expedient to do so, he may direct the advisory committee to investigate and to report upon,
>
> (a) the provision of unemployment insurance—
>
> (b) the rates of contribution and benefit—

Parliament has not given the minister the power to ask for the report which he said he asked for. The minister took that power and he had no right to take that power. The minister acted in contravention of the Unemployment Insurance Act. I say that the minister should explain to the house why and under what authority he did ask for this report because I have been unable to find anywhere in the act any statutory authority that gives the minister jurisdiction to ask for a report of this kind. The governor in council and the governor in council alone has the right to demand an additional report, and that is why I say with all respect that I was in order a while ago when I asked to be able to consider these two reports alongside the act because it is the governor in council alone who has the right to demand this and it should be tabled in accordance with the request of the governor in council.

Mr. Speaker: I have allowed the hon. member to follow an inquiry as to the circumstances of asking for this report but I will not allow him to continue on the specific point to which he is now reverting.

Mr. Chevrier: Thank you, Mr. Speaker. I will go on to another point. I say, that not only has the minister contravened section 91 (1) of the Unemployment Insurance Act but he has also violated section 19 (1) which states:

> There shall be a committee, called the "unemployment insurance advisory committee", consisting of a chairman and not less than six nor more than eight other members, appointed by the governor in council to hold office during pleasure.

That unemployment insurance advisory committee does not exist at the present time and it does not exist because of the conduct of the minister. I say that there has been a violation by the minister of section 19. The Minister of Labour has violated four sections of the act and he is in contempt of parliament under four heads. He has violated section 89 (1) by not producing the report of August 26 until yesterday. He has violated section 91 (1) by asking for a report of the advisory committee which he has no right to do. He has violated section 19 because there exists no legal unemployment insurance advisory committee today as provided for by the act. Lastly, he has violated the spirit and the intention of the act because he failed to consult the advisory committee and failed to carry out the major recommendations made by that committee in connection with the matter now before the house.

What the minister has done, is not only unjustifiable but inexcusable and it is in contravention of the statute. It is in contravention of principles going back to the bill of rights which declares, among other things, that no government or executive can suspend the law in any particular without parliament. At this point, I desire to move the following amendment, seconded by the hon. member for Burin-Burgeo (Mr. Carter):

That all the words after "that" be struck out and the following substituted therefor:

"this house declines to proceed with this bill because its provisions were formulated and introduced without any consultation by the government with the advisory committee and before receiving the annual report of that advisory committee on the financial condition of the unemployment insurance fund for the fiscal year ending March 31, 1959, and its recommendations thereon."

Mr. Speaker: I have very grave doubts as to the regularity of this amendment but I take it there are others who wish to participate in the debate and I will give consideration to it while the debate proceeds.

Mr. Chevrier: I had not finished my remarks, Mr. Speaker, and I wish to continue, if I may. I want to say that it is unfortunate that this bill is submitted to parliament at a time when relations between the Minister of Labour and the labour movement have been broken for all practical purposes. The minister, of course, must assume full responsibility for the unfortunate position which has brought about a contravention of section 19 (1) of the act in that we find ourselves at this moment without an advisory committee having a legal status. As a result of the failure of the minister to comply with that section, as I stated earlier, a clear and important provision of that legislation, the two most important Canadian labour unions have stated that they do not recognize an appointment made by the Minister of Labour (Mr. Starr).

Mr. Speaker: Order. I am not sure how the hon. member relates the appointment of officials to the committee to this bill which is now before us. Before he proceeds to deal with that matter, I feel he should satisfy me it is relevant to the bill.

Mr. Chevrier: I have been discussing section 19 (1) for the last five minutes, and Your Honour has not stopped me. Section 19 (1) says:

There shall be a committee, called the "unemployment insurance advisory committee", consisting of a chairman and not less than six nor more than eight other members, appointed by the governor in council to hold office during pleasure.

I say that that committee does not exist at the moment. I was going on to deal with subsection (2), which says:

At least one of the members of the advisory committee, other than the chairman, shall be appointed after consultation with organizations representative of workers—

Surely I have the right to discuss and deal with those two sections of the act at this time.

Mr. Green: May I point out to Your Honour that once again we have an evasion of Your Honour's ruling. You have ruled—

Mr. Chevrier: The Speaker has made no ruling.

Mr. Green: A few moments ago you pointed out the principles of this bill which is under debate. Now you have said that the raising of this question of the appointment to the advisory committee is not relevant to the discussion.

Mr. Martin (Essex East): Nonsense.

Mr. Green: The hon. member for Laurier is going right on to make that point.

Mr. Martin (Essex East): Close parliament; let us go home. Let us have a dictatorship, that is what you want.

Mr. Green: You know all about dictatorships. If the hon. member for Laurier is not prepared to follow the rulings made by Your Honour, then he should stop speaking.

Mr. Speaker: I did not rule, of course; I asked the hon. member for Laurier how he could relate the appointment of the members of the board to the bill. I see no connection myself, and unless he has some means of bringing the question of the appointments to the advisory board or the conduct of the government in that respect into the scope and purpose of this rather limited amendment to the act, which does nothing to the provisions for the advisory board, I cannot allow him to

proceed. I was asking him how he could justify the relevancy of the course upon which he was obviously embarking.

Mr. Pearson: On the point you have just made, may I be permitted, with great respect, to say this: We are dealing with a bill which amends, in some very important respects, the Unemployment Insurance Act. The Unemployment Insurance Act is administered by the unemployment insurance commission, and another important agency in the administration is the unemployment insurance advisory committee.

How can we discuss intelligently the second reading of a bill which amends the act in these important respects without discussing the commission which deals with the administration of the act, as it will be amended. We are giving new responsibilities and new duties to this commission. Yesterday when the minister, in a very short speech indeed, explained these amendments he found time in that very short speech, as recorded on page 3538 of *Hansard,* to refer to the unemployment insurance advisory committee, and I think quite properly. He referred to that committee in respect of suggestions which he said he had made to that committee. If we are going to deal intelligently with these important changes in the bill, surely we are entitled to deal with the machinery which has been set up by parliament to administer this act.

Mr. Speaker: I am sorry, but I cannot accept that argument. There would be no limit to the debate, the whole field of unemployment insurance would be under review, if the hon. member's contention were correct. There is no attempt made in this bill to deal with the machinery for the administration of the act. There are four or five relatively clear changes, but there is no change in the machinery. It is open to hon. members to debate the subject on a supply motion, if they wish, but they cannot debate it during the debate on second reading because this subject goes beyond the scope of the bill that is before the house.

Mr. Chevrier: May I ask Your Honour for some guidance, then? In that case, is Your Honour ruling that I cannot deal with the contents of section 19 (1), which indicates that there should be an advisory committee?

Mr. Speaker: Yes, I am ruling that the appointment to the advisory committee, and all that machinery of administration, is irrelevant.

Mr. Chevrier: Mr. Speaker, with all due respect, the minister has referred to that matter by tabling sessional paper No. 82A, and by tabling yesterday the additional document of August 26, both of which referred to the advisory committee. If I cannot deal with nor discuss the advisory committee which is referred to in the report now before the house, then of what use is this debate?

Mr. Speaker: If the hon. member will not see the limit I am trying to draw, I am afraid I have only one course open and that is to ask him to resume his seat if he wishes to go on with that line of argument. The fact that the minister referred to there being an advisory board and he sought its advice and filed its report does not open up the constitution of the machinery of administration.

Mr. Chevrier: I shall not continue the matter—

Mr. Pearson: Talk about closure.

Some hon. Members: Oh, oh.

Mr. Chevrier: I respect your ruling, sir, but I now want to say, without any hesitation and without any doubt, that in my opinion there has been a clear violation of the statute under four heads by the Minister of Labour. I want to add that the Minister of Labour has withheld from this house information which this house was entitled to receive. I want to quote, from an hon. gentleman who sat on this side of the house at one time and who afterwards became the Prime Minister of this country, when he dealt with a situation similar to this.

Mr. Speaker: Is the hon. member referring to the quotation which the hon. member for Essex East (Mr. Martin) sought to quote last night?

Mr. Chevrier: No, sir. I am now dealing with the words spoken by the Prime Minister (Mr. Diefenbaker) in the debate of January 20, 1958, which has nothing to do with the matter which was discussed last night by the hon. member for Essex East.

Mr. Speaker: At what page?

Mr. Chevrier: At page 3526 of volume 4 of the session of 1957-58, the Prime Minister then said this, and I quote:

> He said we must not conceal facts, but I put it to the hon. members opposite—every one of them in the official opposition—that they hid the facts; they concealed the record; they did not let the Canadian people know what was taking place.

I say to the Minister of Labour that he withheld information from this house when he did not tell this house what the request was that he made of the advisory

committee. Then, a little farther on, the Prime Minister said:

> Did they give us such information? They had it in the report but they did not give it to parliament.

The information I submit the Minister of Labour had or has, and he must be able to tell the house what these suggestions were which he made to the advisory committee of the unemployment insurance commission. Then at page 3530 the Prime Minister, still continuing the debate, stated:

> You concealed the facts. That is what you did.

And a little later on:

> What did they do? They concealed the facts.

And again at page 3533:

> I think of the fact that the hidden book reveals that they did nothing.

And at page 3534:

> However, the point I made was that they did have that document and they did not act upon it but, instead of acting upon it, they actually placed before the House of Commons at the time of the budget a picture of a buoyant economy, hopeful for the future—

I say, that when the Minister of Finance (Mr. Fleming) brought down his budget he should have given some indication that this additional taxation, ranging anywhere from $80 million to $100 million, was to be brought in by his colleague the Minister of Labour. But not one word was said by the Minister of Finance. Neither did the Minister of Finance say anything about the loans which are alleged to have been made and which the hon. member for Essex East asked him about on the orders of the day. His memory did not seem to be too clear in so far as they were concerned. His memory seemed to be confused in so far as they were concerned. Nonetheless, the hon. member for Essex East put on *Hansard* details of the two loans.

Mr. Fleming (Eglinton): He put on the record a great many misstatements.

Some hon. Members: Oh, oh.

Mr. Chevrier: The Minister of Finance says he put on the record a great many misstatements. I ask him this question: Why did you not get up and challenge the misstatements? Why did you not get up and reply? No; you did not do that. You sit there and you interrupt; and you interrupt because you have a bad conscience.

Mr. Walker: I rise on a point of order. Mr. Speaker is in the chair. The hon. member for Laurier should address the Chair.

Mr. Speaker: Yes; I must remind the house—

[Mr. Chevrier.]

Mr. Chevrier: I did not catch that gem from the hon. member for Rosedale. I would ask him to repeat it.

Mr. Walker: The hon. member should know better than to do what he has been doing; he should address the Chair.

Mr. Speaker: The hon. member for Rosedale was properly reminding the house that I am still in the chair. I would remind the hon. member for Laurier that he was directing his remarks to a new chairman down there.

Mr. Chevrier: I extend my apologies to you, Mr. Speaker.

Mr. Speaker: The hon. member for Laurier will also appreciate the fact that I have given him the benefit of a substantial amount of time which was consumed in the debate between himself and myself. However, I find that his time has now expired.

Mr. Fleming (Eglinton): Mr. Speaker, I rise on a point of order. I submit to you that the amendment introduced by the hon. member for Laurier is out of order. You will observe that the operative part of the amendment reads as follows:

> This house declines to proceed with this bill because its provisions were formulated and introduced without any consultation by the government with the advisory committee and before receiving the annual report of that advisory committee—

And so on. Mr. Speaker, I know that I do not need to submit to you that the mere insertion of a reason for any particular course set forth in an amendment is out of order. The only amendment that could be in order at this point is one which would set up a principle contrary to the principle of the bill. In my submission to you, Mr. Speaker, this amendment does not set up a principle contrary to the principle of the bill. What it says in effect is that the house should not proceed to give the bill second reading because certain things were done in relation to the bill without consultation with the advisory committee and before receipt of the annual report of the advisory committee. These are obviously procedural questions, something outside of the scope of the bill. The amendment says that something should have been done or that the introduction and formulation of the bill should have been delayed until certain things were done. This is not the assertion of a principle contrary to the principle of the bill.

After the discussion that was had in this house last evening and today, I do not need to say anything further about the principle of this bill. The principle of the bill you have yourself discussed in the course of the rulings that you have already made. But, Mr. Speaker, there is nothing in these two points

of a procedural nature which relate to the principle of this bill. There is nothing here that is set up that is contrary to the principle of the bill at all. All this amendment says is that something should have been done entirely outside the bill before the bill was formulated and submitted to the house. That certainly is not the assertion in the amendment of a principle contrary to the principle of the bill. Therefore, in my respectful submission, this amendment is clearly out of order.

Hon. J. W. Pickersgill (Bonavista-Twillingate): If I may, Mr. Speaker, I should like to say a word on this point of order. I would quite agree with the Minister of Finance that this amendment was out of order if it fell within the ambit of the first citation in May's 16th edition which Your Honour will recall, and I am reading as little as possible:

> A reasoned amendment is placed on the paper in the form of a motion and may fall into one of several categories.

An hon. Member: What page?

Mr. Pickersgill: Page 530, at the bottom of the page and at the top of page 531. The citation continues:

> (1) It may be declaratory of some principle adverse to, or differing from, the principles, policy or provisions of the bill.
>
> (2) It may express opinions as to any circumstances connected with the introduction or prosecution of the bill, or otherwise opposed to its progress.

It seems to me that this amendment falls absolutely, completely and categorically within the ambit of that citation.

The other question, of course, that has to be decided, as I understand it, is that of relevancy; it must be relevant to the bill. I think the question of relevancy was decided last night by Your Honour in a decision you made in reference to the point on which you decided adversely to the hon. member for Essex East (Mr. Martin) when you agreed that he could discuss the report of the advisory committee but could not discuss the narrow point of whether or not that report was made at the right time. If it is competent to debate the report of the committee and the advice of the committee, then I submit they are relevant to the bill and therefore are a relevant subject for an amendment. As this amendment is an amendment expressing opinions as to the circumstances, it seems to me that it falls completely within the ambit of this citation of May. It is, of course, in that respect, as Your Honour will recall, similar to an amendment that was moved and found to be in order at the last session of parliament on the Customs Act.

Mr. Herridge: Mr. Speaker, as the acting leader of this group—

Some hon. Members: Hear, hear.

An hon. Member: A change for the better.

Mr. Herridge: While I greatly appreciate the applause, I want to remind hon. members that my star will be in the ascendent only temporarily. However, I want to make a few general remarks. I am not going to be repetitious, Mr. Speaker—

Mr. Speaker: Is the hon. member speaking on the point of order?

Mr. Herridge: No, Mr. Speaker.

Mr. Speaker: Order. I was hoping that the hon. member was going to give me some words of wisdom which would help me to deal with this proposed amendment. The hon. member for Bonavista-Twillingate (Mr. Pickersgill) has asserted that there is a relevancy to this assertion of principle. However, I am afraid that I cannot follow him in that assertion. It seems to me that this is not an assertion of principle contrary to the principle of the bill. It is a statement of fact relating to the conduct of the government. It is a condemnation of the government for something it is alleged not to have done, namely to consult the advisory committee and receive the annual report of the advisory committee. I do not think it is in the same category as the amendment which was submitted by the hon. member for Essex East last night. It does not assert a principle contrary to the bill, but seeks to introduce extraneous and irrelevant matter in the form of a condemnation of the government for its alleged conduct in not having done this or that, preliminary to the bill, and therefore I cannot accept the amendment.

Mr. H. W. Herridge (Kootenay West): In an effort to regain my temporary ascendancy as the acting leader of this law abiding parliamentary group, I wish to make a few general remarks. I am not going to be repetitious, and I am not going to be verbose. Our views and criticisms with respect to this bill were ably placed before the house by the very good-looking member for Timiskaming (Mr. Peters) and the equally good-looking member for Skeena (Mr. Howard).

I discussed this unemployment insurance legislation with a number of my constituents. They were very interested in the operation of the act, and very interested in amendments which were even then, as it were, in the air. I must say before I proceed that I find it somewhat difficult to work up a suitable political head of steam when I look at the genial and very much respected Minister of Labour (Mr. Starr). I may say that we in this group do not blame him entirely for the deficiencies of this bill. The hon. gentleman is one of a

cabinet. We are of the opinion that if he had had his own way all the amendments which the official opposition and we in this group are proposing would have been already incorporated in this measure.

The Unemployment Insurance Act is a very sound piece of legislation, and one which has been of great benefit to hundreds of thousands of Canadians. I think we are sometimes inclined to overlook the days when there was no Unemployment Insurance Act and when people who, for one reason or another, lost their employment were obliged to rush around for a few extra dollars or go on relief. This legislation represented a big step forward. I do want to remind the house that this legislation was placed on the statute books of this country after men like Mr. J. S. Woodsworth and Mr. William Irvine had urged the government of that day year after year to make provision of this kind. I think when we are discussing this legislation we should not fail to remind ourselves of the pioneer work done in this respect by former members of the C.C.F. party in this house—

An hon. Member: And Liberals, too.

Mr. Herridge: Yes, and by some other hon. members of that day. There were a few of the more progressive Liberals who supported us in those efforts.

An hon. Member: New leader.

Mr. Herridge: I see that hon. members are trying to interrupt me.

While these good people of the past—members of this house, representatives of the labour movement, and people in other sections of our society—were urging the adoption of this type of legislation, there were other people who strongly objected to it. I am sure there are members of this house who remember the heated criticism made by some Tory-minded people of that day.

Mr. Martin (Essex East): We have them right in this house, too.

Mr. Herridge: The hon. member for Essex East (Mr. Martin) is correct. I am not suggesting that they were all members of the Progressive Conservative party, but there were some Tory-minded members of this house, and some members of the other place, too, who regarded this legislation as a dole rather than as legislation based on the principle of insurance in order to provide against days of adversity.

Experience in changing circumstances has clearly demonstrated the necessity for periodical amendments to this act. This is one of the times when amendments are indicated and justified. While there are some improvements in the measure, some things which this group welcomes, there are also reasons for disappointment because of the omission of certain things which this group thinks should have been in the bill before us at the present time.

The extension of the benefit to 52 weeks is excellent, and we support that wholeheartedly. The protection of people earning up to $5,460 is also an excellent amendment. There is also some improvement in the rates of benefit; not as much as we should like to see, but some improvement. Higher earnings are also permitted for certain persons before they are considered ineligible for benefits and this, too, we consider to be an improvement because it provides an opportunity for exercising initiative and helping oneself while receiving unemployment insurance benefit. And then there is the question of extending the benefits to persons who are in a penitentiary for up to two years. That is an excellent improvement.

We support the protest made by many hon. members at the use of the greater portion of the increased contribution for the rebuilding of the capital of the fund. We think that is most unsound in principle. We think it is a decided departure from the insurance principle upon which the act is based. We have been informed that only 1 per cent of the 80 per cent increase expected is required to pay for the extension of benefits up to 52 weeks, and that the balance will largely be used to rebuild the capital of the fund. When the minister replies before the conclusion of this debate on second reading I hope he will give the house some figures in this connection. I repeat, that we have been informed that it only requires 1 per cent of the 30 per cent increase expected to meet the cost of the increased benefits and that the balance will be used largely to rebuild the capital of the fund. I hope the minister will give us some figures in this connection in order that we may know whether we are dealing with facts. We want to be accurate in this respect, because to criticize on unfair or incorrect facts is only to render invalid the argument one is trying to make.

I want to deal with three omissions from the bill from our point of view, three things which we regret have not been included in this measure. I intend to be quite brief. First, we regret that while the minister was amending this act provision was not made for the inclusion of farm labourers. This question has been discussed repeatedly in the house, and I know that there are a goodly number of members who support the government at the present time and who, when

they were in opposition, felt that the government of the day should include farm labourers under the provisions of the Unemployment Insurance Act. We are very sorry they have not been included, because it is most unfair to the farmers of the country. I am repeatedly having farmers come to me and say how difficult it is for them to get labour on the farms because, naturally, men prefer to seek employment in fields where they have the protection of the Unemployment Insurance Act; they are not anxious to work for a farmer for two or three weeks if they are not to have the benefit of this protection. I shall have more to say on this subject when the estimates of the Department of Labour come before us for consideration. I think there will have to be a much more accurate definition as to what exactly a farm labourer is. I was talking to the local manager of the unemployment service—

Surely I am not out of order, Mr. Speaker?

Mr. Speaker: I have allowed the hon. member considerable latitude in going into the background of this bill. It is in order to say that the bill does not go far enough, and that it could do something else, but I would ask the hon. member to make his contribution on what is omitted a recital rather than a debate of the matters omitted.

Mr. Herridge: At your request, Mr. Speaker, I shall carry on in the form of a recitation, not a debate. I want to bring to the attention of the minister the unfairness suffered at the present time by farmers because of a failure to include farm labour in this act. This problem is constantly being brought to my attention. My detailed remarks with respect to farm labour I shall reserve until we are discussing the estimate concerning the unemployment insurance commission.

Another matter a number of people have discussed with me is this. We in this group regret there is no provision in this act for students who would be eligible for unemployment insurance if they were to remain at home but who cannot draw it if they attend university or technical training school. We in this group say that these young people are better off learning than lounging. We urge the minister to give consideration to introducing an amendment of this nature to the act. It would enable a number of young men and women to carry on with their education and it would be of assistance to others if they were allowed to draw to the fullest extent possible the unemployment insurance to which they would be entitled if they were not attending a university, technical or other school of learning.

As the final paragraph of my recitation I would say I think some consideration should be given to bringing under the terms of the Unemployment Insurance Act members of the armed forces who are on short term service. It has been brought to my attention and to the attention of other hon. members in this group that men who are in the armed forces for short periods up to five years and are then discharged, as men were within the last year or eighteen months owing to the recession and lack of employment, have found themselves unemployed and without any unemployment insurance protection. We think that men who have joined the armed forces and served their country should receive on their discharge the protection of unemployment insurance.

We would urge consideration of an amendment to protect those persons discharged from the armed forces of Canada. I know there is some objection to that from the Department of National Defence. In an issue like this I do not think the decision should be left to the senior officers of the Department of National Defence. Senior officers have a prejudice about things like unemployment insurance. Some may even think it somewhat degrading. This decision should be made by the Department of Labour and this protection given to those young Canadians.

We in this group think the time is ripe for a thorough review of the Unemployment Insurance Act. We urge the minister to give consideration to our criticisms of the present bill and to our suggestion for the inclusion of other groups so we can build up in this country on the foundations already laid a complete, just and sound unemployment insurance system to protect those who suffer adversity through temporary unemployment. We cannot evade the fact that owing to our climate and other circumstances in the country with all the best arrangements there is bound to be a measure of seasonal unemployment in Canada. We must provide for that. We in this group believe in building up this act so it is based on sound insurance principles to cover those who pay for their own protection and in so doing provide for their own security.

Mr. E. W. Brunsden (Medicine Hat): Mr. Speaker, of this we may be sure, that the unfortunate Canadian man or woman who today, tomorrow, next week or next month may be a beneficiary under this act will be totally unimpressed with the debate in this house this evening if indeed they ever hear of it. We are dealing tonight with human relations. We are dealing with an act introduced into this parliament many years

ago, amended from time to time, requiring further amendments, an act that brings great benefits not only to large numbers of men and women but also to many children.

I am totally unimpressed with the argument that there need not be increases in the levies on the part of employers or employees for this reason. If they are honest I believe that my hon. friends opposite will admit that the fund originally was created in the buoyancy of a wartime economy and of a postwar economy. Today we live in a different age—

Mr. Pickersgill: That is true.

Mr. Brunsden: We live in a different age by reason of our inheritance from the previous administration.

Mr. Pearson: An inheritance of buoyancy.

Mr. Brunsden: As time marches on and conditions change this act, like many other acts, will require survey and amendment from time to time.

A moment ago I mentioned that we are dealing with human values this evening. Let us rest this debate with respect to this bill not on legalities relating to papers, reports or precedents, but on the basic human factors of Canadian manhood and womanhood.

(Translation):

Mr. Augustin Brassard (Lapointe): Mr. Speaker, I have been listening with close attention to the remarks of the hon. member for Medicine Hat (Mr. Brunsden). He says he has not been in the least bit impressed by what the opposition members had to say on the amendments to the Unemployment Insurance Act introduced by the Minister of Labour (Mr. Starr) because, as he says, within a week, a month, or two months, there will be women, men and young people benefiting from this legislation. And I believe this. In fact, I not only believe it, but I am sure of it, because never more than under a Conservative government have so many Canadians been on unemployment insurance. Things have reached such a pass that, according to the famous report of August 19, 1958, which has been referred to here—

Mr. Johnson: It was not our fault if we were not in office in 1953.

Mr. Brassard (Lapointe): If the hon. member wants to repeat what he just said, I shall give him an answer.

Mr. Johnson: We cannot be blamed for not being in power in 1953.

Mr. Brassard (Lapointe): Mr. Speaker, we are always served the same argument: we inherited those conditions. Yet, when anything good happens in this country since they came into that legacy, they give the whole credit to the Prime Minister's (Mr. Diefenbaker) and to the cabinet's vision. On the other hand, when anything goes wrong, the inheritance and legacy left by the former Liberal administration takes the blame.

Mr. Speaker, I shall go back to what I was going to say when I was interrupted by the hon. member for Bagot—

An hon. Member: It was not the hon. member for Bagot.

Mr. Brassard (Lapointe): The name does not matter, for the hon. member's quality is the same.

Mr. Speaker, when I was interrupted I was going to say that, in the report dated August 19, 1958, the unemployment insurance fund is indicated as having been reduced by $234,283,645 and a few pennies—which I shall spare the hon. member who just interrupted me. Mr. Speaker, we have here the proof that, under a Conservative administration, Canadians really need unemployment insurance.

In answer to my hon. friend from Kootenay West (Mr. Herridge), who was saying that the legislation was passed in 1944, I shall remind him that the Unemployment Insurance Act was passed by parliament in 1940 at the instigation of a Liberal administration. Even if it was introduced by Liberal and C.C.F. members, I think that the credit for it is to be attributed to the then prime minister and his Liberal cabinet, i.e. the Right Hon. Mackenzie King, who had truly enough vision to see that the Conservatives would be in power in 1958, and the unemployed Canadians might benefit from such good legislation.

(Text):

Mr. Johnson: Let's talk about the crystal ball.

(Translation):

Mr. Brassard (Lapointe): Mr. Speaker, if you want to let those people rise who spend their time interrupting me, so as to catch the cabinet ministers' attention, I am ready to sit down, and pursue my remarks when they have finished with theirs.

In that same report of August 19—when I say August 19 I am not referring at all to the Conservatives—in that same report of August 19, 1958—

Mr. Johnson: Leave such play on words to the hon. member for St. Denis (Mr. Denis).

Mr. Brassard (Lapointe): The following may be noted:

> The excess of payments over revenue, persuades the committee it would be improper to recommend

major changes at this time. That is changes which would very materially increase the deficit; or in the alternative would necessitate a tax on industry and workers.

The committee wishes to reserve its opinion on the "benefit formula proposal" of July 24, 1958, until the commission and actuary, have had more opportunity to give it careful consideration in the light of further experience with the existing act.

There you have, Mr. Speaker, a recommendation which should have been taken into account by the hon. Minister of Labour. After all, the unemployment insurance commission advisory committee is composed of businessmen having real vision, men of common sense and experience, representing both labour and industry. I believe their recommendations should be seriously considered, and be taken into account by the Minister of Labour when he contemplates amending the Unemployment Insurance Act.

In that same report, Mr. Speaker, on page 2, the committee recommends the following:

The committee respectfully recommends that the division of responsibility for revenue to the fund as between employers, employees and government be adjusted so that the contribution from each be made equal. In other words, that the contribution from the government be made equal to one-half that of the combined contribution from employers and employees.

I would have liked to discuss the matter Mr. Speaker, but I know it was made the basis of an amendment moved by the hon. member for Essex East (Mr. Martin) who, incidentally, discussed it most ably and intelligently. I hope I shall have the opportunity of dealing with this point later, but I wish to point out that the Minister of Labour failed to take into account—

Some hon. Members: Oh, oh.

Mr. Brassard (Lapointe): Young members, elected in 1957 and 1958, who think parliament came into existence when they were elected, do not even bother to follow what goes on here in the house, at a time when we are discussing problems which are of direct concern to the people suffering from unemployment at the present time.

Mr. Denis: Tell us about the frogs of Roberval!

Mr. Johnson: He didn't say anything about the toads of St. Denis.

(Text):

Mr. Speaker: Some hon. members seem to be starting a private debate. I would ask them to leave the floor to the hon. member for Lapointe.

(Translation):

Mr. Brassard (Lapointe): Mr. Speaker, I hope the official stenographer of the house has had the time to make a note of those remarks, which stigmatize the intelligence of some members of the house.

Mr. Tremblay: You mean the member for Hull (Mr. Caron).

Mr. Johnson: Such modesty!

(Text):

Mr. Brassard (Lapointe): Is the hon. member through with his remarks?

Mr. Monteith (Perth): Get on with your speech.

Mr. Speaker: If the hon. member who has the floor persists in engaging in these private debates I am afraid I cannot protect him.

(Translation):

Mr. Brassard: (Lapointe): Mr. Speaker, a man who is nettled cannot help jumping up.

Mr. Johnson: It takes time.

Mr. Brassard (Lapointe): Mr. Speaker, I also wish to refer to a question that the hon. member for Essex East asked the Minister of Finance (Mr. Fleming), about certain loans purported to have been made to the unemployment insurance commission.

Not later than yesterday, the hon. member for Essex East asked the Minister of Finance whether the government had made loans to the unemployment insurance commission. The Minister of Finance, who usually has a good memory when it suits him, replied that he did not recall it. The member for Essex East then read a copy of Order in Council 1959/383, approved on April 2, 1959, by His Excellency the Governor General. Among other things, the hon. member has quoted the following:

The committee of the Privy Council advise that your Excellency may be pleased, pursuant to section 86 of the Unemployment Insurance Act, to authorize the Minister of Finance to make loans from time to time to the Unemployment Insurance Fund in an aggregate principal amount of $50 million.

A little later on, the hon. member pointed out that those loans had been made at a rate of interest of 5 per cent.

That is, Mr. Speaker, another of the many about-faces—they are too numerous to be counted—of the Minister of Finance in another field, that of loans made by the government to an agency of the Crown—the unemployment insurance commission.

This government has loaned money at a rate of interest of 5 per cent. And what has the Minister of Finance not said—when he used to sit on this side of the house—about the rate of interest.

What criticism did he not make, not only in the house, but on all election platforms of the country, when he used to speak of the high cost of money or what he used to call in his language, the "tight money policy" which was supposedly so detrimental to the industry and to the workers of this country.

Now that he administers—

(Text):

Mr. Speaker: The hon. member will not find anything in the bill relating to advances to the unemployment insurance commission nor to the subject of high interest rates which he is discussing. We heard last night exactly the same speech which the hon. member is now making only it was made by another hon. member.

(Translation):

Mr. Brassard (Lapointe): Mr. Speaker, behalf of the Minister of Finance, I thank you for having come to his rescue.

I realize you have heard a debate on that matter yesterday evening, but I feel the matter is so glaring, compared to what has been said and done until now, that it needs to be stressed and emphasized as often as can be done.

Mr. Speaker, like the hon. member for Kootenay West, I deplore—

(Text):

An hon. Member: Order.

(Translation):

Mr. Brassard (Lapointe): Mr. Speaker, if the hon. member has something to say, I am ready to let him take over for a few seconds, because I trust he will not be able to speak longer than a few seconds.

I want to join the hon. member for Kootenay West in deploring the fact that the new amendments to the Unemployment Insurance Act do not take students into consideration.

Mr. Speaker, I know of several cases where young girls in my riding, or in my area had been working for corporations or in local offices for 5, 6 or 7 years, and later decided to leave their work in order to take a nursing course. Those girls then tried to collect their unemployment insurance benefits, but, obviously it is provided in this act that if a person making an application for benefits is not unemployed, the request cannot be granted. I am sorry the minister failed to consider that aspect of the matter, before introducing his amendment. I would also urge him to consider it seriously the next time he brings other amendments to the Unemployment Insurance Act, as I feel that from now on, until the next general election, several other amendments to the Unemployment Insurance Act will be submitted to us, for unemployment will keep on growing—not that we wish it to grow—but because it is the business policy and national policy of the government, in other words, bad administration by the whole cabinet, which has led us to the chaotic condition in which we now find ourselves.

(Text):

Mr. Speaker: Is the the house ready for the question?

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I had not intended to take part in this debate—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —and I should prefer to take part in it non-competitively if that is possible. As I say, I had not intended to take part in the debate until we heard some of the fables of the hon. member for Kootenay West (Mr. Herridge). It so happens that almost from the first moment when I came to Ottawa I had a good deal of association with the act which the minister is now asking us to amend, and I hope I will not be any more out of order than the hon. member for Medicine Hat (Mr. Brunsden) was, who made no reference to the bill at all in his intervention, if I recall to the minds of hon. members that this measure would not be on the statute books but for the fortunate circumstance that Mr. Mackenzie King was undiscouraged by the refusal of the present premier of Quebec to agree to an amendment to the constitution to make it possible. As soon as the Liberals won the election in Quebec in 1939 and agreed to a constitutional amendment this legislation was possible and was put on the statute books by a Liberal government.

Mr. Herridge: Will the hon. member permit a question?

Mr. Pickersgill: Certainly.

Mr. Herridge: He made some reference to my talking fables. Is it not correct that Mr. J. S. Woodsworth and all the members of the C.C.F. group in the house at that time had urged this legislation for years prior to the Liberal government taking action?

Mr. Pickersgill: It so happens, Mr. Speaker, and the Prime Minister (Mr. Diefenbaker) will bear me out in this because he was first elected to that parliament, that that parliament was elected in March of 1940 and the constitutional amendment was put before the house some time before the middle of the summer so that there could not have been very many years consumed in this advocacy of which the hon. member speaks. It is quite true that Mr. Woodsworth long before there was any C.C.F. advocated unemployment insurance and so did Mr. King long before Mr. Woodsworth did.

Mr. Small: Will the hon. member permit a question?

Mr. Pickersgill: Certainly.

Mr. Small: Did not R. B. Bennett put it on the statute books first and was it not declared ultra vires?

Mr. Pickersgill: The hon. gentleman is almost right. Perhaps he is quite right. Perhaps that government was like this government. If the Prime Minister did it you did not bother about parliament, but in 1935 it was parliament, not R. B. Bennett, that did it. It was the whole parliament that did it.

Some hon. Members: Oh, oh.

Mr. Speaker: Order. I see I have been in error in allowing the hon. member for Kootenay West (Mr. Herridge) the latitude I did in discussing the general origins of unemployment insurance. It is permissible as an introduction to a discussion of the bill but I would not like to see the debate develop into a debate on the origins of unemployment insurance.

Mr. Pickersgill: Mr. Speaker, I hate to discourage the rather unexpected thirst for knowledge of the hon. member for Danforth (Mr. Small), which I was seeking to satisfy, but if Your Honour would prefer me to discuss something else, say, for example, the bill, I am equally prepared to do that. I am prepared to discuss the bill in terms of the totally inadequate and really rather pitiful introduction to this measure that we listened to in a very few minutes yesterday from the Minister of Labour (Mr. Starr). Here is a measure that, according to the Minister of Labour, is necessary to replenish the unemployment insurance fund, but more than half of his speech dealt largely with the illusory additional benefits which were dealt with very capably by the hon. member for Humber-St. George's (Mr. Batten) this afternoon as well as by the hon. member for Essex East (Mr. Martin) last night and which will be of some benefit to a very few people compared with the totality of the people covered by the act. They are mostly camouflage in order to bring in a large group of contributors who will, of course, contribute many times as much as they can ever expect to derive from the fund.

But what I do intend to do is to give some reasons why I intend to vote against the bill. I apprehend that on second reading of a bill, it is permissible for a member to give any reasons he wishes, as long as they are not blasphemous, as to why he intends to vote against the bill, and if those reasons appear in the opinion of hon. gentlemen opposite to be foolish, nonsensical or even repetitive it is not for hon. gentlemen opposite to object to them on the alleged ground they are out of order. Unless I am ruled out of order I intend to give my reasons for voting against the bill. One reason I have for voting against the bill is that we have not been told the facts. They have been hidden from us by the government. They concealed the facts. As the hon. member for Essex East showed, they concealed the report of the advisory committee. That is one reason I have for voting against the bill, because they hid the report. They kept it from us and they intended to go on keeping it from us to use in the words that were read so eloquently by the hon. member for Laurier (Mr. Chevrier) a little earlier, words that had a ring that some of us will not forget for quite a long while.

Mr. Diefenbaker: No, I would think you would not forget.

Mr. Pickersgill: It was not the only thing that was hidden from us. It was only the beginning of what was hidden from us. We also had hidden from us the order in council of the second of April. I understand that the Prime Minister tabled the orders in council for the month of April but that order in council was not, I am told, among those tabled. I am not accusing the Prime Minister of having broken the law.

Mr. Diefenbaker: May I ask the hon. gentleman to what he is referring? Does he say that any order in council that was supposed to be tabled along with all orders in council during the month was not tabled? Is that the statement he makes?

Mr. Chevrier: You should have been in the house and you would not have been interjecting.

Mr. Diefenbaker: You are here irregularly.

Mr. Chevrier: The Prime Minister should have been in the house and he would not ask that question.

Mr. Speaker: Order. The hon. member for Bonavista-Twillingate.

Mr. Diefenbaker: You should never talk about absence from the house.

Mr. Chevrier: I am free to talk; I have a perfect right to say what I said.

Mr. Diefenbaker: I am telling you that you are the last person who should talk about absence from the house.

Mr. Speaker: Order. The hon. member for Bonavista-Twillingate.

Mr. Pickersgill: The Prime Minister has asked me a question and I have said what I understood. I have not checked to see—

Some hon. Members: Oh, oh.

Mr. Pickersgill: If the Prime Minister and hon. members are not anxious to hear the

answer to the question, all right. I say I was told. I did not look it up myself to see if the Prime Minister had—

An hon. Member: Look it up.

Mr. Pickersgill: Perhaps hon. gentlemen would like to let me finish my sentence.

An hon. Member: No.

Mr. Pickersgill: It is a fact that every month under the Regulations Act certain orders in council, not all of them, are tabled. I was told they had been tabled for the month of April. Maybe they have not been tabled. I have not checked through *Votes and Proceedings* to see.

Mr. Monteith (Perth): Why talk then?

Mr. Pickersgill: But, strictly speaking, I do not suppose that these two orders that were produced by the hon. member for Essex East yesterday fall in that category because from the look of them I do not think they have statutory effect. In fact, the hon. member for Essex East went a little farther. He suggested that, not only did they not have any statutory effect but he was unable to find any statutory foundation for them. I would have thought that in the face of a statement like that from so eminent a member of the bar—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —so experienced a parliamentarian as the hon. member for Essex East, the Minister of Finance (Mr. Fleming) would have been anxious to assure parliament at the opening of the house today as to what the legislative foundation of these orders was. I do not pretend to know whether there is any statute, but I take it that the hon. member for Essex East, having looked for the statutory foundation, was unable to find any statutory foundation for these orders in the unemployment insurance commission legislation itself.

The hon. member asserted he could find none, and I think parliament is entitled to be told on the basis of what statute, what vote, what appropriation or what other authority of parliament, the Minister of Finance disposed of $80 million, if in fact he has disposed of $80 million. In any event, we should be told on what legal basis these two orders in council were passed. We used to hear a lot from the hon. gentleman who is now the Prime Minister of this country about government by order in council, but we are told nothing about these orders in council; about what statute they are based upon; about what the legislative foundation of them is; about where it came from; about when parliament authorized it. Surely, if the Minister of Finance, who said he could not even remember them yesterday morning, did not know about them—only $80 million, and he did not even know about it yesterday morning—

Mr. Pearson: What is $80 million?

Mr. Pickersgill: I must say inflation seems to have proceeded quite rapidly in the past few years since hon. gentlemen went to the other side of the house. It seems to me it is an outrage for the minister to have disposed of $50 million out of the treasury in this fashion, and for the governor in council to have disposed of it seven days before the budget, and yet according to the information of the hon. member for Essex East—

Mr. Fleming (Eglinton): The misinformation, you mean.

Mr. Pickersgill: —according to the uncontradicted information; of course, if the minister wants—

Mr. Fleming (Eglinton): It certainly is contradicted.

Mr. Pickersgill: If the minister wants to reply, instead of interrupting, and put the facts on the record, then I do not want to debate something that is not debatable. The minister has had all day. I waited until Your Honour rose before getting up myself, because I thought the Minister of Finance, even at this late hour, would show enough respect for parliament to get up and tell us what the facts were. However, there was not a word. Not only did he hide the orders in council, not only did he say the orders in council had no foundation, but he said they were misleading. He said it was misrepresentation, and he said that in one of his interruptions.

Mr. Fleming (Eglinton): What are you talking about?

Mr. Pickersgill: I am talking about one of the interruptions made by the minister. He will find it is in *Hansard*.

Mr. Fleming (Eglinton): You are having hallucinations.

Mr. Pickersgill: He will find that the hon. member for Laurier referred to these orders in council and the minister said they were misleading.

Mr. Fleming (Eglinton): I said the statements from the other side of the house were misleading.

Mr. Pickersgill: These orders were read into the record last night by the hon. member for Essex East. Does the minister say these orders in council do not exist?

Mr. Fleming (Eglinton): No, but I say the hon. member for Essex East uttered untrue statements.

Mr. Pickersgill: I only asked the minister one question. He said no. He does not deny that these orders existed, and therefore we can assume that these orders do exist. Six or seven days before the budget we find $50 million paid out of the treasury.

Mr. Fleming (Eglinton): You are wrong.

Mr. Pickersgill: We find not a word about it in the budget speech. We find a rate of usury of 5 per cent, and such confidence in the bonds—

Mr. Speaker: I am sure the hon. member for Bonavista-Twillingate, is doing what he set out to do, is exercising his alleged right to be repetitive, because the hon. member for Essex East dealt very fully with this matter. Furthermore, I fail to see any connection between loans made under this order in council and the bill which is now before the house. Perhaps the hon. member could indicate how he relates this discussion to the second reading of the bill to amend the Unemployment Insurance Act, and then I would not feel so badly about it.

Mr. Pearson: On that point, Mr. Speaker, may I say we are now dealing with a bill which purports to replenish the unemployment insurance fund. The minister took steps to replenish it by $80 million in his own queer way, by order in council. Surely, we can talk about that.

Mr. Fleming (Eglinton): More misstatements.

Mr. Pearson: I submit on that basis—

Mr. Fleming (Eglinton): It is untrue.

Mr. Martin (Essex East): Then, get up and defend yourself.

Mr. Fleming (Eglinton): That statement is untrue.

Mr. Martin (Essex East): Then, get up and prove it as untrue.

Mr. Pickersgill: I have no difficulty in relating these orders in council to the bill. The bill before us, according to the minister, is for the purpose of replenishing this fund and for the purpose of putting this fund, which is in a dangerous financial position—

Mr. Small: Watch out you don't choke.

Mr. Pickersgill: —in a dangerous financial position, in a better position. Step one in the replenishment, the hidden step which we only came upon by accident because it was not revealed in the budget and was not revealed at the resolution stage of the bill—it was only revealed because of the research of my hon. friend—was to replenish it by this amount. Now, this bill is asking—

Mr. Speaker: The hon. member talks about replenishing the fund and he has mentioned loans that have been made which neither increase nor decrease it. If the Leader of the Opposition suggests that this is relevant, then it would be relevant to discuss all the transactions in and out of the fund from the time of its inception.

Mr. Pickersgill: I would apprehend that it would be.

Mr. Speaker: I have been trying, without a great deal of success, although I must admit hon. members have accepted my efforts, to keep the debate on this second reading of the bill within the confines of the bill and not allow it to range over the whole administration of the unemployment insurance fund.

Mr. Pearson: I wish to point out what the minister said last night or at some stage, perhaps it was the resolution stage. He said, I feel it is good business to place the fund on a sound actuarial basis. It is also my opinion that the government's responsibility is such as to see that the fund will be able to meet whatever eventualities arise. When the minister can talk about the fund in that way, surely we can talk about the fund, how it got into that position, and the steps taken by the government, as well as the steps we propose to take to get it out of that position.

Mr. Pickersgill: As the Leader of the Opposition has said, this loan has to be repaid. I assume that it is going to be repaid by these people on whom the extra impost of 30 per cent is being imposed by this legislation. Now, that is how it is relevant. This hidden loan, this secret loan, hidden from parliament at the time of this $80 million transaction, which took place at the time of the budget and was concealed from parliament, it seems to me is a very good reason why we should have no confidence in a minister who brings in this kind of legislation. The minister never told us about this loan. He never told us about the report that he had received last August during discussion at the resolution stage when we were debating whether or not it was expedient that a bill should be introduced.

All this information was concealed from us, and we were not told the facts. We have to drag them out in this way, and when we seek to debate them we are harassed by hon. gentlemen opposite raising phony points of order, and attempting to prevent parliament from carrying on a debate in the true British fashion, attempting to prevent us from stating our side of the case, or in other words attempting to gag us with their huge majority.

Some hon. Members: Oh, oh.

Mr. Bell (Carleton): Unmitigated rot.

Mr. Pearson: Bring in the bill of rights.

Mr. Pickersgill: I say that because of these transactions alone, that is one of the reasons —and I come back to that matter—that I am going to vote against this bill. I am giving the reasons why I am going to vote against this bill and this is one of them.

Another reason is that we have not before us the statutory report for the year ending March 31, 1959 on the fund itself. Surely on May 12 or at the date on which this measure was brought before us in the form of a resolution the least the government could have done was to give us the up to date information which the government is obliged by statute to do on the state of this fund. Here we are being asked—and this is certainly relevant to the bill—to put another tax on the producers of Canada, the workers and the manufacturers and other employers, to raise the cost of living in Canada; to raise the cost of production; to weaken our competitive position in world markets, because all these things flow from the increased imposts.

We are being asked to do this blindly and without the information to which we are entitled under the law, because the government chose to hide it from us when they found it embarrassing. It would have given a different appearance to the whole financial transactions, to the whole budget. One can understand why the minister did not want anyone to see these orders in council, did not want anyone to see how much confidence there was in their bonds, with the insistence on 105 per cent security and a 5 per cent rate. It is relevant because this charge is being imposed under the guise of insurance upon certain specific contributors, not upon the generality of taxpayers. The poor general taxpayer is obliged to pay and pay and pay for the pleasure of having the present Minister of Finance. But at least when it is straight taxation it is supposed to be imposed equitably on the whole body politic, and when we have good government it is so imposed. But here under the guise of insurance the contributors to the unemployment insurance fund—of whom I am not one but many of whom I represent are—are being asked to pay an additional tax to pay this interest rate to the minister. That is what is happening.

Surely it is a most elementary thing that the minister should rise in his place and tell us why, when there is some $400 million still in the fund in the form of bonds, it was necessary to make this loan at all at this high rate of interest. Why was not the fund managed in such a fashion that it was in a liquid state so that these loans would not be necessary? As to 5 per cent on $80 million, I am not very good at mental arithmetic but I know it is a great deal of money. When the hon. member for Medicine Hat (Mr. Brunsden) talks about human relations and gives us this heart-bleeding stuff that we listened to from him, he should not forget that this is really a fraud being perpetrated on these people under the guide of insurance. That is what it is and the minister knows it perfectly well.

Some hon. Members: Oh, oh.

Mr. Pickersgill: The other reason why I intend to vote against the bill is this. I must say I voted with more satisfaction for the amendment of the hon. member for Essex East (Mr. Martin). If that proposition had not been decided in the negative, there would have been even greater force to my argument than there is now. But it is unfair, unreasonable and unjust to ask the insured contributors to pay for these welfare benefits that the Prime Minister described in his last television show as these payments that came from the government for human betterment. They did not come from the government at all. They came from the insurance fund which belongs to the people who are insured. It does not belong to the government.

It is true that this parliament passed these various statutes that were brought down one after another last year extending the period of seasonal benefits until the winter was extended into June. We all know that. On every occasion the hon. member for Essex East rose in his place in the house and appealed to the minister and to the Minister of Finance to do the honest thing. He said that we were in favour of these seasonal benefits but that they should be paid for out of the treasury, that they should not be charged against the fund because they were not actuarially sound, and everybody knows they are not. It is this extension of benefits that are not actuarially sound, paid for out of the payments that were made by those people who were under categories that were actuarially sound, that has created the difficulty which the minister is now proposing to ask parliament to cure by this method of increasing the contributions of the workers and the producers, with all the deleterious economic effects that will flow from it. It is imposing a special tax on a select group of people. That is all it is. In my opinion, that is an adequate reason for voting against this bill. But it is not the only reason for voting against this bill. There is another reason and it is this.

An hon. Member: Ten o'clock.

Mr. Pickersgill: As the hon. member for Essex East pointed out last night and as my friend the hon. member for Humber-St. George's (Mr. Batten) pointed out again today and as I think the hon. member for Laurier (Mr. Chevrier) also pointed out—and I have no doubt that I shall be accused of repetition; but I do not think there can be too much repetition about this matter—the fund lost $10 million last year. That is a great deal of money; $10 million is a great deal of money. That amount was not paid out in benefits; that amount was lost in the sale of securities.

Mr. Speaker: Order.

Mr. Pickersgill: May I call it ten o'clock.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask what the business is for tomorrow?

Mr. Green: We shall continue with this debate tomorrow and for the rest of the week, if it is not concluded. Otherwise, if it is concluded tomorrow, we shall go on with the program which I announced last night.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

COMBINES INVESTIGATION BRANCH—SUBSCRIPTIONS TO PERIODICALS

Question No. 361—**Mr. Howard:**

1. What newspapers, magazines or other periodical publications are subscribed to by, or on behalf of, the combines investigation branch?
2. How much money was spent for the years 1956, 1957 and 1958, for such publications?

Answer by: **Hon. E. D. Fulton (Minister of Justice):**

1.

Newspapers, magazines or periodical publications

Director of investigation and research

	1956	1957	1958
American Economic Review	x	x	x
Antitrust Bulletin (federal legal publications)	x	x	x
All Reports Service (D.B.S.)	x	x	x
All Reference Papers (D.B.S.)	x	x	x
Barron's Weekly		x	x
Board of Trade Journal	x	x	x
Business Quarterly	x	x	x
Business Week	x	x	x
Business Year Book	x	x	x
Canada Gazette (Part 2)	x	x	x
Canada Lumberman	x	x	x
Canada Year Book	x	x	x
Canadian Advertising			x
Canadian Baker	x	x	x
Canadian Business	x	x	x
Canadian Chemical Processing	x	x	x
Canadian Current Law	x	x	x
Canadian Film Weekly	x	x	x
Canadian Forum	x		
Canadian Grocer	x	x	x
Canadian Journal of Economics and Political Science	x	x	x
Canadian Paint and Varnish Magazine	x	x	x
Canadian Packaging			x
Canadian Patent Reporter	x	x	x
Canadian Pharmaceutical Journal	x	x	x
Canadian Textile Journal	x	x	x
Canadian Tobacco Grower	x	x	x
Cartel	x	x	x
C.C.H. Trade Regulation Reports	x	x	x
Conference Board Business Record			x
Consumer Reports	x	x	x
Consumers' Research Bulletin	x	x	x
Containers and Packaging	x	x	x
Cooperative Consumer	x	x	x
Custom Tariff Revision Service	x	x	x
Dominion Law Reports	x	x	x
Drug Merchandising	x	x	x
Dun's Review and Modern Industry	x	x	x
Dun's Statistical Review	x	x	
Economic Journal	x	x	x
Economist	x	x	x
Edmonton Journal	x	x	x
Electrical Contractor of Canada	x	x	x
Engineering and Contract Record	x	x	x
Fibre Containers and Paperboard Mills	x	x	x
Financial Times	x	x	x
Financial Post	x	x	x
Financial Post Survey of Industrials	x	x	x
Financial Post Survey of Mines	x	x	x
Financial Post Survey of Oils	x	x	x
Food Topics			x
Fortune	x	x	x
Halifax Chronicle-Herald	x	x	x
Hardware and Metal	x	x	x
Hardware Trades			x
Harvard Business Review	x	x	x
Heating and Plumbing Engineer	x	x	x
Index to Legal Periodicals	x	x	x
Industrial Canada	x	x	x
Journal of Commerce (N.Y.)	x	x	x
Journal of Business	x	x	x
Journal of the Patent Office Society	x	x	x
Journal of Political Economy	x	x	x
Labour	x	x	x
Law and Contemporary Problems	x	x	x
Legislative Daily	x		
Maclean's Magazine			x
Maritime Co-operator	x	x	x
Maritime Merchant	x	x	x
Marketing	x	x	x
Mart	x	x	x
Monetary Times	x	x	
Montreal Gazette	x	x	x
National Consumers League "Bulletin"	x	x	
Newfoundland Journal of Commerce	x	x	x
Northwestern Miller	x	x	x
Ottawa Citizen	x	x	x
Office Equipment News		x	x
Paper Industry	x	x	x
Parliamentary Papers	x	x	x
Plumbing and Heating Journal	x	x	x
Public Law	x	x	x
Pulp and Paper Magazine	x	x	x
Quarterly Analysis of Failures (Dun's)			x

Questions

	1956	1957	1958
Quarterly Financial Report of Manufacturing Corporations	x	x	x
Quarterly Journal of Economics	x	x	x
Restrictive Practices Cases (U.K.)			x
Retailer	x	x	x
Review of Economics and Statistics	x	x	x
Review of International Co-operation	x	x	x
Shoe and Leather Journal	x	x	x
Storage and Distribution	x	x	x
Survey of Current Business	x	x	x
Tobacco and Variety Journal	x	x	x
Toronto Daily Star			x
Toronto Globe and Mail	x	x	x
Trade Builder	x	x	x
Trade Marks Journal	x	x	x
Vancouver Province			x
Vancouver Sun	x	x	x
Western Business and Industry	x	x	x
Western Canada Coal Review	x	x	x
Western Druggist	x	x	x
Western Grocer	x	x	x
Western Retailer	x	x	x
Winnipeg Free Press	x	x	x
Restrictive trade practices commission			
American Society of Association Executives Journal		x	x
Business Week	x	x	x
Canadian Broadcaster and Telescreen	x		
Canadian Criminal Cases	x	x	x
Canadian Representatives Abroad	x	x	x
C.C.H. Trade Regulation Reports	x	x	x
Comment	x	x	x
Commerce	x		
Devoir	x	x	
Economie Appliquee	x	x	x
Economist	x	x	x
Economic Digest	x	x	x
Financial Post	x	x	x
Journal of Industrial Economics	x	x	x
McGill Law Journal	x	x	
Montreal Gazette	x	x	x
New Statesman and Nation	x	x	x
Parliamentary Papers	x	x	x
La Presse	x	x	
Reporter	x		
Restrictive Practices Cases (U.K.)			x
Le Soleil	x		
Times (London)		x	x
Trade Practices Bulletin	x	x	x
Winnipeg Free Press	x	x	x

2. Expenditures for newspapers, magazines or periodical publications for the fiscal years:

	1956-57	1957-58	1958-59
Director of investigation and research	$ 679.26	$ 822.03	$ 687.90
Restrictive trade practices commission	347.37	330.53	187.64
Total	$1,026.63	$1,152.56	$ 875.54

UNEMPLOYMENT ASSISTANCE PAYMENTS BY PROVINCES

Question No 380—**Mr. Meunier:**

1. What is the total amount paid by the federal government under the Unemployment Assistance Act to each of the provinces, including Quebec, for each year from the inception of the act to March 31, 1959?

2. What was the total number of recipients in each year, by provinces, including Quebec?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

1. The total amounts paid by the federal government to each province under the Unemployment Assistance Act are as follows:

	Fiscal year ended March 31/57	March 31/58	March 31/59	Total
	$	$	$	$
Nfld.	2,373,125	1,787,894	3,040,767	7,201,786
N.S.	—	26,046	298,458	324,504
P.E.I.	96,139	73,010	67,726	236,875
N.B.	28,845	42,237	180,614	251,696
Que.	—	—	—	—
Ont.	—	2,135,460	9,325,564	11,461,024
Man.	805,375	750,681	1,604,219	3,160,275
Sask.	665,969	626,680	1,420,618	2,713,267
Alta.	—	—	1,858,633	1,858,633
B.C.	3,906,115	2,791,117	6,136,935	12,834,167
	$7,875,568	$8,233,125	$23,933,534	$40,042,227

Questions

Note 1. The amount of the federal share of assistance paid out in a fiscal year does not correspond to the amount expended for assistance by the province and/or municipalities in the same fiscal year because there is a time lag between the date on which assistance was given and the submission of a claim for federal reimbursement.

Note 2. The figures for the fiscal year ended March 31, 1959 are subject to such minor adjustments as may be required prior to closing the accounts for the year.

2. The average number of recipients of unemployment assistance, including dependents, is as follows:

	Fiscal year ended			
	March 31/56	March 31/57	March 31/58	March 31/59
Newfoundland	27,281	33,646	39,848	50,939
Nova Scotia	—	—	5,055	4,523
Prince Edward Island ...	1,382	1,130	1,456	1,183
New Brunswick	4,035	3,152	3,899	4,829
Quebec	—	—	—	—
Ontario	—	36,904	42,872	61,405
Manitoba	8,868	8,856	10,196	11,973
Saskatchewan	8,399	8,791	10,365	9,721
Alberta	—	—	11,547	9,882
British Columbia	19,659	19,176	21,046	31,371

Note 1. Statistics for the fiscal year ended March 31, 1956 relate to the period July 1, 1955 to March 31, 1956 (except for New Brunswick where the period is from January 1, 1956 to March 31, 1956).

Note 2. For the year ended March 31, 1957 the average for Ontario is based on the period December 1, 1956 to March 31, 1957.

Note 3. The 1957-58 averages for Nova Scotia and Alberta are for the period January 1, 1958 to March 31, 1958.

Note 4. The 1958-59 averages are based on incomplete returns because information about caseloads for the last few months in the fiscal year is not yet available.

ST. VINCENT DE PAUL PENITENTIARY—INMATES AWAITING TRANSFER

Question No. 381—**Mr. Howard:**

As of March 31, 1958, how many inmates in St. Vincent de Paul penitentiary were awaiting entry to the federal training centre?

Answer by: **Hon. E. D. Fulton (Minister of Justice):**

On March 31, 1958, there were eight inmates in St. Vincent de Paul penitentiary who had been approved for transfer by the selection board and were awaiting entry to the federal training centre. They were transferred on April 8, 1958.

POST OFFICE CONSTRUCTION, COUNTY OF DORCHESTER

Question No. 382—**Mr. Racine:**

1. Have plans been made by the Department of Public Works for the construction of post offices in the county of Dorchester?
2. If so, in what localities?
3. What is the population of these localities and the estimated annual revenue of such postal stations or post offices?

Answer by: **Hon. Henri Courtemanche (Secretary of State):**

1. Yes.
2. St. Anselme, P.Q.
3. St. Anselme, population, 1086; revenue 1958-59, $8010.88.

HOUSE OF COMMONS

Wednesday, May 13, 1959

The house met at 2.30 p.m.

TRANSPORTATION

ANNOUNCEMENT OF ROYAL COMMISSION TO REVIEW RAILWAY PROBLEMS

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I wish to announce the appointment of a royal commission to inquire into problems relating to railway transportation and the alleviating of inequities in the freight rate structure. A little later I shall ask leave to table two copies of the order in council which establishes this commission.

Hon. members will recall that the Minister of Public Works (Mr. Green), as Acting Prime Minister, on November 26 announced the intention of the government to set up a suitable body to review the general field of railway problems and policy. He said this study would include not only a comprehensive consideration of the freight rate problem, including the situation of the long haul provinces in the west and in the Atlantic region, but also other specific problems which required solution if Canada's railways were to be able to serve the national interest without prejudicing particular areas or industries.

At the same time it was announced that pending the results of this long term study, measures would be worked out to relieve inequities in the freight rate structure, and this, of course, has been done in Bill C-38, now before the house, which is designed to carry out that intention. I think an examination of the terms of the commission will make clear that they are wide enough to cover all that is necessary and specific enough to direct the attention of the commission to the most urgent problems.

I should like to refer to the powers in general, which are as follows: The commission is empowered to inquire into and report upon the problems relating to railway transportation in Canada and the causes thereof and to recommend solutions thereto; and in particular, without restricting the generality of the foregoing, the commission shall consider and report upon:

(a) inequities in the freight rate structure, their incidence upon the various regions of Canada, and the legislative and other changes that can and should be made in furtherance of national economic policy to remove or alleviate such inequities;

(b) the obligations and limitations imposed upon the railways by law for reasons of public policy, and what can and should be done to ensure a more equitable distribution of any burden which may be found to result therefrom;

(c) the possibilities of achieving more economical and efficient railway transportation;

(d) whether and to what extent the Railway Act should specify what assets and earnings of railway companies in businesses and investments other than railways should be taken into account in establishing freight rates; and

(e) such other related matters as the commissioners consider pertinent or relevant to the specific or general scope of the inquiry.

The commission will consist of the following: Hon. Charles P. McTague, Q.C., Ll.D., chairman; Herbert Anscombe of Victoria; Archibald H. Balch, Ottawa; Rene Gobeil, Quebec city; M. A. MacPherson, Sr., Q.C., of Regina; Howard Mann of Moncton and Arnold Platt of Lethbridge. We think those recommended have the necessary qualifications. Mr. McTague, Mr. MacPherson and Mr. Anscombe are, of course, widely known. Mr. Balch is chairman of the national legislative committee of the national railway brotherhoods. Mr. Gobeil is a consulting engineer. Mr. Howard Mann of Moncton is secretary of the maritime transportation commission, and Mr. Arnold Platt is a farmer and immediate past president of the Alberta farmers union.

The commissioners are aware that it is the desire of the government, and I am sure of parliament, that they should proceed with this inquiry with all reasonable dispatch in order that a report may be made on these important problems as soon as it is possible to assemble and consider all the information and analyses that it is necessary to have.

When the Minister of Public Works as acting prime minister announced the government's intention to arrange for this review he assured the western farmers that such review would not mean that they would have to pay more freight on the shipment of grain for export. I wish to take this occasion to confirm this, in regard particularly to the action that may be taken as a result of the work of the royal commission. To make it

clear beyond question, the Crowsnest pass rates are part of a bargain that was made between the railways and the government on the one hand and the settlers who went west on the other hand. We intend, in so far as this government is concerned, to see to it that that contract shall not be broken. I wish to table, sir, copies of P.C. 1959-577.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, we on this side of the house welcome the announcement by the Prime Minister of the appointment of a royal commission to inquire into transportation matters. While it is difficult at this time to analyse what the powers of the commission are, this will be possible after we have been able to consult *Hansard*.

However, as I listened to the Prime Minister I was impressed with the powers which the government intends to give to this commission, namely powers which will authorize the commission to investigate not only the inequities in the freight rate structure but also the transportation problem in general.

The house will remember that the Prime Minister invited some of us on this side to make suggestions to him as to the subjects to which consideration should be given by the commission. Whether or not these recommendations have been taken into consideration it is not possible for me to say from the statement the Prime Minister has made. I think there is no doubt, sir, that an investigation into the whole transportation problem of this country, that is the railway transportation problem, and into the freight rate structure is imperative at this time.

I would, however, like to remind the government that similar investigations were made by the former administration in years past. I should like to bring to the attention of the government the fact that under P.C. 1487 there was conducted a complete and thorough investigation of the freight rate structure. The board of transport commissioners has handed down three reports in that connection. Then there was the Turgeon royal commission which followed and which made a number of important recommendations all of which, in so far as the freight rate structure of this country is concerned, were implemented by the former administration by way of legislation.

There may be, however, a series of circumstances that have developed since that time which make it important and imperative that further investigation be carried out. The government has seen fit to do that, and we on this side of the house welcome it. May I, however, say to the Prime Minister, in view of the statement made by the Minister of Transport and I believe by the Acting Prime Minister in the absence of the Prime Minister, that time is of the essence in connection with any investigation of this nature. I say that having regard to the fact that there is now pending, although it is adjourned, before the board of transport commissioners an application for a further increase of some 12 per cent in freight rates.

Whether or not it will be possible for this commission to report within the period of a year I am not in a position to say. But I do know this, that having regard to what the Turgeon commission did—and they made a very thorough investigation of the transportation problem—it took them two and one half years. It would seem to me that if this commission is to do the kind of job that parliament expects it to do, it should take all the time that is necessary.

I thought I should put these suggestions or this reaction to the announcement on *Hansard* because there can be no doubt that all of us agree that this is all to the good. In connection with the last statement made by the Prime Minister concerning the Crowsnest rates, I may add that I believe he will remember that on more than one occasion when I occupied the post of minister of transport I stated that there was no intention on the part of the then government to alter in any way the status of these rates which had been established in 1897.

Mr. H. W. Herridge (Kootenay West): The present injustices and inequities and the many problems that face the various regions in Canada, particularly certain sections of industry and agriculture, have required investigation for some time. On that account we in this group are glad to know that the government has appointed this royal commission to investigate this section of the transportation problem.

We are sorry, Mr. Speaker, that the royal commission has not the power to investigate all aspects of transportation including air, sea and road, because we believe that the evolution of a satisfactory transportation policy means an investigation into all aspects of transportation and the tying of them together by one investigation, one report and one set of recommendations.

To that extent, Mr. Speaker, in our opinion the royal commission has been shackled. However, we trust that the commission will speedily undertake its duties and that a report will come forward at the earliest possible time in order that legislation may be presented to this house at the soonest possible moment.

AIR TRANSPORT

CANADA-U. K.—REPORT ON DISCUSSIONS ON AGREEMENT

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to inform the house that discussions took place in Ottawa last week between the aeronautical authorities of the United Kingdom and Canada, with a view to bringing up to date the air agreement signed in August, 1949 between the two countries. The problems confronting the two governments on the next phase of international transport were examined, and it was decided that the traffic rights under the present bilateral should be broadened to meet the new situation.

The United Kingdom granted Canada the right to originate flights in Toronto destined for Hong Kong; to originate flights in western Canada destined for the United Kingdom; and rights in Europe between London, Brussels, Dusseldorf, Zurich and Vienna. Canada granted the United Kingdom rights in Toronto on the north Atlantic service. The air lines of both countries will be able to exercise the new rights on March 1, 1960.

I am very pleased with the outcome of the discussions with the United Kingdom, and expect that the new services will greatly contribute to the convenience of the travelling public.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Transport. I was not able to follow too carefully the statement he just made. I should like to ask him whether the agreement includes fifth freedom rights for B.O.A.C. at Montreal?

Mr. Hees: No, Mr. Speaker.

EXCISE TAX ACT

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, pursuant to the resolutions which were adopted in the house on May 4, I ask leave now to introduce two of the budget bills, namely an act to amend the Excise Tax Act and an act to amend the Income Tax Act.

Mr. Fleming (Eglinton) thereupon moved for leave to introduce Bill No. C-47, to amend the Excise Tax Act.

Motion agreed to and bill read the first time.

INCOME TAX ACT

Hon. Donald M. Fleming (Minister of Finance) moved for leave to introduce Bill No. C-48, to amend the Income Tax Act.

Motion agreed to and bill read the first time.

Starred Questions

STARRED QUESTIONS

PUBLIC WORKS DREDGES—CHANGES IN PERSONNEL

Question No. 66—**Mr. Robichaud:**

1. Have any changes of personnel taken place on Department of Public Works dredges number 23 and 24 for the 1959 operating season?

2. If so, (*a*) Are any of last year employees not being rehired for the coming season? (*b*) What were their names and how many years of service had each of these employees to his credit? (*c*) What were the reasons in each case for dismissal? (*d*) Were representations made against such employees, and what is the source of complaint in each case?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, the answers are as follows:

1. Yes.

2. (a) Yes.

(b)

Name	Service
Zoel Allain	3½ seasons
George Clancy	3½ seasons
Pius Robichaud	3½ seasons
George Savoie	2 seasons

(c) and (d) There were no dismissals. These are seasonal positions and employment terminates at the end of a season.

EXPLORATORY OIL AND GAS PERMITS, NORTHERN CANADA—PUBLIC SALES

Question No. 75—**Mr. Hardie:**

1. How many exploratory oil and gas permits were issued between July 1, 1957 and March 31, 1959, on the mainland of northern Canada i.e. the Mackenzie district of the Northwest Territories and in the Yukon?

2. How many public sales were held in that period, on what dates were they held, what are the names of the successful bidders in each sale, and how many acres are under permit to each successful bidder as a result of each sale?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): The answer to the first part of the question is: Northwest Territories (Mackenzie district), 1,033 permits; Yukon Territory, 75 permits; total, 1,108 permits.

With regard to the second part of the question, Mr. Speaker, I have a list of these public sales with the acreages, and I would ask permission to have them printed in *Hansard* at this point as part of my answer.

Mr. Speaker: Has the minister leave to have the answer to this part of the question printed in *Hansard* at this point?

Some hon. Members: Agreed.

[*Editor's note: The portion of the answer referred to above follows*]

September 23, 1957	Permits	Acres
D. Todd Briggs	2	94,335
Shell Oil Company of Canada Ltd.	5	316,704
Gorda Investments Ltd.	1	62,890

Starred Questions

	Permits	Acres
November 17, 1958		
Texaco Exploration Company	8	422,504
Shell Oil Co. of Canada Ltd.	23	1,052,542
Amerada Pet. Corp.	1	52,982
Great Plain Devel. Co. of Canada Ltd.	8	418,448
December 2, 1958		
Murphy-Canada Oil Company	2	127,388
Charles M. McAvoy	3	184,464
New Superior Oils of Canada Ltd.	1	60,948
December 15, 1958		
Texaco Exploration Company	3	159,620
Champlin Oil & Refining Co.	1	52,982
Canadian Husky Oil Limited	3,	159,622
Imperial Oil Limited	10	591,224
Sun Oil Company	1	53,656
Mobil Oil of Canada Ltd.	11	574,685
February 2, 1959		
Shell Oil Company of Canada Ltd.	5	73,280
Pan American Petroleum Corp.	2	127,068
March 9, 1959		
Pan American Petroleum Co.	32	1,898,764
Triad Oil Co. Ltd.	1	63,212
Hudson's Bay Oil & Gas Co. Ltd.	2	95,661
Shell Oil Company of Canada Ltd.	9	506,736
Canada Southern Petroleum Ltd.	1	63,854
Dome Petroleum Ltd	1	31,445
California Peace River Co.	1	63,854
Alberta Bretorada Pet. Corp.	3	150,102
James Ross	1	50,262
Alberta Calgarada Pet. Corp.	1	50,262

ATOMIC ENERGY—BILATERAL AGREEMENTS ON PEACEFUL USES

Question No. 76—**Mr. Martin (Essex East):**

1. Are negotiations underway at present between Canada and any other government or governments, with a view to a bilateral agreement on the peaceful uses of atomic energy?
2. If so, with which countries?
3. What form are any such negotiations taking?

Right Hon. J. G. Diefenbaker (Prime Minister): The answer to the first question is yes.

The answer to the second question is: Japan, Pakistan, Australia and the European atomic energy community, known as EURATOM. The members of EURATOM are Belgium, Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands.

The answer to the third question is: In the case of Japan, a Japanese delegation has been meeting in Ottawa with Canadian government officials. The negotiations with EURATOM were conducted initially by a Canadian delegation sent to Brussels for this purpose and are being concluded by the Canadian embassy in that city with the EURATOM commission. The other negotiations have been taking place through normal diplomatic channels.

ATOMIC ENERGY—BILATERAL AGREEMENT WITH JAPAN

Question No. 77—**Mr. Martin (Essex East):**

1. Has a Japanese delegation been in Ottawa conducting negotiations for a bilateral agreement on the peaceful uses of atomic energy?
2. If so, has an agreement been signed?

Right Hon. J. G. Diefenbaker (Prime Minister): The answer to the first question is yes.

The answer to the second question is: No, an agreement has not yet been signed. However, good progress has been made in the work of the two delegations and a draft text has been referred to the Canadian and Japanese authorities for consideration.

ROYAL MILITARY COLLEGE—DEGREE GRANTING STATUS

Question No. 78—**Mr. Hellyer:**

1. Is Royal Military College a degree-granting institution?
2. If so, does its charter authorize the granting of honorary degrees?
3. Who recommends candidates for honorary degrees?
4. Have any candidates been recommended for such degrees?
5. If so, who are they?
6. What qualifications must any candidate for an honorary degree possess?
7. Is Royal Military College under the jurisdiction of the Department of National Defence?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, in answer to the first two questions, the Royal Military College of Canada is a degree granting institution by virtue of The Royal Military College of Canada Degree Act. Section 2 of that act reads:

The senate of the college shall have the power to grant degrees and honorary degrees.

In answer to question 3, I suppose normally the recommendations would originate with the senate, but I know of no restrictions to prevent anybody making a recommendation to the senate.

In reply to questions 4 and 5, I am sure hon. members of the house will be very pleased to

learn that, on the recommendation of the senate, on Friday of this week Right Hon. John G. Diefenbaker will have an honorary degree conferred upon him. He is, as all hon. member know, Prime Minister of Canada, a member of Her Majesty's privy council, a distinguished member of the Canadian bar, and a gentleman who served overseas with the Canadian expeditionary force during the years 1916 and 1917.

In reply to the sixth question, I think the general answer is that the Royal Military College follows the normal practice of other universities in considering candidates for honorary degrees.

In reply to the seventh question, the answer is yes.

NATIONAL CAPITAL COMMISSION—LAND DISPOSAL, QUEENSWAY AREA, OTTAWA

Question No. 79—**Mr. McMillan:**

1. Has the national capital commission recently disposed of a parcel of land (approximately 40 acres) in the Tremblay road, St. Laurent boulevard, Queensway area, Ottawa?
2. If so, to whom and at what price?
3. Was this property publicly advertised for sale?
4. Were bids invited from the public for this land?
5. If such bids were not invited from the public, why not?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the answer to the first question is no. The second is not applicable. The answer to the third and fourth questions is no, and the fifth is not applicable.

I think I should add, however, that I am informed that negotiations have been going on with regard to the disposal of property in the St. Laurent boulevard-Queensway area but as yet no recommendation has been received by the governor in council from the national capital commission.

AIR TRANSPORT FOR MEMBERS OF PARLIAMENT, WINDSOR-WHEATLEY, ONT.

Question No. 80—**Mr. McIlraith:**

1. Did the Department of Transport provide air transportation for a group of members of the House of Commons to Windsor and Wheatley, and return, on Thursday, May 7, 1959?
2. If so, to what vote was the cost of such flight charged?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the answer to part 1 is that the Department of Transport assigned an aircraft to transport from Ottawa to Windsor and return, on May 7, the members of the standing committee of the House of Commons on marine and fisheries on official business of the committee.

The answer to part 2 is vote No. 435—civil aviation branch—airports and other ground services—operation and maintenance, etc.

[*Later:*]

On the orders of the day:

Mr. Frank Howard (Skeena): I would like to address a question to the Minister of Transport. I apologize for not having sent him notice, but it arises out of his answer to this starred question. Can the minister indicate what was the seating capacity of the aircraft which the Department of Transport made available for the marine and fisheries committee to travel to Windsor on May 7?

Mr. Speaker: I would suggest that this question should be put on the order paper. It is purely a statistical inquiry and is of no great importance to the house.

Mr. Howard: Mr. Speaker, if I may raise a point of order with regard to your suggestion that the question be placed on the order paper, it flows from a verbal answer in the house by the minister to a starred question, and because of information given by the minister I am seeking additional information.

Mr. Speaker: If the hon. member wishes to ask a question which is supplementary to a starred question, he did not say so and I misunderstood him. If the hon. member has a supplementary question to an answer given to a starred question he may proceed.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I will inquire and let the hon. member know the exact number of seats; but I can assure him that there were enough seats to allow both him and the Liberal members who did not go to do so, rather than trying in some manner to put the government on the spot.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FEDERAL CONTRIBUTIONS TO PROVINCES—CONDITIONAL PAYMENTS

Question No. 386—**Mr. Denis:**

1. What have been the federal contributions to each province for conditional payments (a) agriculture: (b) health; (c) hospital insurance; (d) welfare; (e) vocational training; (f) highways and transportation; (g) resources development; (h) subsidized rentals and slum clearance; (i) other, during the fiscal years 1956-57, 1957-58, 1958-59, and estimated amounts for the fiscal year 1959-60?
2. In what fiscal year was each of these conditional payments inaugurated?

SASKATCHEWAN—FEDERAL PAYMENTS AND RECEIPTS

Question No. 389—**Mr. Carter:**

1. For the fiscal year ended March 31, 1958, what were the total payments by the federal government to individuals, institutions, corporations, municipalities, and government, of the province of Saskatchewan?

2. In the same year, what were the total payments made by the federal government elsewhere than in Saskatchewan on behalf of this province?

3. What is the estimated amount of revenue received in the fiscal year mentioned, by the government of Canada, out of the province of Saskatchewan?

4. For the fiscal year ended March 31, 1958, what were the payments paid to the residents of Saskatchewan by way of (a) family allowances; (b) the Old Age Security Act; (c) the Old Age Assistance Act; (d) Disabled Persons Act; (e) Blind Persons Act?

5. At the end of that year how many people in Saskatchewan were reported as being in receipt of (a) unemployment insurance; (b) social welfare or relief?

6. What was the estimated population of Saskatchewan on March 31, 1958?

MOTION FOR PAPERS

URANIUM—SPECIAL PRICE CONTRACTS WITH MINING COMPANIES

Motion No. 96—**Mr. Howard:**

For a copy of all special price contracts entered into between Eldorado Mining and Refining Limited and (1) Bicroft Uranium Mines Limited; (2) Canadian Dyno Mines Limited; (3) Faraday Uranium Mines Limited; (4) Gunnar Mines Limited; (5) Lorado Uranium Mines Limited; (6) Rayrock Mines Limited; (7) Algom Uranium Mines Limited; (8) Can-met Explorations Limited; (9) Consolidated Denison Mines Limited; (10) Milliken Lake Uranium Mines Limited; (11) Northspan Uranium Mines Limited; (12) Pronto Uranium Mines Limited; (13) Stanleigh Uranium Mining Corporation Limited; (14) Stanrock Uranium Mines Limited.

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): Mr. Speaker, this motion, which calls for copies of all special price contracts between Eldorado Mining and Refining Limited and the 14 private uranium producers in Canada, is not acceptable to the government.

In these transactions Eldorado is acting merely as an intermediary between the Canadian producers and the atomic energy authorities of the United Kingdom and the United States. No Canadian government funds are involved. It would be improper and indeed a breach of business relationships to make available the details of these private transactions.

The house divided on the motion (Mr. Howard) which was negatived on the following division:

YEAS

Messrs:

Fisher
Herridge
Howard
Martin (Timmins)
Peters
Regier
Winch—7.

NAYS

Messrs:

Aiken
Aitken, Miss
Allard
Allmark
Badanai
Baldwin
Barrington
Baskin
Batten
Bell (Carleton)
Bell (Saint John-Albert)
Benidickson
Best
Bigg
Boivin
Bourbonnais
Bourdages
Bourget
Bourque
Brassard (Chicoutimi)
Brassard (Lapointe)
Brooks
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Bruchesi
Brunsden
Campbell (Lambton-Kent)
Campbell (Stormont)
Campeau
Cardiff
Caron
Chambers
Chevrier
Chown
Comtois
Courtemanche
Creaghan
Crestohl
Crouse
Danforth
Denis
Deschambault
Diefenbaker
Dorion
Drysdale
Dubois
Dumas
Dupuis
English
Eudes
Fairclough, Mrs.
Fairfield
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Fraser
Frechette
Garland
Gillet
Grafftey
Granger
Grills
Gundlock
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Hardie
Harkness
Hees
Hellyer
Henderson
Hicks
Horner (Acadia)
Horner (Jasper-Edson)
Johnson
Jones
Kindt
Kucherepa
Lafreniere
Lahaye
LaRue
Latour
Lennard
Letourneau
Macdonald (Kings)
Macdonnell
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macnaughton
Macquarrie
McCleave
McGee
McGregor
McIlraith
McLennan
McPhillips
McQuillan
McWilliam
Maloney
Mandziuk
Martel
Martin (Essex East)
Martineau
Martini
Meunier
Milligan
Monteith (Verdun)
Morissette
Morris
Morton
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Murphy
Nesbitt
Nielsen
Nixon
Noble
Nowlan
Nugent
O'Hurley
O'Leary
Pallett
Parizeau
Pascoe
Payne
Pearkes
Pearson
Pickersgill
Pratt
Racine
Rapp
Ratelle
Rea
Regnier
Ricard
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Rompre
Simpson
Small
Smallwood
Smith (Calgary South)
Smith (Lincoln)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Spencer
Stanton
Starr

Stearns	Tucker
Stinson	Villeneuve
Tassé	Walker
Taylor	White
Thrasher	Wratten—166.
Tremblay	

NATIONAL DEFENCE

REQUEST FOR COMMENT ON REPORTED STATEMENTS BY MINISTER

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, would the Prime Minister say whether the Minister of National Defence was speaking for the government and has he any other comment to make on the statements attributed to the minister yesterday to the effect that "the west could knock the stuffing out of the Russians if they started a war today", "I am certain the western alliance has the nuclear power to totally obliterate their principal cities", while, and this is another quotation "a Soviet attack on North America today could very well prove abortive"?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I was asked to comment on a statement made by Mr. Khrushchev a few days ago, and I did make those remarks. I think all those remarks are true.

Mr. Pearson: The Prime Minister did not answer the first part of the question. Was the minister speaking for the government in making this statement?

Right Hon. J. G. Diefenbaker (Prime Minister): The minister has given his answer, and the responsibility of a minister to a government is always recognized.

REPORTED STATEMENT BY GENERAL PARTRIDGE TO U.S. SUBCOMMITTEE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Would the Minister of National Defence comment on a statement made by General Partridge to the House of Representatives subcommittee on appropriations on February 12, at which he said he was speaking as a servant of the Canadian as well as the United States government, when he said:

> We think the threat which we have now and the one which we shall have in the future is of the same general character as the offensive force which we ourselves are building.

Hon. G. R. Pearkes (Minister of National Defence): I have said many times that it is not the practice to comment on statements made by an officer of the United States before any congressional or other committee of that country. I feel that it would be most inappropriate to make comments on such statements as are alleged to have been made.

Mr. Pearson: Mr. Speaker, this is not an alleged statement. It is from an official publication, and the man who made it—

Mr. Speaker: Order. The Leader of the Opposition is not entitled to make statements himself. He is entitled to ask questions at this point, and at other times there are opportunities to argue.

Mr. Pearson: May I ask a supplementary question. Does the minister not realize that General Partridge, in his own words, made this statement "as a servant of the Canadian as well as the United States government"?

Mr. Pearkes: Mr. Speaker, as a servant of Canada an officer cannot be called before any United States congressional committee. He was called as an officer of the United States air force.

Hon. Paul Martin (Essex East): May I ask a supplementary question. For the purposes of the Royal Canadian Air Force, did the minister ask General Partridge whether or not he made that statement?

Mr. Pearkes: You are asking me whether I will ask General Partridge if he made that statement?

Mr. Martin (Essex East): Did you ask him?

Mr. Pearkes: I am told by the Leader of the Opposition that he did make the statement and that it is in an official record.

Mr. Martin (Essex East): In view of the fact that the Leader of the Opposition has brought this matter to the attention of the Minister of National Defence, will the latter call General Partridge before a committee here so we can inquire what the situation is in this particular?

Mr. Pearkes: No, Mr. Speaker, since it is not the custom to call even Canadian officers before any such committee.

Hon. Paul Hellyer (Trinity): May I ask a further supplementary question. Will the minister tell us what Canada's contribution would be to North American defence which would make any Russian attack abortive?

Mr. Speaker: Order. I think this matter has gone too far. The hon. member is now asking a question which obviously is not one to be answered on the orders of the day.

Mr. Pearkes: I would be very pleased to answer that question if I may. For example, there is the extensive warning system which Canada helps to maintain in the northern part of this country.

Mr. Hellyer: Is the minister aware that in the evidence presented before a United States

congressional committee there was a statement that the warning system could be jammed by attacking bombers?

Mr. Diefenbaker: By whom?

Mr. Speaker: Order. The hon. member is pursuing a matter for which he knows the answer. The minister answered the first question and gave his views about the propriety of the matter.

Mr. Hellyer: I know the answer. I just wonder whether the minister does.

INDUSTRY

AUTOMOBILES—INQUIRY AS TO CONFERENCE ON MANUFACTURE OF SMALL CARS

On the orders of the day:

Mr. Speaker: The hon. member for Essex East.

Mr. N. L. Spencer (Essex West): I should like to direct a question to the Prime Minister. Following the presentation made to the cabinet by the united automobile workers last month on the matter of small cars, is the Prime Minister in a position at this time to make a statement on the subject?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, for some months there have been newspaper reports to the effect that the so-called big three in the United States motor car industry were planning to produce small cars in the United States. Following these reports a delegation of the united automobile workers had a conference with the government urging that, if such reports were correct, small cars should also be produced in Canada. Prior to the visit of the delegation the government had been giving consideration to this matter and discussions have been going on between the government and its officials with representatives of the automobile industry.

I can say this, that if and when Ford, General Motors or Chrysler announce that they intend to enter upon the production of the so-called small cars in the United States the government is determined, in so far as lies within its power, to have smaller cars produced in Canada.

To that end I have asked the presidents of General Motors of Canada, Ford and Chrysler to meet with me in Ottawa on Saturday morning when discussions will take place. Following these discussions I hope I will be in a position to determine, with my colleagues, the future course to be taken. But let me emphasize that if small cars are manufactured in the United States by these companies we want the same situation in Canada.

[Mr. Hellyer.]

Hon. Paul Martin (Essex East): On a question of privilege, when the hon. member for Essex West rose to ask this question you referred to him as the member for Essex East, Mr. Speaker. Undoubtedly you recalled that I had put this question three times before.

Mr. Diefenbaker: Mr. Speaker, if I was in error in my description of the hon. member, there was certainly no doubt about his identity in my mind.

PIPE LINES

TRANS-CANADA PIPE LINES—APPLICATION FOR EXPORT OF GAS TO U.S.

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to direct a question to the Acting Minister of Trade and Commerce. Has the government received a new application from Trans-Canada Pipe Lines Limited for the export of gas to the United States? If so, at what point or points in Canada does Trans-Canada Pipe Lines Limited propose to export gas to the United States?

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): I will take that question as notice.

ST. LAWRENCE SEAWAY

WELLAND CANAL—SUGGESTED SPECIAL SCHEDULING FOR BULK CARRIERS

On the orders of the day:

Mr. F. E. Lennard (Wentworth): May I ask the Minister of Transport if, in order to ensure adequate supplies of raw materials for some of our basic industries, any consideration is being given to special scheduling of bulk carriers through the Welland canal at this time of congestion there?

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for giving me notice of his intention to ask this question. It has been decided that, so long as a considerable degree of congestion occurs at the Welland canal, and in order to assist Canadian and United States industries dependent upon the expeditious movement of bulk materials, such as iron ore, coal, grain and pulpwood, and to ensure the effective operation of the canal, special dispatching will be resorted to under which bulk carriers —whether in ballast or loaded—fully engaged in the transportation of the commodities referred to will be taken alternatively with general cargo vessels. There will, of course, be adherence to the requirements of the International Boundary Waters Treaty Act of 1911 which provides for equal treatment of vessels of both Canada and the United States.

REPORTED BAN ON CERTAIN FOREIGN VESSELS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the Minister of Transport. Did any representative of the Canadian government consult with representatives of the United States government or the St. Lawrence seaway authority before banning certain foreign vessels from the seaway?

Mr. Hees: Mr. Speaker, first of all I would like to make it very clear that no ships have been banned from the use of the seaway. Before the seaway opened shipping companies were advised that certain gear would be required in order to allow ships to move through our locks as efficiently and speedily as possible. What we have required these ships to do now is to instal this gear so that they can move through our locks as expeditiously and as efficiently as possible.

Mr. Herridge: May I ask a supplementary question. Has the minister received representations from certain Canadian ship owners urging that priority be granted to lake ships over foreign ships in going through the seaway?

Mr. Hees: If the hon. member was in the house and paying attention he would have heard my answer given earlier today which dealt with the matter quite fully.

Mr. Herridge: I was paying attention, but the noise created by party members opposite prevented my hearing it.

CANADIAN BROADCASTING CORPORATION

POSSIBLE WALK-OUT OF EMPLOYEES—INQUIRY AS TO GOVERNMENT ACTION

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Labour. Is the minister aware of a possible walk-out of C.B.C. employees following the rejection by the union negotiating committee of the federal conciliation board's report? What is the minister or his officials doing to conciliate this dispute?

Hon. Michael Starr (Minister of Labour): Yes, I am aware of the circumstances involved in this dispute, and our department is doing everything it possibly can to provide facilties for a settlement.

Inquiries of the Ministry

FINANCE

REPORTED INTENTION TO CURTAIL PERSONAL AND COMMERCIAL LENDING

On the orders of the day:

Mr. Alexander Best (Halton): I should like to direct a question to the Minister of Finance. Has the government or the Bank of Canada recently issued any instructions to the chartered banks to limit credit or new loans?

Hon. Donald M. Fleming (Minister of Finance): None whatever, Mr. Speaker There have been rumours, and there have been speculative articles in the press, suggesting that a letter had gone out from the Bank of Canada to the chartered banks proposing some form of credit restriction. I have made inquiries of the Bank of Canada and I am informed that they have sent out no such letter, and so far as any indication on the part of the chartered banks to their clients on the subject of their credit is concerned, it has not been sent at the suggestion of the Bank of Canada or with the prior knowledge of the Bank of Canada. The same applies, so far as the government is concerned. Whatever has been done by the chartered banks in this respect has been done entirely on their own initiative.

Mr. W. M. Benidickson (Kenora-Rainy River): May I ask a supplementary question. I am thinking of the last sentence in the minister's reply. He referred particularly to a letter. Will he assure the house that the governor or his senior officials have not, in consultation with the commercial banks at a conference urged them to do the thing to which reference has been made?

Mr. Fleming (Eglinton): I am told that there were some conferences or meetings of the chartered banks in this respect, but the meetings were held without any prior knowledge whatever on the part of the Bank of Canada.

Mr. Erhart Regier (Burnaby-Coquitlam): May I ask the minister if he is now aware of the decision of the banks to seriously curtail lending activities and if so, is the government contemplating any action to ensure that enough money will be available for the immediate expansion of the Canadian economy?

Mr. Fleming (Eglinton): Mr. Speaker, so far as action on the part of the chartered banks is concerned, I presume the banks will have to be guided by what they consider to be good banking practice in this respect. I can tell the hon. gentleman, if he is suggesting that the government should debauch

the currency of this country, we have no intention of doing any such thing.

Mr. M. W. Martin (Timmins): Will the minister inform the house as to what effect this may have on the co-operation the banks may give to the minister's efforts to market federal securities in the future?

Mr. Speaker: I think the hon. member is getting rather ahead of the possibilities. Unless he relates the question to a specific loan I think it is too hypothetical and indefinite.

[*Later:*]

Mr. Regier: I have a question I should like to ask the minister in view of his claim only a few minutes ago that neither he nor the Bank of Canada had any prior knowledge of this meeting of the chartered banks as a result of which action is now being taken. Was the government or the Bank of Canada a participant in any of these discussions prior to the decision arrived at by the banks?

Mr. Fleming (Eglinton): No, Mr. Speaker.

INQUIRY AS TO ACTION PROTECT BONDHOLDERS FROM LOSS

On the orders of the day:

Mr. Martin (Timmins): I wish to direct a supplementary question to the Minister of Finance in view of his reference to the debauchery of currency. Is the minister aware that the price offered yesterday on his 4½ per cent conversion bond was down to $91.25 and is the government planning any action to protect the small investor who may have to sell his bonds from suffering exceptional losses?

Mr. Fleming (Eglinton): Mr. Speaker, it is an extraordinary question that concerns itself with the price of securities in the market fluctuating day by day. The government never said that it would support these bonds in the market. On the contrary, when the question was asked in this house last September by the Leader of the Opposition (Mr. Pearson) I made it quite clear that there was no such undertaking on the part of the government or the Bank of Canada. As the hon. member may be aware or should be aware by now, the situation in the market is the result of the fact that the banks for some time now have been selling in substantial amounts their holdings of Canada bonds in order to place themselves in a liquid position to provide the credit sought of them to an extraordinary degree at the present time in the course of the great recovery that is going on in the Canadian economy today.

Mr. Benidickson: I have a supplementary question. The minister referred to the normal market freedom of buyers and sellers in this particular realm. Does he want to say to the house that, without consultation with him, the Bank of Canada supported until late October the market price of these bonds?

Mr. Fleming (Eglinton): Mr. Speaker, I dealt with that subject in this house two weeks ago in a speech of such length that I blush even to think of it. I am not a little surprised and I may say highly flattered that my hon. friend should ask me now to repeat something that I said then and tried to say very plainly. I spoke at that time of what the Bank of Canada had done both in the after-market and at the time around the first of November when they ceased to buy bonds of those particular issues.

Mr. Pickersgill: Why don't you answer the question?

AGRICULTURE

SUGAR BEETS AND SOYBEANS—INQUIRY AS TO FLOOR PRICES

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask my friend the Minister of Agriculture, who is in a generous mood today, if he is in a position to announce the government's policy with regard to representations that have been made for the continuation of floor prices on sugar beets and soybeans, products that mean so much to the farmers of southwestern Ontario?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, as the hon. member knows, I am always in a generous mood, but I am not in a position to make any announcement in regard to these two commodities today.

DEFENCE PRODUCTION

CANADA CAR PLANT, FORT WILLIAM—CONTRACT FOR AIRCRAFT INTERCEPTORS

On the orders of the day:

Mr. Hubert Badanai (Fort William): I have a question for the Minister of Defence Production. Could the minister comment on the statement made in Fort William on May 11 and reported in the *Times-Journal* of May 12 to the effect that an announcement would be forthcoming within two months on the possibility of aircraft interceptor contracts for the Canada Car plant at Fort William?

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, I am certainly not in a position to control all the representations that appear in newspapers, and this is news to me.

Mr. D. M. Fisher (Port Arthur): May I ask a supplementary question. Has the Minister of Defence Production any information on the possibility of a Bobcat contract for Canada Car at Fort William or the possibility of aircraft component contracts, and have his officials given any information to Premier Frost on this subject which he has not given to the house?

Mr. O'Hurley: Phase 2 of the Bobcat program is progressing in Montreal in Canada Car, and we have briefed Canada Car on the possibility of getting contracts for aircraft components, but at the moment I have no definite report to make on this subject.

Mr. Fisher: I think the minister missed my question. Has he given any information on this particular point to Premier Frost of Ontario that he has not given to anyone else?

Mr. Speaker: I am not sure how the hon. member would justify a question of that kind.

Mr. Fisher: Premier Frost made an announcement in Fort William two days ago that the Bobcat contract had been speeded up, and that aircraft interceptor contracts were going to come within two months to this plant. If he is making these announcements, I should like to know what his contact is from the point of view of the Minister of Defence Production?

Mr. O'Hurley: Premier Frost is absolutely right so far as speeding up the Bobcat program is concerned. I think I gave the answer to the other part of the question. We have given every facility and encouragement to Canada Car at Fort William to get some contracts from the air defence program in the United States.

POST OFFICE DEPARTMENT

ISSUE OF STAMP COMMEMORATING ASSOCIATED COUNTRY WOMEN OF THE WORLD

On the orders of the day:

Mr. Azellus Denis (St. Denis): May I ask a question of the Postmaster General. Will the minister give the house the reason for another recent stamp issue, and will the minister explain the meaning of the design which seems to represent a rather fully dressed woman sitting on her heels picking a banana from its stem?

Hon. W. M. Hamilton (Postmaster General): I might say that this stamp design commemorates the significant contribution of Canadian women to the formation and development of the international organization of rural women's groups known as the associated country women of the world, and is the first Canadian stamp ever designed by a woman. We are rather proud of that fact. I am sorry that the hon. member seems to have completely missed its significance and has tried to cast aspersions on the work of this artist. The stamp, of course, represents a symbolic woman attending a plant on which is superimposed a globe of the world, indicating the international aspects of this movement which originated in Canada. I may say that it has proved to be abundantly clear to almost everyone who has seen the design.

Some hon. Members: Oh, oh.

Mr. J. W. Pickersgill (Bonavista Twillingate): I have a supplementary question, Mr. Speaker. May I ask the Postmaster General what is a symbolic woman?

Mr. Speaker: Order. Two hon. members have supplementary questions. The hon. member for Bonavista-Twillingate has already finished his question. I recognize the hon. member for Kootenay West.

Mr. H. W. Herridge (Kootenay West): My supplementary question is addressed to the Postmaster General. Is it not correct to say that the federated women's institutes of Canada expressed their great appreciation of this stamp?

Mr. Hamilton (Notre Dame de Grace): I am extremely grateful to the hon. member whose observation is quite correct. Several members of the national executive of the women's institute saw the design a substantial time before it came and were quite delighted with it.

Mr. Pickersgill: Perhaps I could ask a supplementary question. I wonder whether the minister could tell the house what a symbolic woman is.

Some hon. Members: Oh, oh.

Mr. Speaker: Order. I do not think I should allow the minister to run that risk.

HARBOURS

VANCOUVER—INQUIRY AS TO USE BY SEAPLANES

On the orders of the day:

Mr. J. R. Taylor (Vancouver-Burrard): I should like to direct a question to the Minister of Transport. Can the minister say whether negotiations have been completed between the national harbours board and the civil aviation officers with respect to the use of Vancouver harbour for seaplanes?

Inquiries of the Ministry

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask this question. The civil aviation officers of the department have recently concluded negotiations with the national harbours board, and it has been decided both to increase the size of the area designated for use by seaplanes, and to relocate the area in order to reduce taxiing to and from bases of operation to a minimum.

Incidentally, it was deemed necessary to continue to restrict seaplane traffic in the harbour to commercial air carriers and aircraft belonging to industrial concerns having business in the harbour, owing to the normal heavy traffic of ships.

TRANSPORT

NORTHERN TRANSPORTATION CO.—STATEMENT ON REPORTED INTENTION TO USE U.S. SHIPS

On the orders of the day:

Hon. George H. Hees (Minister of Transport): While I am on my feet, Mr. Speaker, I should like to answer a question which was asked me yesterday by the hon. member for MacKenzie River (Mr. Hardie). I was asked if I was aware that the Northern Transportation Company intends to use ships of United States registry in Arctic work this year.

The Northern Transportation Company reports to the Minister of Trade and Commerce (Mr. Churchill), but I can inform the hon. member that I am not aware of any United States commercial vessels which are being used in supply work in the Arctic this year. Certain United States naval vessels, which were the only suitable type available, were transferred to my department when the United States government agreed that Canada should take over the supply of the D.E.W. line, and these are in the custody of Northern Transportation Company which, of course, operates them with Canadian personnel.

Mr. M. A. Hardie (Mackenzie River): I wonder whether the Minister of Transport can tell me whether those ships have passed Canadian steamship inspection for Arctic work?

Mr. Hees: Yes, Mr. Speaker.

DISPOSITION OF ORDER RESPECTING DEMURRAGE ON GRAIN CARS

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): I would like to direct a question to the Minister of Transport. I was wondering if he could inform the house whether or not, by order in council, the decision of the board of transport commissioners with respect to demurrage for railway cars with respect to grain has been altered and, if so, what is the duration of the time specified in the order in council?

Mr. Hees: Mr. Speaker, this order has been held up in order to allow the matter to receive further consideration and study.

Mr. Benidickson: Mr. Speaker, I do not think the Minister of Transport answered me directly. Has there been an order in council suspending this particular ruling of the board of transport commissioners?

Mr. Hees: Yes, Mr. Speaker.

INQUIRY FOR RETURN

RETAINING WALLS, QUEBEC PROVINCE

On the orders of the day:

Mr. Yvon Dupuis (St. Jean-Iberville-Napierville): Mr. Speaker, in the absence of the Minister of Public Works I should like to ask a question of the Secretary of State.

(Translation):

Mr. Y. Dupuis: Has the minister made inquiries, as he promised to do on April 22 last, concerning question No. 108 which I had asked in early February and which had been passed as an order for return? The question dealt with certain retaining walls.

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, as several departments are concerned, some of the inquiries remain to be done, but I shall reply to that question very soon now.

Mr. Dupuis: Could the minister tell me what other departments can be concerned with the matter of retaining walls?

Mr. Courtemanche: The Department of Transport and the Department of Public Works.

Mr. Dupuis: That is not several others, just one other department.

Mr. Tremblay: It takes two to handle that job.

(Text):

ROYAL CANADIAN AIR FORCE

TRANSPORTATION TO LONDON FOR AIR COMMODORE FAUQUIER

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Minister of National Defence. Will the minister tell the house whether any consideration was given by the R.C.A.F. or by his department to providing transportation for Air Commodore Fauquier

of the famous Dambusters squadron to attend the ceremony before the Queen Mother in London?

Hon. G. R. Pearkes (Minister of National Defence): Yes, Mr. Speaker; but unfortunately no transportation was available nor is it possible for the R.C.A.F. to meet the many requests made by individuals who wish to attend similar events in the United Kingdom.

Mr. Hellyer: I have a supplementary question. Could the minister tell us whether space was available in the Lancaster bomber which flew other members of the R.C.A.F. to London?

Mr. Speaker: I am not sure that this line of inquiry is of sufficient urgency to take the time of the house that is by asking whether there was space in an aircraft flying across the Atlantic. The hon. member can ascertain by private inquiry what the answer is or put the question on the order paper.

Hon. L. B. Pearson (Leader of the Opposition): I rise on a point of order, Mr. Speaker. This matter has already received a great deal of attention in the press. It deals with a man who was a great hero in the R.C.A.F. during the war, and the ceremony in London is of great symbolic importance. Surely it is proper to ask whether or not it would have been possible to make an exception in this case so that he could have attended the ceremony in London.

Mr. Speaker: I understood the minister to have given an answer. I did not intervene on the first question, but it seems to me that the second one went too far.

TRADE

RUSSIA—REQUEST FOR STATEMENT RESPECTING EXTENSION OF AGREEMENT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to ask the Acting Minister of Trade and Commerce whether he can give the house any information as to the progress, if any, being made in the discussions concerning the renegotiation of the Soviet-Canadian trade agreement, and whether reports to the effect that difficulties are being encountered in this matter are correct?

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): I will take that question as notice, Mr. Speaker.

UNEMPLOYMENT INSURANCE ACT

AMENDMENT TO INCREASE RATES OF REMUNERATION AND CONTRIBUTIONS, ETC.

The house resumed from Tuesday, May 12, consideration of the motion of Mr. Starr for the second reading of Bill No. C-43, to amend the Unemployment Insurance Act.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I rather thought from the challenges that had been made in the debate so far that perhaps the first speaker this afternoon would have been the Minister of Finance (Mr. Fleming) explaining to us the reasons for the extraordinary financing that the cabinet has seen fit to provide for the unemployment insurance fund, which everybody knows is a fund which has about $400 million worth of securities in its portfolio. I am not going to comment further about that. I hope that before the debate concludes the minister will explain, not only the authority but the reason for this unusual and unprecedented form of governmental intervention in the affairs of a fund that is basically contributed to by non-government sources. Eighty per cent comes from employees and employers.

My chief point at this time, Mr. Speaker, is to direct the attention of the house to the fact that in the last couple of years, as the Minister of Labour (Mr. Starr) himself said, we have had an unusual experience in that the amount of money paid out has greatly exceeded the amount of receipts. Of course, that is typical of any insurance scheme, at unusual times but the question which I want to raise before the house at this time is the question of whether or not the act, as it now stands, is really satisfactory to members of this house having regard to investment policy. I will be the first to say that this particular legislation was provided by the previous administration; but under the previous administration we had not the same experience of take-outs from the fund as we have had recently. I confess, that section 85 of the statute stipulates that the funds of the unemployment insurance commission should be invested exclusively in government of Canada securities.

Then under section 20 there is set up what is called an investment committee. Having regard to the experience of the last couple of years and the startling information that there have been capital losses of over $10 million—perhaps more, but the latest return was $10 million—I wonder if the house in considering this act would not want to make sure that a review should take place with respect to the set-up of the investment committee as determined by section 20 of the act. I do not think that anybody who examined parliamentary return 82A, I think it is, of last session in 1958 would have failed to note that a high proportion of the investments of the fund were in victory bonds on March 31, 1958. But the interesting factor is that the people who are in charge of

this very large capital fund happen to be the same people who have other responsibilities in connection with government debt policy and general fiscal policy. In recent times I am suggesting to the house that there could be on their part difficulty in deciding where their judgment should lie. According to parliamentary return 82A, which I mentioned, $402 million was invested in victory bonds. I cannot think that any committee member at that time could fail to foresee that there was a likelihood of greater need for liquidity in the assets of the fund; but on the other hand the same people who under this section are asked to be the investment committee are the very people who were associated with the Minister of Finance and others in the promotion of the sale of longer term government financing through the conversion loan.

In other words I see that these people are at times in the regrettable position of being asked to wear two hats. I believe that it would be highly advisable for the Minister of Labour and the government to reconsider this matter of the investment committee. In my opinion the investment committee in charge of a fund of these enormous proportions should be completely detached from the possibility of any conflict of interests with respect to the relationship of the policy of the Minister of Finance or the government in the matter of fund raising.

We have a precedent in the Canada Council. We have an investment committee there headed now by a private citizen, the much-esteemed former governor of the Bank of Canada. This bill is asking us to make sure that further amounts go into the unemployment insurance investment portfolio. While we are doing that I suggest we should make sure that the most impartial determination of best advantage to the contributors will result without question.

This is an unusual fund to the extent that it is not substantially government money. Eighty per cent of it is contributed by employees and employers. Under the act one member of the investment committee is nominated by the Minister of Labour but two are designated as being either the nominee of the Minister of Finance, or the governor of the Bank of Canada, or the nominee of the governor. Those who are paying 80 per cent of the shot, having regard to the disclosure of these capital losses, would I think feel better assured if we had an independent investment committee. I raise that matter for the consideration of the house.

We have been rather restricted in debate in discussing some sections of this bill. I am hoping that the committee on industrial relations will not feel itself so restrained. I am hopeful that the committee will call for evidence about the possibility of widening the group of those who are insured under this scheme. This is a major factor but at this time the government has not seen fit to increase the number of those who could in all likelihood suffering this particular catastrophe expect insurance coverage. I feel the time is ripe for the industrial relations committee to examine the act carefully.

I am thinking of the possible inclusion of hospital workers and many other employees. Hospital workers alone number approximately 100,000. In view of the proportion of hospital revenues that will come from either provincial or federal government sources through insurance schemes I believe that hospital employees should be brought into this scheme. There are hospital maids and non-professional workers of various kinds who have not been included and I feel that the committee should give this question very serious consideration.

My main point, however, is simply to say that the experience of the last year or two indicates that the individuals who are responsible for policy with respect to the investment of funds in the unemployment insurance fund are the same people who in another capacity are engaged in debt management and other fiscal government matters. In view of the fact that 80 per cent of the contributions to the fund come from outside government sources—they are in essence taxes—I think a more independent investment committee is highly justified.

I would therefore at this stage move, seconded by the hon. member for Nipissing (Mr. Garland), the following amendment:

That all the words after "that" be struck out and the following substituted therefor:

"this house declines to give second reading to this bill which makes no provision for ensuring the stability of the unemployment insurance fund through the establishment of an investment committee independent of the persons responsible for carrying out the government's policies with respect to the public debt".

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I rise on a point of order. I submit to you that this amendment is out of order. You will observe that it proposes that the house should not give second reading to the bill on the ground that the bill—and this is the language of the amendment:

—makes no provision for ensuring the stability of the unemployment insurance fund through the establishment of an investment committee independent of the persons responsible for carrying out the government's policies with respect to the public debt.

In shortened form, Mr. Speaker, this amendment proposes that the house should not give second reading to the bill because we have not included in the scope of the bill a provision which is not there now. When the Speaker was in the chair last evening he was called upon to deal with another amendment introduced on behalf of the official opposition which he ruled out of order. That amendment, if I may recall it to you, sir, was in these words:

> This house declines to proceed with this bill because its provisions were formulated and introduced without any consultation by the government with the advisory committee and before receiving the annual report of that advisory committee on the financial condition of the unemployment insurance fund for the fiscal year ending March 31, 1959, and its recommendations thereon.

May I say, Mr. Speaker, in view of the fact that you were not in the chair at the time, that the ground upon which the Speaker ruled that amendment to be out of order was that on second reading an amendment that can be submitted and be in order is an amendment that sets up a contrary principle, a principle contrary to the principle of the bill. It was quite evident to the Speaker, in dealing with the amendment introduced last evening, that it did not introduce a principle contrary to the principle of the bill. It dealt with something that the opposition argued was antecedent to the introduction of the bill, something that should have been done before the bill was brought before the house, that there should have been prior consultation, that the bill should not have been submitted until a certain report had been received. In view of the nature of the amendment he ruled that it did not set up a principle contrary to the principle of the bill, and therefore he ruled it out of order.

Now, that rule, Mr. Speaker, is obviously one aspect of the rule of relevance. My submission to you with respect to this new amendment, is that it fails for the same reason and is not relevant to the bill before you. The bill before you contains a number of amendments to the Unemployment Insurance Act, in designated clauses of that act. None of these clauses relates to the subject matter of this amendment.

In his remarks in leading up to the introduction of his amendment, the hon. member for Kenora-Rainy River (Mr. Benidickson) referred to the provisions of section 20 of the main act which determines the composition of the investment committee. Then he made reference also to the later sections of the act, sections 85 and 86. None of these sections, Mr. Speaker, falls within the scope of the amending bill now under debate, Bill No. C-43.

Last night the Speaker had occasion to refer not once but several times to the well-established rule that the introduction of a bill to amend a statute in this house does not in fact open up the entire statute for discussion in this house, and discussion on the amending bill must be relevant to the bill and cannot stray outside the scope of the bill into the wider provisions of the statute which it proposes to amend. This is precisely what has been done here this afternoon.

There is nothing in the present bill at all that concerns or affects the composition or the powers of the investments committee. There is nothing in the amending bill, which relates to investments, and yet the amendment before you proposes that the house should withhold second reading of this bill because it makes no provision for changing the provision of the main act in reference to the investment committee.

If this amendment were in order it would be possible for any member to discuss any provision of the main act, regardless of whether it receives mention or no mention in the amending bill. It would be equally competent to any member to introduce any amendment proposing that second reading of the bill be withheld because some provision of the main act, not mentioned in the amending bill, is not included within the scope of some particular amending provision. This would reduce the procedure of the house obviously to chaos, and it is because of considerations of this kind that the rule is so well established: first, that the introduction of an amending bill does not open up the main statute for discussion and debate; second, that any amendment must be strictly relevant to the bill. The fact that it concerns some provision of the main act does not make it at all relevant to the bill. In the third place, Mr. Speaker, the fact is that this amendment does not set up a principle contrary to the principle of the bill. It says only that the bill should not be read now because it does not make provision for something that lies outside of it. Obviously, Mr. Speaker, this amendment is out of order on several grounds and I respectfully ask you so to rule it.

Mr. W. M. Benidickson (Kenora-Rainy River): On the point of order, may I just refer to the matter of relevancy? Your Honour will have looked at the remarks of the Speaker the other night when he referred to principles of an amending bill. I think that is of the essence here. We are being asked to vote additional moneys to this fund. This amendment relates entirely to those moneys and I say that that therefore is one of the basic principles of the bill. I

refer to the principle of stability of the fund or the integrity of the fund, as I think the Minister of Labour (Mr. Starr) called it the other night. It is of the essence to make sure that the investment policy will maintain stability and integrity in the fund.

Hon. Paul Martin (Essex East): If you would allow me, Mr. Speaker, I should like to supplement what the hon. gentleman who has just taken his seat has said in this connection. This matter has interested me and I thought I would engage myself this morning in looking up the appropriate authorities which I think clearly establish the false position in which the Minister of Finance seeks to place us when he calls Your Honour's attention to an amendment which had been ruled out of order last night. But, as he himself indicated in the remarks which he made this afternoon, there is no similarity between the amendment now before Your Honour and the amendment submitted last night.

I call Your Honour's attention to May's sixteenth edition at pages 530 and 531. At the bottom of page 530 I find the following:

> It is also competent for a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move what is known as a "reasoned amendment". This amendment is to leave out all the words in the main question after the word "that" and to add other words: and the question proposed upon the amendment is, that the words proposed to be left out stand part of the question. A reasoned amendment is placed on the paper in the form of a motion and may fall into one of several categories.
> (1) It may be declaratory of some principle adverse to, or differeing from, the principles, policy or provisions of the bill.
> (2) It may express opinion as to any circumstances connected with the introduction or prosecution of the bill,—

And I underline the words "circumstances connected with the introduction".

That is a statement of principle which has been recognized by all commentators, including Beauchesne, who makes reference to a comment similar to May, in citation 382, which of course is well known to this house and which deserves mention at this time. Citation 382 reads:

> It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from,—

And I underline the words "or differing from". I continue:

> —the principles, policy, or provisions of the bill.

And so forth. I shall not quote the remaining portion of this particular citation. Then if we look at the work, "A Parliamentary Dictionary", we find on page 162 what is meant by a reasoned amendment. In the first paragraph on page 162 beginning with the second sentence I find the following:

> This form of amendment—

Your Honour will remember that my hon. friend sought to base part of his argument upon his interpretation of what was a reasoned amendment.

> —seeks, by substituting other words for those of the question "that the bill be now read a second (third) time", either to give reasons why the house declines to give a second or third reading to the bill, or to express an opinion with regard to its subject matter or to the policy which the bill is intended to fulfil.

My hon. friend who has just spoken has emphasized the argument of relevancy, and in that connection I would refer Your Honour to *Votes and Proceedings* for 1958 where there is a ruling by His Honour the Speaker on a problem involving this particular principle. The reference will be found on page 539 at the middle of the page where Mr. Speaker makes this observation with regard to the argument of relevancy:

> This is the third time I have had to deal with this matter today.

I would call Your Honour's attention specifically to this observation. He says:

> I will not repeat what was said previously. The first question which must be considered is relevancy. I think the Minister of Justice, in acknowledging that it would be relevant to debate whether the clauses of this bill are in conflict with our obligations under GATT, thereby acknowledges that an amendment directed to that same purpose is relevant, because if it is relevant to debate it—

That is the important point—"because if it is relevant to debate it."

> —if the amendment is otherwise good—it is relevant to move an amendment declaratory of a principle to the same effect.

All through this debate, as the hon. member for Kenora-Rainy River has emphasized, emphasis has been placed in argument on the importance of preserving the integrity of the unemployment insurance fund. That has been the gist of most of the speeches. The particular committee referred to in section 20 of the Unemployment Insurance Act, modification of which is proposed in this amendment, has to do with that very argument, and if it is proper to make reference to such an argument and make it part of the main argument in debate, as Mr. Speaker has said, it is possible and justifiable to base an amendment on such an argument even though, as the Minister of Finance said, directly there was no specific reference in the bill. However, I would argue that by implication and indirection there certainly is.

The Minister of Labour himself has given us the justification for this amendment. He said that the purpose of the bill was to

maintain the integrity of the fund. The integrity of the fund can best be maintained by a proper investment policy. A proper investment policy is one pursued by the investment committee under section 20 of the act, and this amendment calls for a rearrangement and a new composition of that investment committee in order to do what the Minister of Labour said, namely maintain the integrity of the fund.

In this connection, if Your Honour will address himself again to May, page 421, 16th edition, he will find the author's comments on the question of relevancy, the matter I am now pursuing. There the author says:

> The fundamental rule that debate must be relevant to a question necessarily involves the rule that every amendment must be relevant to the question on which the amendment is proposed. Stated generally, no matter ought to be raised in debate on a question which would be irrelevant, if moved as an amendment, and an amendment cannot be used for importing arguments which would be irrelevant to the main question.

Surely that is clear. The Minister of Labour indicated that the purpose of this bill was to maintain the integrity of the fund, and if we were justified in commenting on that particular purpose and now seek to strengthen the instruments by which the fund is to be made stronger, then surely this amendment must perforce be regarded as in order. Lest there be any doubt whatsoever, I refer Your Honour again to the words of Mr. Speaker at page 539 of last year's *Votes and Proceedings* where he goes on to point out:

> The first question which must be considered is relevancy. I think the Minister of Justice, in acknowledging that it would be relevant to debate whether the clauses of this bill are in conflict with our obligations under GATT—

The amendment there had nothing to do, in the sense in which the Minister of Finance speaks with the argument in debate but since argument in debate was permitted by Mr. Speaker it must follow that the reasoning which he pursued in connection with that particular matter applies on all fours with regard to the matter now before us. The facts before us are that the unemployment insurance fund was diminished to the extent of $10 million as a result of the loss of value of certain securities held by the commission. That was a permitted situation as a result of the operations of the investment committee. We say that happened because the investment committee was improperly constituted and that because of these facts and in order to preserve the integrity of the fund the committee ought to have a different composition such as this amendment contemplates.

There is no precedent whatsoever against an amendment like this. All the positive evidence clearly indicates that we satisfy the argument of relevancy. When my hon. friend says that there is nothing in the particular amendments before the house having to do with the investment committee he is right, but the point is, as the Minister of Labour said, that the purpose of the bill is to maintain the integrity of the fund and the only way that can properly be done is by an investment committee that is so constituted as to further that particular end.

For these and among other reasons I ask Your Honour to take the view on the basis of this argument that there can be no doubt whatsoever that this is a proper amendment, a proper amendment likewise for the reasons which caused Mr. Speaker the night before last to accept in principle the argument made in the amendment which I had the honour to propose. That amendment had nothing to do whatsoever with the sections of the bill. We were calling in that amendment for an increase in the contributions paid by the federal government for the purpose of giving benefits to the unemployed people of our country. There is nothing in the amendments which have to do with the federal contribution and to argue that this particular amendment is out of order is to argue that the Speaker was wrong on Monday when he acknowledged the amendment put forward at that time. So, Mr. Speaker, with confidence in this argument I submit it to you.

Mr. Deputy Speaker: First of all, I must remind the house that we cannot compare the ruling which was made the other night by Mr. Speaker concerning the amendment proposed by the hon. member for Essex East (Mr. Martin) with the position of the present amendment. There is a marked distinction between this amendment and the other amendment, and the ruling which was made the other night does not serve as a precedent for the ruling which I now propose to make.

I have listened with great interest to the comments made by the Minister of Finance (Mr. Fleming). I have also listened carefully to the remarks made by the hon. member for Kenora-Rainy River (Mr. Benidickson), and the hon. member for Essex East. There are two points which I should like to emphasize. The first one is the question of relevancy. In the present instance, I consider that this amendment is not relevant to the bill being discussed. It is rather relevant to the act itself, but at the moment we are not discussing the act, we are discussing the bill. The second point I wish to emphasize is that the

house should listen carefully to the way in which the amendment reads. I shall now read it:

> This house declines to give second reading to this bill which makes no provision for ensuring the stability of the unemployment insurance fund through the establishment of an investment committee independent of the persons responsible for carying out the government's policies with respect to the public debt.

The way in which this amendment reads actually makes it more in the form of a separate resolution or bill than an amendment to what is contained in the bill under discussion. Then again, the rule of relevancy is completely disregarded. If every bill that was discussed by this house were subject to amendments of this type which could stipulate that the bill did not contain enough and should contain something else, then there would be no relevancy at all. I consider this amendment which is now before the house contains no reference to anything contained in the bill and I must therefore rule it out of order.

Mr. Harold E. Winch (Vancouver East): I must admit that I find myself in some difficulty at this stage of second reading of Bill No. C-43 to amend the Unemployment Insurance Act. I rather think I am in the position known as being over the proverbial barrel because I am damned if I do and I am damned of I do not, when it comes to a question of how to vote. Undoubtedly many cogent arguments have been set forth, not once but repeatedly, that there are sections of this bill which are of such a nature that they should be opposed.

There is a provision in the bill for approximately a 30 per cent increase in the charges on employers and employees so as to re-establish the fund or, as has been so aptly put by previous speakers, to maintain the integrity of the fund. I think it is obvious also that in so far as the beneficiaries of the fund are concerned, there is not a commensurate return from the 30 per cent increase in the charges which is to be levied in the future. There is also a section of the bill which introduces new and discriminatory taxation and to that, of course, I am certainly opposed.

In addition, I agree with the objections that have been raised that the increased charge is, in part, made necessary as a charge on the insured because of circumstances over which he had no control. I refer, of course, to the amount of money that was required to be taken out of what was actually an insurance fund to take care of the situation that arose because of serious unemployment, call it a recession or depression if you like, and changes introduced by the government without any financial responsibility being accepted by the government which made the changes in the act. I think that is a negation of the principle of insurance and should not be supported.

There is also another matter, of course, which I think is very serious, and that is the fact there is no increase contemplated in the weekly allowances to those beneficiaries who fall in the low income categories. The amounts which they are receiving now are certainly low enough, and if the employees in the future have to pay increased charges and yet the majority of those workers will receive no increase whatever, then I think there is something wrong with the basic principles. As I say, Mr. Speaker, there are excellent and cogent reasons which have been put forward in great detail by a great many speakers in this house as to why there should be opposition to second reading.

At the same time there is another side of the picture. I find I am in agreement with the fact that some improvements are being made in the bill which is now before us. We have the bringing of new salary groups into the plan, and I think that is all to the good. There are small, very small provisions for an increase in the earning rates at the same time one is drawing unemployment insurance. Small as this improvement is, it is to the good. Then, of course, there is the extension of coverage. If one is eligible the period of eligibility is raised from 36 weeks to 52 weeks. Although I am rather inclined to believe that this will not cover a great many in the plan, it is an improvement without a doubt. For these latter reasons, therefore, I feel that the bill should be supported on second reading. You see, Mr. Speaker, what I meant on opening when I said I was over the proverbial barrel and damned if I did and damned if I did not.

However, an hon. member should, if he can act with conscience, vote, and so far as I am concerned a decision has to be reached. I have reached a decision, Mr. Speaker, based on this fact. If one turns down a bill on second reading which contains improvements which one favors, then turning down second reading in order to kill those things you do not like automatically deprives the people of this country of the opportunity of reaping the benefits of the improvements. The important fact is, and it is an important fact, if a bill does pass second reading, then every member of this house gets an opportunity to support those sections which he feels are improvements in the act, and at the same time he is able to speak against and vote against those measures of which he disapproves. There is such an occasion where

one can express an opinion on each proposal and each section, and that is when the bill gets into committee. Although I strongly disapprove some of the provisions and I think I also disapprove some of the motives behind the government's introduction of some of the provisions of this bill, nevertheless I also agree with some of the proposals and we will have an opportunity of expressing ourselves by speech and by vote in committee, and be able to try to vote down the things we do not like and try to get through the things we like. After being careful to explain that that is my position, as far as I am personally concerned it is my intention to vote in favour of the second reading of this bill.

Mr. J. R. Garland (Nipissing): Mr. Speaker, I should like to speak briefly on this matter. The bill before us, which is one to amend the Unemployment Insurance Act, seems to substantiate in my mind, two points. The first is that the government is prepared to accept the proposition of mass unemployment in Canada and the second is that it seems prepared to accept as a fact that unemployment will continue. In other words, it is apparent that this government, which claimed to have all the answers when they sat on this side of the house, are bankrupt of ideas for the solution of Canadian problems today. They are pursuing policies which, if continued, could bankrupt our national treasury. Mr. Speaker, it is apparent that the Minister of Labour and his colleagues have no policy to deal with unemployment. Instead, they seem to accept it by this legislation they seek to extract from Canadian workers and Canadian employers enough cash to pay for the government's folly. In other words, they are seeking to have workers and employers pick up the cheque for the failure of this government. The necessity for replenishing the unemployment insurance fund simply reflects the failure of this government to restore confidence in our economy, and failure to recognize and to attempt to cure the basic causes for the heavy drain on the unemployment insurance fund.

It is not my intention to deal at any length with these causes. They are well known, I think, to most Canadians: lack of planning; diversion of trade rather than expansion of trade; higher interest rates which are a drag on expansion and a drag on our economy; higher taxes, which retard and restrict expansion, expansion which can only come from increased savings and those savings from earnings. I think the people are wondering what has happened to this billion dollar program of public works. All of these things are, of course, the reasons, to a great degree, for the necessity for the legislation that is before the house at the present time.

But I rose today primarily to bring one matter to the attention of the government. I refer to the difficulty that is being experienced by many of our young people in Canada today in getting established in the labour force. I am talking particularly about those people under the age of twenty. They have been having considerable difficulty especially in this past couple of years. This is one of the most disturbing factors in our whole economy. It is one which is giving concern to many of the welfare organizations throughout our country and I think should now concern the government and business generally. I am not suggesting that this matter is solely the responsibility of the government but it is a very real problem.

I am going to use November figures which show a great difference between the impact of the recession on working people over 20 and its impact on those to whom I refer, namely those under 20. At November 15, 4.5 per cent of the labour force between the ages of 25 and 44 were out of a job and looking for work; but of the labour force between 14 and 19, 12.5 per cent were jobless. Unemployment among this group, I recognize, is always higher because they have difficulty in getting established in the working force. The rise of unemployment among teen-agers from 5 per cent in November, 1956, to 9.8 per cent in November, 1957, and now to 12.5 per cent in November of last year, is indeed an alarming situation. If, as seems likely, a large number of young people will be leaving school—

Mr. Speaker: I am listening to the hon. member's exposition of the problem with respect to the employment of people first coming to an age where they will begin working. I would ask him to relate what he is saying to the problem that is before the house. I have not yet seen that there is in this bill or in the amendment anything which involves the matter which the hon. member is discussing.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to rise on a point of order and, at the same time, on a question of privilege.

Mr. Speaker: Perhaps the hon. member for Laurier (Mr. Chevrier) would allow the hon. member for Nipissing (Mr. Garland) to indicate how he intends to relate what he is saying to the bill. I have simply asked him to do so. If he does not want to answer, I will hear the hon. member for Laurier.

Mr. Chevrier: Before he does so, Mr. Speaker, I should like to rise on a question of privilege affecting all of the members of

this house. It has to do with the amendment which was made a moment ago by the hon. member for Kenora-Rainy River (Mr. Benidickson) and about which the hon. member for Essex East (Mr. Martin) spoke at some length. While he did so, the Speaker in the chair had a ruling which he gave and I am sure it must have been a prepared ruling. He did this in the absence of Your Honour who was in the habit of ruling and who did rule on two of the amendments that were proposed by this side of the house, I believe the day previous. It seems to me that the fact that the amendment was made just a few minutes before the ruling was handed down, although the Speaker at that time had in his hands the text, is a matter of privilege affecting all of the members of this house, having regard to the fact that this should have taken place when Your Honour was out of the chair.

Mr. Speaker: The hon. member knows very well that it is not open to any member of the house to impugn the conduct of the Chair, whoever may be in the chair. It cannot be raised as a matter of privilege. The only way in which such a matter can be put forward is by making a positive motion calling the conduct of the Chair into question. I therefore cannot allow the hon. member for Laurier (Mr. Chevrier) to proceed to criticize the occupant of the chair for his conduct, even though he is not satisfied with it.

Mr. Chevrier: Mr. Speaker, the last thing that I would want to do is to impute motives to either the Speaker or the person who holds the Speaker's place in his absence. But the point I was trying to make is this—

Mr. Speaker: The hon. member was doing exactly what he has said he would not want to do and I hope he will not continue to do it again. What is before the house now is a question which I have asked the hon. member for Nipissing who has the floor. I have asked him whether he can relate the problem he has been discussing with the bill that is before the house.

Mr. Chevrier: Will Your Honour allow me to rise on the point that I indicated to Your Honour—

Some hon. Members: No.

Mr. Chevrier: —because I think there has been an invasion of the rights of the members of the opposition.

Mr. Speaker: I understand what the hon. member says but I cannot see how he could possibly, within the rules of this house, continue the discussion which he opened as a matter of privilege. I therefore cannot hear him in that way at this time. If the hon. member wishes to bring that matter before the house, he has open to him a way of doing it but it is not by a direct attack on the conduct of the Chair.

Mr. Martin (Essex East): May I ask Your Honour how an hon. member can raise this question? This question is not one of censure but a question relating to the clarification of a decision of the greatest importance with regard to freedom of debate in this house.

Some hon. Members: Order.

Mr. Speaker: I think the hon. member for Essex East is making the same error.

Mr. Martin (Essex East): With respect to Your Honour, it is not an error.

Mr. Speaker: A decision was made by the Chair in my absence a few minutes ago by the Deputy Speaker.

Mr. Fleming (Eglinton): And not appealed.

Mr. Speaker: The hon. member should not draw inferences and make imputations against the Chair, no matter what he feels about its conduct, unless he does it in the proper way which is by a substantive motion in which the allegations can be made and the facts debated. There is no other way under the rules.

Mr. Martin (Essex East): Mr. Speaker, I have asked Your Honour a question. Are you now suggesting that we can have this particular ruling clarified by way of a positive motion? There is no suggestion on the part of the hon. member for Laurier (Mr. Chevrier) or anyone else of imputing motives either to Your Honour or to the Deputy Speaker. That has not been our custom in this parliament. But we do feel that there has been a grave error committed today, and we are asking Your Honour how that can be rectified? We feel it is an error. Certainly it is inconsistent with the ruling—

Mr. Speaker: There is only one course open to an hon. member who disagrees with the ruling of the Chair, and that is to appeal.

Mr. Fleming (Eglinton): Shame.

Mr. Chevrier: You are a fine one to say shame.

Mr. Speaker: Order. I am not supposed to give interpretations of the rules of the house. Hon. members know that there is that right of appeal, and that is the only way in which a decision of the Chair can be reviewed.

Mr. Starr: Shame on you.

Mr. Chevrier: It is the Minister of Finance who should be slapped. No one is more shameful than he is.

Mr. Martin (Essex East): Mr. Speaker, in the British house during the last century Lord Morley, I think it was, on an occasion like this made an observation of this order regarding a ruling that was not regarded as valid. Your Honour said we should have appealed. We have endeavoured throughout this parliament not to resort to that course for the reasons I have stated. An appeal would not solve this question. Hon. gentlemen opposite would vote against us as they always do.

Mr. Speaker: Order. I have made my ruling. I am sorry, but I cannot hear the hon. member further. The hon. member for Nipissing (Mr. Garland) had the floor, and he was dealing with the question of unemployment of young people coming to the age of employment. Before he proceeds to discuss that problem I assume he is relating it to the bill, and I would ask him how he attempts to do so?

Mr. Garland: Thank you very much for bringing me back to the point where I was when Your Honour stopped the debate. It seems to me that in discussing the legislation which we are considering today, which is necessary to replenish the unemployment insurance fund, we may discuss some of the reasons which have brought about this particular necessity. The point I was trying to make was that a substantial drain on this fund is due to one segment. It does—

Mr. Speaker: Let me put it to the hon. member in this way so that he understands me. I have no intention of restricting the debate on this bill beyond what appears to me to be its proper scope, and I have given a good deal of latitude, in my own view, to what is the proper scope. If the hon. member who has posed a particular problem relating to young people wishes to suggest that this bill deals with that problem inadequately or has some suggestion how this bill can deal with it, then he is in order and can proceed. If he is discussing unemployment at large, that would not be in order.

Mr. Garland: Mr. Speaker, I assure you I have no intention of discussing unemployment at large. However, statistics prove, as do the government's own figures, that a substantial drain on the fund is due to that segment to which I referred earlier, namely those people in the labour force under the age of 20. It seems to me that this legislation fails to recognize that fact. Here is the percentages of the labour force between 14 and 19 years of age that are unemployed: in November 1956, 5 per cent; in November 1957, 9.8 per cent; in November of last year the figure had risen to 12.5 per cent. I was simply going to say that the number of people coming out of school this year who probably will not go back in the fall, together with the larger group coming up next year, makes this a very real problem which I think the government should recognize and in some way endeavour, with the co-operation of business generally, to solve.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I desire to say something about this bill on its second reading, which normally deals with the principle of the bill and which normally gives the opposition the opportunity to discuss, in a very general way, those principles and other matters relevant to the bill and all that it covers.

I agree, Mr. Speaker, with the government that something has to be done about the unemployment insurance fund, and I propose in the course of my remarks, with your permission, to deal with the situation which brought about this necessity and to deal also with the various methods by which this difficulty could be overcome, one of which has been put forward by the government in this bill. But that is not the only way of dealing with the problem, and indeed in our amendments, two of which were ruled out of order, we put forward alternative proposals dealing, as we thought, with the principles of the bills and its problems.

Mr. Speaker, as to the reasons which require legislation of this sort—I will come back to that again later in my speech—the statistical report on the operation of the Unemployment Insurance Act for March 1959, which has just come to my hand, gives us some very good evidence as to why the fund has to be strengthened, why it has to be replenished, and why the steps which the Minister of Labour (Mr. Starr) referred to in his brief address the other night have to be taken to strengthen the stability and the security of this fund which is so important to the workers of this country. This fiscal report includes, perhaps as its most significant fact, that unemployment for the 12 months ending March 31, 1959, according to benefits paid to claimants on the fund, was nearly 25 per cent greater than in the 12 months ending March 31, 1958. The total benefits paid out amounted to $479 million as against $385 million, the monthly average of beneficiaries being $452,000 for 1958-59 as opposed to $366,000 for 1957-58.

Mr. Speaker, I agree with the hon. member for Vancouver East (Mr. Winch) that in approaching this bill and in approaching this problem we in the opposition, as the hon. member pointed out, are in a dilemma. There are some things in this bill which should and do meet with our approval. There are other

things in the bill with which we strongly disagree; and there are some omissions from the bill which we think should be put in the bill.

There are also circumstances surrounding the introduction of this bill with which we most strongly disagree. Of course, that constitutes a dilemma. On second reading, as an hon. member said, you are confronted with a dilemma whichever way you vote. You are damned if you do and you are damned if you don't.

There are various ways of dealing with the problem which this bill attempts to deal with in one particular manner. There was an interesting editorial in the *Financial Post* of May 9 entitled, "Split Insurance Fund?" which puts forward one method of alleviating this problem. Perhaps I could place on the record one or two paragraphs from that editorial. Dealing with the draft bill before us the editorial said:

> The proposal now is to raise contribution rates 30 per cent and to make a start at adding another huge group of seasonal workers to the fund—those in agriculture. This will simply mean that the industrial worker and employer will be making welfare payments to farm workers as well as to loggers and fishermen.
>
> This is manifestly unfair.

I do not say that I agree with those words in the editorial. I continue:

> An entirely new approach to unemployment insurance in Canada is needed. Perhaps we should not have one unemployment insurance scheme, but two. One could cover year-round workers and could pay its own way. The other could cover seasonally employed loggers, fishermen and farm workers and its resources could be beefed-up by drawing on the general funds of the state.

The government has not attempted to follow that course in the amendments to the act nor did the opposition in the amendments we put forward follow that course exactly. But we did put forward the view that the government contribution to this fund in the present circumstances—the proportion of the fund met by the general taxpayers through contributions—should be higher than it is at present. That was the principle that was embodied in the amendment we put forward yesterday. However, I agree, as I have said, that something has to be done. We do not think this bill is going at it in the right way although there are some parts of which we approve.

As I said, we strongly condemn the circumstances surrounding the introduction of this bill and this debate in the House of Commons. We believe that the procedures followed and those not followed by the government exhibit a contempt of parliamentary rights. That is all the more surprising in view of the language that used to be used by some hon. gentlemen opposite when anything happened in this house that appeared to reflect on parliamentary rights and privileges. We think also—and this is one reason which would certainly justify any hon. member of this house voting against second reading of this bill—that there has been evasion or violation of certain of the provisions of the unemployment insurance act with which this bill deals. We think there has been on the part of the government a refusal which is to be condemned to provide the information on which to form an intelligent and reasoned judgment on the merits and principles of this bill on second reading. We are surprised, to put it mildly, that in this debate on second reading there has been no contribution made to this vitally important matter by hon. members on the government side of the house at a time when the level of unemployment is greater than it has ever been since the act was introduced.

The present debate has not been easy for the opposition. Hon. members opposite have certainly raised points of order which we believe has unduly restricted the debate. They have restricted debate by their interruptions and by the raising of these points of order. Yet no member of the government as yet has commented on any proposal made by those on this side of the house. We are always being charged by hon. members on the government benches with having no proposals to make. They say we are merely objecting. Yet we have not heard from any member of the government in regard to the proposals which were emphatically made by the hon. member for Essex East (Mr. Martin) and which have been repeated by others.

The government has not yet answered the questions we have asked or given the information we had the right to get. Indeed, it would have been quite impossible for us to have conducted this debate with any sense of realism or of having covered the whole subject if we had not been able to secure after the debate began a report from the unemployment insurance advisory committee which has a definite bearing on the matters covered by this bill. I have said that I thought in this matter the government has evaded or violated certain provisions of the Unemployment Insurance Act. Having made that statement which has already been made in this debate by my friend the hon. member for Essex East I should attempt to document it.

In our opinion paragraph 2 of section 3 of the act has been violated because the minister failed to carry out that genuine and effective consultation with organizations representing labour in connection with the appointment of a member of the unemployment insurance commission

Mr. Speaker: Order. The hon. member is now getting into an area which I very clearly decided in the course of this debate was beyond the scope of this debate; that is, the constitution of the advisory commiteee, the appointment of the membership and matters relating to the advisory committee which are not called into question in any way in the bill which is before the house. I must ask the Leader of the Opposition (Mr. Pearson) not to deal with the question of the appointment of the advisory committee. I shall leave it at that.

Mr. Pearson: Mr. Speaker, I had not mentioned the advisory committee. I mentioned the unemployment insurance commission. Certainly, however, I feel that I had every right to mention the unemployment insurance advisory committee because that is the committee which is the agency charged in this bill—

Mr. Speaker: The hon. member perhaps misunderstood me. I did not say he had no right to mention the unemployment insurance advisory committee. I said I would not permit a debate on the question which was attempted yesterday; that is, the appointments to the advisory committee. I may have misapprehended that the Leader of the Opposition was going in that direction.

Mr. Pearson: Mr. Speaker, I am sorry if I misunderstood you. What I was hoping to be able to point out was that the unemployment insurance advisory committee is the agency referred to in the amendments and charged in this bill with the responsibility for giving financial advice to the commission and the government in the operation of the fund and surely it is possible to mention the committee and its activities in connection with this bill because whether the bill is a success or not will largely depend, not only on its provisions, but on how they are carried out. It is our contention that at the present time the government has violated the act to the point where this committee now has no legal existence of any kind.

I am not arguing for the moment how that was brought about. Perhaps that would be out of order. But the result of the action taken or not taken is that this committee, which is so important in its connection with this bill, has now only a chairman and five members when the act itself in paragraph 1 of section 19 says that there shall be a committee consisting of a chairman and not less than six members. It has not got six members. How, therefore, can this committee function? How, therefore, can the purposes of this amendment be carried out in so far as they affect this committee, when no such committee is in legal existence?

Mr. Speaker: That may be a proper subject of debate at another time. The hon. member can bring that forward as a charge against the government for its failure to comply with the provisions of the Unemployment Insurance Act. That in effect is what he is doing. But the committee is involved in this debate in so far as we have heard the recommendations which the government has tabled and which have been submitted to the government in connection with the amendments to the act. I have not sought to interfere with the fullest and freest debate on the contents of that report but I do repeat, in my view, the members who seek to deal with the actions of the government with respect to the constitution of the committee are contravening the rules of the house. I hope the Leader of the Opposition will appreciate that I am not trying to curtail the debate on the bill which is before the house, but I am trying to enforce the rules of the house by ensuring that debate proceeds in an orderly manner toward a decision on the matters which are before the house. The questions the hon. member raises are not before the house and will not be before it, and they are out of order.

Mr. Pearson: Mr. Speaker, what we have before the house is a bill which seeks to replenish the unemployment insurance fund and to provide stability for that fund, to ensure that that fund will be administered in the best interests of those who benefit from it as unemployed. We are giving some more money to the fund; we are giving more responsibility to the agency which administers the fund. I am merely saying, Mr. Speaker, that one of those agencies, which was referred to by the minister in his opening statement, though he spoke only a few minutes, cannot discharge its responsibilities under this amendment or under the act.

Mr. Speaker: Order. I understand what the hon. member is saying but he persists after I have made my ruling in going on with the discussion. I hope he will not make it necessary for me to ask him to desist.

Mr. Pearson: Mr. Speaker, I will drop that although I had something more to say about it. You have ruled it out of order and naturally I accept your ruling.

There is another section of the Unemployment Insurance Act which in our view, Mr. Speaker, has been evaded and it has a bearing on this bill and I think on this debate, and that is paragraph 2, section 90. We contend, Mr. Speaker, that under that section—

Mr. Diefenbaker: What section is that?

Mr. Pearson: Paragraph 2 of section 90. Under this section the report made in August, 1958 to the advisory committee on the status of the fund, a report which has a bearing on this bill, should have been tabled weeks ago, according to the specific and clear requirements of this section of the act. I know perfectly well, Mr. Speaker, that under the act there is an obligation on the part of the government to table all reports made to the governor in council by the unemployment insurance advisory committee. I also know that there is no obligation or requirement under the act for this committee to make reports to the minister as such but only to the governor in council as such.

The minister said the other day—and this surely has a bearing on our discussion—that he had invited the committee to make this report to him. We have pointed out—and perhaps I am repeating—that the report itself, which we have now been permitted to see, certainly does not support the contention that any request was made on the committee for its production. But surely, Mr. Speaker, it is an evasion not, I admit, a violation—and I did not use the word "violation"; I said it was an "evasion"—of this section of the act that a report can be made of that importance, dealing with the operation of the act and the fund, not to the governor in council but to the minister, thereby perhaps preventing its appearance in parliament so that it may be of help to us in debating this matter.

Mr. Diefenbaker: Will the hon. gentleman allow a question? Was he a member of the government at the time the former minister of labour asked the same thing and received a report which was never brought before parliament or tabled? That was in 1955.

Mr. Martin (Essex East): Order.

Mr. Pearson: I have no knowledge of that at all, and if it were true—and I do not know whether it is true or not—it has nothing whatever to do with what I am saying. Whenever we make this kind of statement, Mr. Speaker, and whenever the government gets into this kind of position it takes advantage of its research assistants—and of course it has more of them than the opposition has—and goes back 10, 15 or 20 years and digs up something that happened in earlier times and then puts that forward as justifying its position in 1959. Even if that had happened in 1955, is the Prime Minister (Mr. Diefenbaker) suggesting that that justifies everything being done now in connection with this matter?

[Mr. Pearson.]

Mr. Diefenbaker: May I ask the hon. member a question?

Mr. Pearson: If I may continue—

Mr. Diefenbaker: I understand you. I am asking—

Some hon. Members: Order.

Mr. Diefenbaker: I am asking—

Mr. Martin (Essex East): Sit down.

Mr. Diefenbaker: What was that?

Mr. Martin (Essex East): I said "sit down".

Some hon. Members: Order.

Mr. Speaker: I do not know whether the hon. member has yielded the floor; I think not.

Mr. Pearson: If the Prime Minister has a question.

Mr. Diefenbaker: If the hon. gentleman does not want to have a question asked I am only too willing not to ask it.

Mr. Pearson: Go ahead.

Mr. Diefenbaker: Is he willing? All right. I suggest to him that during the period he was a minister of the crown—

Some hon. Members: That is not a question.

Mr. Diefenbaker: I suggest to him that on several occasions a minister asked the advisory board to produce those reports and to make summaries in respect of amendments to the act and those were not tabled because they were not required to be under the statute.

Mr. Pearson: That is a new kind of question.

Mr. McIlraith: Typical tactics of the present Prime Minister.

Mr. Pickersgill: Arguments we are not permitted to make.

Mr. Pearson: That is quite all right. The Prime Minister has made a suggestion which will appear on the record.

Mr. Diefenbaker: Is it a fact and did it take place?

Mr. Pearson: The Prime Minister has now made it a question by saying "is it a fact"? I shall be glad to look into that. Merely because the Prime Minister states it as a fact does not necessarily make it a fact.

There is another section of this act, paragraph (1) (b) of section 86, which also has a bearing, a direct and definite bearing, on the bill before us. I suggest it has been violated by the Minister of Finance (Mr. Fleming). This paragraph reads:

Where the amounts standing to the credit of the unemployment insurance fund in the consolidated

revenue fund are not sufficient for the payment of benefits under this act, the Minister of Finance, . . may,

(b) on the security of such obligations, credit further amounts to the unemployment insurance fund—

Mr. Speaker, we have put into the record a couple of orders in council dated April 2 and April 23, and I make no reference now to the circumstances of the production of those orders; but the orders in council in question, approved on April 2 and April 23, makes no reference whatsoever to the conditions stipulated in the act that the amounts standing to the credit of the fund are not sufficient for the payment of benefits.

In the second place, those orders in council authorize the Minister of Finance to make loans from time to time to the fund, but section 86 of the act makes no provision for loans. The section which I have just read authorizes the minister to credit further amounts; it does not authorize the minister to make loans from time to time, as the order says, but only when a very specific situation arises, as I pointed out a moment ago.

Mr. Fleming (Eglinton): Oh, oh.

Mr. Pearson: The minister laughs. The amount of $80 million tossed off by the minister to the unemployment insurance fund by order in council without, so far as we know, any statutory authorization. This is nothing to laugh at.

Mr. Fleming (Eglinton): You had better read the statute then.

Mr. McIlraith: Why don't you explain it?

Mr. Benidickson: You tell us about it.

Mr. Pearson: It was two days ago that questions were asked of the minister in this regard and since that time he has maintained a diplomatic silence.

Mr. Fleming (Eglinton): That seems to annoy you.

Mr. Pearson: We also say that section 20 of the act has been violated by the minister. The orders in council to which I have referred provide for the loans to be repaid "from the proceeds of sale of government of Canada direct and guaranteed bonds at the sole discretion of the Minister of Finance or from the cash resources of the fund". Section 20 of the act states:

Investment transactions . . . shall be made only on the authorization of an investment committee—

It is our contention, therefore, that the governor in council may not determine terms and conditions which permit the Minister of Finance to say when and if securities held by the fund are to be sold. Under the act that is a function which belongs only to the investment committee, the personnel of which we think might be altered in view of existing conditions. I am not talking about personalities because the members of the investment committee as personalities are highly qualified men of great integrity but the composition of the committee, as was pointed out by the hon. member for Kenora-Rainy River (Mr. Benidickson), might be improved in the way he indicated in an amendment. So much for the violation and, as we see it, evasion of the act.

Let me deal for a few moments, if I may, with our contention that this particular bill with its amendments was introduced by the government without proper consultation, without the consultation which should have taken place with the advisory committee, and that we in this house have been denied information we had a right to have in order to appraise the principle involved in the bill. We all know, Mr. Speaker—I mentioned it a few moments ago and I repeat it—that the unemployment insurance advisory committee has the responsibility under the act to report on the financial condition of the fund. We all know that in July, 1958, they made a very important, indeed a unanimous recommendation dealing with ways and means of replenishing the fund, the very matter we are discussing in the bill. The committee repeated that unanimous recommendation of July in the hidden report of August, 1958. Yet, Mr. Speaker, in the drafting of the bill, in the discussions leading up to the bill, in the discussion of the resolution preceding the bill, in the discussion on second reading of the bill, in everything pertaining to the bill, and in the preparation of this legislation there was no effort made to consult or discuss with the unemployment insurance advisory committee at any stage so far as we know.

So far as we know—we have asked this question and it has not been answered—there has been no meeting of any member of the government concerned with the preparation of this important bill with the unemployment insurance advisory committee, which is also concerned with these matters, since the report made by the committee to the minister last August. In other words, the committee has been by-passed. The government did not even wait to receive the annual report of the committee on the financial condition of the fund before introducing this measure.

As a result of what we consider to be the arrogant attitude of the government toward the committee and of the silence of the minister concerned during this debate, we are asked, without sufficient information,

to approve second reading of a bill to ensure the stability of this fund without knowing what is the exact financial condition of the fund. The only detailed information we have goes back to March 31, 1958, and this is May 1959.

Let me ask the government a few questions. What really happened to the fund during the fiscal year 1958-59? We do not know from the government. To what extent are the increased seasonal benefits responsible for the heavy drain on the fund? We do not know that. What were the amounts standing to the credit of the fund at March 31, 1959? We do not know that. What was the investment portfolio of the fund at March 31, 1959? We do not know that. When are we going to receive the answers to the questions asked by the hon. member for Essex East (Mr. Martin)? We do not know that. Yet, Mr. Speaker, we are being asked to approve the second reading of this bill whose main effect will be to increase the contributions of workers and employers to the unemployment insurance fund by, so far as we know, an average of approximately 30 per cent.

We have also raised another very important point in relation to the bill. It was done this afternoon by the hon. member for Kenora-Rainy River. I refer to the serious mismanagement of the fund during the last year which resulted in a loss of more than $10 million consequent upon the sale of government bonds at depressed prices. I suggest to the Minister of Finance and the Minister of Labour that this loss could certainly have been avoided if the fund had carried a larger share of its assets in more liquid treasury bills rather than in long term government bonds. That loss was not avoided because of the fact that debt management policy, that is, considerations concerning the lengthening of the public debt and the conversion loan, had a priority over liquidity for those who had the responsibility of deciding the investment transactions of the fund. Yet, Mr. Speaker, the probability of heavy drains during last winter was evident before midsummer when the conversion operation was launched by the government. Such a mismanagement by the government of the contributions made by the workers and employers to the fund surely cannot be tolerated by the house even if it is designed to help the government temporarily to get out of serious financial difficulties.

I should like to say a few words now about certain specific provisions of the bill. As I said at the beginning, some of these provisions are desirable and we on this side of the house are happy to support them. We support them generally; we would support them in isolation. We accept the idea of adding two new classes of benefits and of extending the maximum duration of the benefit period from 36 weeks to 52 weeks. We also approve the proposal to increase the amount of allowable earnings and to provide a higher schedule of allowable earnings for the insured unemployed with dependants. We are also ready to support the more generous treatment given in the bill to convicts which we would hope would help in their rehabilitation.

All these improvements may be—indeed, I think are—important in the case of certain individuals but on the whole and in relation to some of the weaknesses and dangers inherent in some parts of the bill we think that these improvements are marginal. These improvements are not going to impose a heavy additional burden on the fund because the benefits they provide are not likely to exceed $20 million annually. The Minister of Labour will correct me if I am wrong in these facts, because we have to make these calculations from the information which we have. We certainly would have liked to know from the minister his estimate for the new benefits provided by this bill, how much they would come to in dollars and cents, but up to the moment we have not been given any indication in this respect.

Also, Mr. Speaker, we on this side accept the creation of two new classes of benefits. Since we do that, we must also, to preserve the insurance principle which is basic to this legislation, favour the addition of two new classes of contributors at the top. The raising of the income ceiling from $4,800 to $5,460 can in itself, I think, be approved by us. It will bring in, and again the minister can correct me if I am wrong in my figures, about 80,000 more workers. These two changes, we estimate, will result in increasing revenues to the fund, but again the minister did not give us any estimate of the increased revenues to the fund as a result of these two new provisions. I would be very surprised, Mr. Speaker, if the additional revenue would be materially lower than the marginal benefits provided under the bill.

We, on this side then, would be prepared to support these particular, and some of them are minor, modifications to the act. On the whole, the increased benefits they provide would be offset by substantially similar increases in contributions resulting from the additional two new classes and the raising of the income ceiling.

But there remains, Mr. Speaker, what we consider to be the main provision of this bill, which is the general increase of all

contributions, as we have estimated, by 30 per cent on the average. Here again, the minister has not given us any detailed information on this, but we estimate it at a 30 per cent increase on the average, without any corresponding increase in benefits to the insured. We cannot, Mr. Speaker, accept that main provision of the bill. It is surely analogous to a further increase in taxes. If these provisions were accepted by the house it would mean $70 million to $80 million extra in contributions, and this is the important point, and 80 per cent of that would come from the workers and employers. We must not forget—we should not forget it because it has been mentioned in this debate more than once—the nature of this fund. Only 20 per cent of this fund is contributed by the general taxpayers through the government, and 40 per cent comes from the workers and 40 per cent from the employers; that is the nature of the fund. Yet the Prime Minister, speaking on the program "The Nation's Business" on April 20, had this to say, and I quote from the text of the broadcast:

> —we will be paying out this year $550 million more to Canadians in national health insurance, welfare and social security payments, than in 1956-7, the last year before we came into office—that is to say, twice as much as the tax increases.

I should like to analyse that particular calculation, Mr. Speaker, but I am sure you would rule me out of order. When I quoted it, that does not mean I accept it. Then, the Prime Minister went on to say this, and it does have a bearing on the unemployment insurance fund and the nature of it:

> The $550 million does not include additional expenditures which will be made for unemployment insurance as a result of the extension of these benefits to more people and for longer periods.

Then, he added this:

> Here alone, the additional cost will be $200 million more than in 1956-57.

In other words, the impression was given that the government out of its beneficent generosity was adding a $200 million payment to the workers of this country. If that is the right figure, then 80 per cent of that is being contributed by the workers and by the employers, and the government dares to take credit for 100 per cent of the $200 million increase in unemployment insurance contributions, on the basis of a fund to which they contributed only 20 per cent. The Prime Minister found it necessary to repeat that statement in a speech which he made in Montreal last week.

Mr. Speaker, I conclude where I began. We accept the necessity for the replenishment and strengthening of the fund. We know why that necessity has arisen. It has arisen because of the high level of unemployment. As of March 31, 525,000 men were out of work, that is on the lowest basis of calculation, and 700,000 had applications for unemployment insurance. The Prime Minister, in dealing with unemployment in his speech the other night in Montreal, said that Canada had made a quicker recovery from the recession than other countries. One of the important indices of recovery from a recession is surely the figures for unemployment. What do they prove? They prove that in Canada, as of March 31, 8.6 per cent of our labour force was unemployed, whereas in the United States it was 5.3 per cent and in the United Kingdom, 2.5 per cent. So far as unemployment is concerned, and we are dealing with unemployment in this bill, who dares to say we have made a quicker recovery from the recession than any other country?

As I said at the beginning, some of the provisions of this bill we can approve, and some of the principles in this bill we cannot approve. We most strongly disapprove of the circumstances surrounding the introduction of this bill, the contempt of parliament which has been shown by those circumstances, the withholding of vital information necessary—

Some hon. Members: Hear, hear.

Mr. Pearson: —to an intelligent consideration of this bill, and we deplore the fact that members of the government, in the discussion of a matter of this importance, have not even seen fit to answer the questions that have been addressed to them from this side.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the Leader of the Opposition (Mr. Pearson) is in full retreat. Those of us who sat in this house last night and heard the hon. member for Laurier (Mr. Chevrier) engage in that fiery denunciation of everything connected with the bill and everything connected with the government, will find it very hard to reconcile the tone of the speech just now delivered by the Leader of the Opposition with anything that has preceded him from his fellow frontbenchers.

Mr. Diefenbaker: Overnight repentance.

Mr. Fleming (Eglinton): Yes, there has been a measure of repentance here, and undoubtedly it is long overdue. How careful the Leader of the Opposition was to point out the good features of this bill. He went over them one by one, and sitting here one could not fail to be impressed by the fact there were a great many of them.

Mr. Pearson: And a great many bad features.

Mr. Fleming (Eglinton): The evident enthusiasm displayed by the Leader of the Opposition for many of the features of this bill was such a touching demonstration after the anger and the spleen of last night and the night before. I can only say that this demonstration on the part of the Leader of the Opposition this afternoon must be very disturbing to his colleagues on either side of him.

This was a different approach from that of the hon. member for Essex East (Mr. Martin) in his wild paroxysm of Monday evening, and was such a contrast from the extraordinary outburst, even for him, of the hon. member for Laurier last evening and, finally, such a contrast from that master performer, the hon. member for Bonavista-Twillingate (Mr. Pickersgill), in his closing appearance before the curtain descended at 10 o'clock last night.

Mr. Pickersgill: It was not my closing appearance.

Mr. Fleming (Eglinton): Mr. Speaker, this is an interesting volte-face on the part of the opposition and I think we can begin to see the reason for it. The fact is that preceding speakers in the opposition, particularly those three eminent and wordy gentlemen whom I have mentioned, have gone so far away from the bill, have taken such flight from fact into the realm of fancy, that it behooved the Leader of the Opposition this afternoon to try somehow, if he could, to associate the party that he leads with the bill and some sense of rationality in approaching the provisions of the bill. He did not completely succeed in doing that but he has made an heroic effort even in the face of all the handicaps created for him by his associates on the front bench opposite.

Mr. Speaker, my participation in this debate will be on a quite limited aspect of the debate. My entry into the debate in that sense I intend shall be restricted to those matters which have been raised and which directly concern the relationship of the Minister of Finance to the administration of unemployment insurance as that has been discussed in this debate.

I venture to say, Mr. Speaker, that many members in this house, particularly the younger ones, are likely to be here for a very long time. It may be that some who are sitting in this house today will be here for many years to come. But whether they are here for 20 years, 30 years, 40 years or many more, no one will ever again hear in this house, I am sure, a speech the like of that delivered in this house by the hon. member for Essex East on Monday evening. My comment on that is necessarily restrained because, where it concerns him, I must, of course, speak more in sorrow than in anger. That speech of his was, in my opinion, unique. It has established an all-time record in this parliament for the extent to which the pages of *Hansard* which it occupies are strewn with untrue statements, statistics that could come only from the Martin bureau of statistics—no other source would own them—and the extent to which, in paragraph after paragraph, the hon. member has jumped to conclusions that have no basis or justification and has followed the slippery course of leaping all over the place in making false charges based upon unwarranted conclusions based in turn on untrue statements.

Let me now, Mr. Speaker, set in their proper proportions the statute law and the steps that have been taken in this connection. Here let me invite the house to have regard to the laws enacted by parliament. I venture to say that we shall not again hear in this house interpretations of the statute law of parliament the like of which we have heard in this debate. I hesitate to think that the reputation of some hon. members in the opposition in relation to the interpretation of statutes is to be governed and judged by what they have said in this debate.

Mr. Pickersgill: I am rising on a point of order, Mr. Speaker. This side of the house has been kept to what we regard as the very narrow limits indeed of relevancy to the bill. The hon. gentleman has not yet mentioned the bill after having the floor for almost ten minutes.

An hon. Member: That is not a point of order.

Mr. Speaker: Does the hon. member suggest that comment on what has been said earlier in the debate is out of order?

Mr. Pickersgill: I suggest that character sketches of other hon. members are quite out of order.

An hon. Member: Hogwash.

Mr. Martin (Essex East): I rise on a point of order. The Minister of Labour was the one who started the argument which Your Honour, under his ruling, precluded us from continuing. What the Minister of Finance is now doing is what we endeavoured to do but which Your Honour decided we could not do.

Mr. Speaker: I want to be consistent, by all means. The minister, I trust, is coming to the bill.

Mr. Fleming (Eglinton): I shall continue on the bill and on the debate, Mr. Speaker.

Mr. Denis: Are you going to beat your own record?

Mr. Fleming (Eglinton): I am going to beat, I hope, into their proper position the nonsensical, misleading and distorted arguments that have been put forward by hon. members opposite. I say that the recklessness demonstrated by hon. members opposite must surely be without precedent in this house. They have charged us with violations of an act. The Leader of the Opposition this afternoon backed away from that statement. Today he talked about evasions. He was careful to change his ground there this afternoon.

Mr. Pearson: I rise on a point of order. The minister has quoted me and he has quoted me incorrectly. I charged the government this afternoon with both violations and evasions.

Mr. Fleming (Eglinton): Is that not lovely, Mr. Speaker? We now have the Leader of the Opposition partly on the same track with his voluble colleagues on either side. He is just as wrong when he talks about evasions as he is when he talks about violations.

What is the statute law? There is no mystery about this matter. The terms of this act are plain. This act was enacted and has been on the statute books for some years. It amazes me that hon. members opposite or some of them could have been associated with the government that introduced this bill and that all of those of whom I am speaking could have been members of the government that was responsible for the administration for a couple of decades, and yet today know so little about the provisions of the Unemployment Insurance Act.

Let me take up a couple of provisions that were dwelt upon this afternoon by the Leader of the Opposition. He tried to make them sound so mysterious. I mention only three sections in so far as they bear upon the point raised by the Leader of the Opposition this afternoon and the charges he has made. Section 20 is the section which provides that investment transactions shall be made only on the authorization of an investment committee consisting of three persons, one nominated by the Minister of Labour, and that has been the assistant deputy minister of labour; second, one nominated by the Minister of Finance and this is, as it was under the former government, the deputy minister of finance; and, third, the governor of the Bank of Canada or an alternate whom he may appoint from among the deputy governors.

Mr. Chevrier: I rise on a point of order, Mr. Speaker. Last night I attempted to discuss at some length section 19 (1) and (2) and also pertinent parts of what the hon. member is now dealing with but Your Honour called me to order. I submit that the hon. member is in the same position that I was in.

Mr. Speaker: I find it rather difficult to know how far my attempts to limit the discussion were successful. It is true that I restricted the hon. member. Yet I think the Leader of the Opposition today has dealt with this same matter.

Mr. Martin (Essex East): That is what we were prevented from doing on our amendment.

Mr. Speaker: I hope the minister will not attempt to deal with provisions of the act which the opposition was not permitted to discuss. But as I understand it, he is replying to the charges which have been made.

Mr. Fleming (Eglinton): Mr. Speaker, I am replying to the—

Mr. Martin (Essex East): I rise on a point of order.

Mr. Speaker: May I hear just one at a time. I will hear the hon. member for Essex East.

Mr. Martin (Essex East): That was the very point of the argument made to Mr. Speaker when he ruled that the amendment moved by the hon. member for Kenora-Rainy River was out of order. That amendment having been ruled out of order, the Minister of Finance, who observes the rules of the house so carefully, is himself now doing what we were prevented from doing. In this debate we have been held strictly to order and we are asking Your Honour to hold the hon. gentleman, under the same rules, strictly to order.

Mr. Speaker: I am not sure I quite understand what is objected to. The hon. minister is naming the personnel of the investment committee. Is objection taken to that?

Mr. Pearson: Mr. Speaker, when I dealt with that particular committee I dealt only with its activities in administering investments of that fund. I refrained from talking about any change in the composition of the committee which we thought should have been brought about because you ruled it out of order. Therefore I did not talk about the personnel of the committee at all.

Mr. Fleming (Eglinton): I am not talking about a change in the personnel of the committee or about the subject matter of the

amendment which was ruled out of order this afternoon. It was the Leader of the Opposition who referred to the clause and said that the Minister of Finance had violated it in what had been done, and I am answering what the hon. member said this afternoon. The hon. member for Essex East was not impeded in what he said on this matter the night before last. I am dealing with what the Leader of the Opposition said this afternoon—

Mr. Pickersgill: Mr. Speaker, on a point of order—

Mr. Fleming (Eglinton): Mr. Speaker, I hope this is not going to be taken out of my 40 minutes—

Mr. Pickersgill: —the ruling on my hon. friend's amendment was that the investment committee was not relevant to the bill and could not be debated, nor be the subject of an amendment. I submit that if we were not allowed to debate it or make it the subject of an amendment, it is also incompetent for the minister to do what we were not allowed to do.

Mr. Speaker: Unless the hon. minister is replying to the Leader of the Opposition, as I understood he was, and limiting his statement to what the Leader of the Opposition said, then I would consider that he would be going beyond the scope of the matter.

Mr. Fleming (Eglinton): I have nothing more to say about section 20. I merely referred to its terms because the Leader of the Opposition said I proceeded illegally because the investment committee had not dealt with the matter of a loan to the unemployment insurance commission.

Mr. Pickersgill: He did not say that at all.

Mr. Fleming (Eglinton): That clause refers to investments, not loans.

Then I would point out the effect of the sections referred to by the Leader of the Opposition and also by the member for Kenora-Rainy River (Mr. Benidickson), who was not prevented from dealing with it fully in his speech. Section 85 is the provision under which the fund is created. The unemployment insurance fund is included within the consolidated revenue fund in view of the terms of sections 85 and 86 of this act, and the receipts, whether from contributions of employers, contributions of employees or the government contributions, go into that fund. The provisions of section 85 are the ones which deal with the crediting of those contributions and the payments out. May I point out that section 85 provides by clause 1 that:

[Mr. Fleming (Eglinton).]

To the extent that there are amounts standing to the credit of the unemployment insurance fund in the consolidated revenue fund not currently required for the purposes of this act the Minister of Finance shall, on the requisition of the commission, purchase obligations of, or guaranteed by, the government of Canada and pay therefor out of the consolidated revenue fund.

That is the provision under which all of the investments made by the unemployment insurance commission are made. The provision contemplates that those investments shall be made by the Minister of Finance on the requisition of the unemployment insurance commission, and the investments are confined to obligations of, or guaranteed by, the government of Canada. Then clause 2 provides that the payments made out of the consolidated revenue fund under subsection 1 shall be charged to the fund.

Some hon. Members: Order.

Mr. Fleming (Eglinton): Then we have provision also for the crediting of interest to the fund, and then this important provision—

Mr. Speaker: Hon. members are calling order. If there is any point of order I would be glad to hear it.

Mr. Chevrier: I rise on a point of order, and I make the same point I made earlier, namely that the hon. minister should not refer to the section he is reading now because he is out of order to the same extent and in the same manner that I was last evening when I referred to a similar section.

Mr. Speaker: I do not know how the wheat can be sorted from the chaff at this point, but it seems to me there was a charge made without restriction in the course of the debate as to the loans being made to the fund, and I assume the hon. minister is dealing with that point. If so, I will not restrict him in replying to the debate which took place on the two orders in council and on the financial transactions between the government and the fund, about which all members have spoken in this debate. Am I correct?

Mr. Fleming (Eglinton): Entirely correct, Mr. Speaker.

In answering the Leader of the Opposition and what he had to say this afternoon to the effect—

Some hon. Members: Sit down.

Mr. Fleming (Eglinton): —that there was no statutory warrant in section 86 of this act for what the Minister of Finance did in relation to this loan, which is the basis for what I am about to say, I—

Mr. Martin (Essex East): Mr. Speaker, the hon. Minister of Finance (Mr. Fleming) in answer to your question said it is perfectly

in order, and the hon. Minister of Finance has demonstrated all day that he is a very unprejudiced witness in this matter. The fact is that when you were out of the house, Mr. Speaker, although you came in at one point, I was addressing myself to Mr. Speaker in respect to an amendment moved by the hon. member for Kenora-Rainy River (Mr. Benidickson) which asked this house to change the composition of the investment committee to guarantee the integrity of the unemployment insurance fund.

Mr. Speaker: Yes, I am aware of that.

Mr. Martin (Essex East): Your Honour says he is aware of that, and I sincerely hope that is the case.

Mr. Fleming (Eglinton): Shame.

Mr. Speaker: I heard the result of the debate. I did not intervene because it was in process, but I have the amendment before me and I have read it, and the hon. member can proceed knowing that I do know of it.

Mr. Martin (Essex East): As a result of the non-acceptance by the Speaker of that amendment we were precluded from carrying on the argument which that amendment suggested, and arguments based on the proposal made in that amendment. What the Minister of Finance is now doing is proceeding to debate and seeking to justify *a priori* something we were denied doing.

Mr. Fleming (Eglinton): Not at all.

Mr. Martin (Essex East): We were held strictly to account in this debate, and we therefore have no other course but to ask the Minister of Finance to also observe the rules of this house and the decisions of the Speaker.

Some hon. Members: Oh, oh.

Mr. Speaker: The hon. member can rest assured that I will not permit the minister to proceed upon lines along which the opposition were ruled out of order. However, I see it is now six o'clock and I think this might be an opportune time to adjourn.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire from the acting house leader what the business of the house is for tomorrow?

Mr. Brooks: Tomorrow we will continue with the unemployment insurance debate, and when it ends go on with the labour estimates. Then we shall continue with the public works estimates.

Mr. Chevrier: Mr. Speaker, may I get some indication from the acting leader of the house what the business is for Monday?

Mr. Brooks: I am sorry but I cannot give you that now.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

FORT WILLIAM ARMOURY

Question No. 351—**Mr. Badanai:**

1. Is the armoury building in Fort William which has been closed since the middle of March, still being heated?

2. Is the building going to be demolished in the near future?

3. If not, what is the government going to do with it?

Answer by: **Hon. Henri Courtemanche (Secretary of State):**

1. No.

2. Crown Assets Disposal Corporation has advertised for offers for the demolition and removal of the building from the site with a closing date of May 20 for the receipt of bids.

3. Answered by 2.

R.C.A.F. ALLOWANCES, ENGLAND

Question No. 379—**Mr. Carter:**

1. For a wing commander at maximum pay with a wife and five children (ages 1, 3, 5, 8, and 10 years) and a wing commander at maximum pay with a wife and three children (ages 2, 6, and 8 years) living in public married quarters in England during a four years overseas tour of duty, what is the amount for the four year period of: (a) the gross loss in family allowances; (b) the offsetting saving in income tax; (c) the total of additional allowances payable in England which are not received by a serviceman of similar rank in married quarters in Canada, and which are peculiar to married personnel as distinct from single personnel?

2. What are the comparable figures for (a), (b), and (c) above for sergeants at maximum pay with similar families?

3. What are the comparable figures for (a), (b) and (c) above for leading aircraftsmen at maximum pay with similar families?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1, 2 and 3—See attached table.

Question Part	Rank	Number of children	(a) The gross loss in family allowances	(b) The offsetting saving in income tax	(c) The total of additional allowances payable in England which are not received by a serviceman of similar rank in married quarters in Canada, and which are peculiar to married personnel as distinct from single personnel
			$	$	
1	Wing commander	5	1,584.00	998.40	Nil
1	Wing commander	3	912.00	595.20	Nil
2	Sergeant	5	1,584.00	310.08	Nil
2	Sergeant	3	912.00	398.88	Nil
3	Leading aircraftsman	5	1,584.00	16.80	Nil
3	Leading aircraftsman	3	912.00	278.88	Nil

NOTE—The above figures do not take account of foreign allowance payable to both single and married servicemen in England which amounts in a four year overseas tour of duty to the following:

Wing commander	$ 1,296.00
Sergeant	576.00
Leading aircraftsman	432.00

HOUSE OF COMMONS

Thursday, May 14, 1959

The house met at 2.30 p.m.

HOUSE OF COMMONS

WELCOME TO PREMIER OF STATE OF VICTORIA, AUSTRALIA

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, if the house will permit me I should like to refer to the fact that present in the Speaker's gallery today is Premier Henry E. Bolte of the state of Victoria in Australia. We welcome him to this assembly. We welcome him for himself as well as for the fact that he is a representative in the best parliamentary sense of our sister dominion, the commonwealth of Australia. We hope his stay with us will be one of joy and as much pleasure to him as it is a matter of appreciation to us to be able to welcome him.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I associate myself and those of us on this side of the house with the words of welcome which the Prime Minister has just addressed to our distinguished guest, the premier of Victoria. We welcome him not merely because of his own distinguished contribution of service to his state, his country and the commonwealth, but because he reminds us of the close and friendly relations that so happily exist between his country and Canada as two nations within the commonwealth.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, on behalf of this group I wish to endorse the words of welcome, best wishes and good will expressed by the Prime Minister and the Leader of the Opposition to this distinguished gentleman.

STANDING ORDERS

CONCURRENCE IN FIFTH REPORT OF STANDING COMMITTEE

Mr. J. W. Kucherepa (High Park) presented the fifth report of the standing committee on standing orders, and moved that the report be concurred in.

Motion agreed to.

INDUSTRY

FURTHER STATEMENT ON SALE OF TRANSPORT PLANES TO UNITED STATES

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, on Monday last, in reply to a question asked by the Leader of the Opposition, I confirmed that negotiations were in progress for the sale of transport planes by a Canadian company to two United States companies. Canadair Limited have today announced the successful conclusion of negotiations and have made sales of 5 CL-44 turboprop cargo aircraft to Seaboard and Western Airlines Inc., and 10 of the same planes to the Flying Tiger Line, Inc. These two lines are reported to be the largest air cargo carriers in the world.

A few weeks ago Canadair Limited approached the Export Credits Insurance Corporation asking for insurance in connection with the proposed sale of these 15 aircraft. The amount involved is approximately $70 million. The terms of payment are 10 per cent cash with order, a further 10 per cent on delivery, and the balance of 80 per cent spread in instalments over five years after delivery. The policies will protect Canadair Limited against non-payment by the buyers for up to 85 per cent of the amount owing.

It should be noted that the Export Credits Insurance Corporation does not finance. It insures against non-payment. In the normal course of events the exporter arranges for any necessary financing with his own bankers, and I understand that such arrangements have been made by Canadair through Canadian banking channels. These two orders for 15 aircraft will provide employment over a period of two and one half years for 4,500 men, many of whom are professionals or in the skilled category.

ST. LAWRENCE SEAWAY

WELLAND CANAL—SPECIAL SCHEDULING FOR BULK CARRIERS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport. In view of the report over C.B.C. news last night that a system of priorities is being established for ships moving through the seaway, which appears to me to be in contradiction of a statement made the day before yesterday by the minister, will the minister tell the house how the system operates and what ships and cargoes will be affected?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I thought I made it clear yesterday in the statement I made. However, I shall try to clarify it. In order to make sure that North American industries using such bulk materials as iron ore, coal,

pulpwood, grain and so on are adequately supplied, we have decided to alternate ships carrying these bulk cargoes, irrespective of country of registry, with package freighters, irrespective of country of origin, so the industries of this continent may not be short of the materials they urgently need for the successful continuation of their operations.

WELLAND CANAL—ACCIDENT INVOLVING PANAMANIAN VESSEL

Mr. D. M. Fisher (Port Arthur): I would like to direct a question to the Minister of Transport. Can the minister give the house any information on a serious accident which took place today in the Welland canal involving a Panamanian vessel? If so, could he confirm or deny whether the pilot of the vessel was licensed?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I received notice of the hon. member's intention to ask this question just before coming into the house. The ship under Panamanian registration was the *Gannet* and was upbound, but there was no delay as a result of the accident. I do not know whether a pilot was aboard, but I will make inquiries and let the hon. member know as soon as possible.

WELLAND CANAL—REPORTED SHORTAGE OF PILOTS

On the orders of the day:

Mr. W. H. McMillan (Welland): I wish to direct a question to the Minister of Transport, based on the suggestions in the press that some of the hold-up in the Welland ship canal is due to the shortage of authorized pilots. I should like the minister to comment on that statement and ask him whether, if it is true, he will employ more authorized pilots?

Hon. George H. Hees (Minister of Transport): There are a great many more pilots required this year because of the greatly increased volume of shipping which has been in evidence in the last few weeks, causing a delay at Port Weller. We have considerably increased our establishment of pilots, both temporary and permanent, and we are doing our very best to get more pilots on the job. We have the situation very much in mind at all times.

Mr. D. M. Fisher (Port Arthur): Can the minister tell us the status and position of Captain Crawford, and explain just what his relationship is to the department and to the pilots who are being engaged?

Mr. Hees: I think that is a question for the order paper. I cannot give the hon. member that information offhand.

Mr. Winch: You ought to know that.

[Mr. Hees.]

Mr. Fisher: Can the minister comment on the view that one of the reasons pilots are difficult to obtain at the present time is that Captain Crawford was the leader of the strike-breaking organization in the dispute last year?

Mr. Hees: I would say that had no validity whatsoever.

POLYMER CORPORATION

INQUIRY AS TO STRIKE SITUATION

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Labour whether he has as yet had any reaction to the suggestion he made to management and the union with regard to the dispute at the Polymer Corporation in Sarnia. At the same time is he in a position to tell the house what his own reaction is to the suggestion made by the workers that he ought to call management and the workers together here in his office in Ottawa for the purpose of seeking to settle this dispute, which has been outstanding for such a long time?

Hon. Michael Starr (Minister of Labour): Yes, Mr. Speaker. They acknowledged my communication, in which I requested that both sides get together and resume negotiations. I do not think it is necessary for me to call them here to Ottawa. I expect that these negotiations will go on, and I will extend the facilities of my department. I hope to have someone to help them in these negotiations within the matter of a day or two.

THE MINISTRY

INQUIRY AS TO APPOINTMENT OF SECRETARY OF STATE FOR EXTERNAL AFFAIRS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Prime Minister whether any progress has been made in the appointment of a secretary of state for external affairs?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I enjoy the interest of the hon. gentleman in this matter.

Mr. Pearson: It is a professional interest.

Mr. Diefenbaker: I can tell him that progress is being made.

INQUIRIES FOR RETURNS

ST. LAWRENCE SEAWAY—CLAIMS BY CONTRACTORS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, may I direct a question to the Minister of Transport. Will the minister advise

us as to when an order for return passed many weeks ago and inquired about some three weeks ago and not yet made will be filed so it will be available?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I shall be glad to look into the matter. I am sure there is an excellent reason for any delay that has taken place, but I will find out what that reason is.

Mr. Winch: May I say that is the same answer that I was given three weeks ago.

Mr. Hees: Then I am sure the situation is exactly the same.

(Translation):

RETAINING WALLS, QUEBEC PROVINCE

On the orders of the day:

Mr. Yvon Dupuis (St. Jean-Iberville-Napierville): Mr. Speaker, may I ask the Secretary of State if he has made inquiries regarding question No. 108 placed on the order paper since February and to which no reply has yet been given? May I ask him also if he could supply me with this information before the house takes up the estimates of the Department of Public Works?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, the fullest possible attention is being given to this question and as soon as the reply is ready, it will be made known to the hon. member.

Mr. Maurice Bourget (Levis): Mr. Speaker, I wish to ask a further question. The question of the hon. member for St. Jean-Iberville-Napierville was placed on the order paper last February, that is more than three months ago—

An hon. Member: Ask your own question!

Mr. Bourget: It seems to me that the Minister of Public Works (Mr. Green), who has claimed that his department is efficient, could see to it that a reply is given to this question as soon as possible.

(Text):

Hon. Howard C. Green (Minister of Public Works): May I ask the hon. member to which question he is referring?

Mr. Bourget: I was referring to the question just asked by the hon. member for St. Jean-Iberville-Napierville (Mr. Dupuis). He asked a question about protection works about three months ago, and I am surprised—

Mr. Speaker: Order. The hon. member is supposed to be asking a question, not giving information.

Mr. Chevrier: He is answering the minister.

Mr. Green: I notice in yesterday's *Hansard* a reference to this question. I am hoping it is the Department of Transport that is delaying the answer and not the Department of Public Works.

Mr. Bourget: That was a question that had to do with protection works. Unless there is a new policy in the Department of Transport to the effect that this matter comes under the jurisdiction of that department, I would think it came under the Department of Public Works. I should therefore like to see the efficiency of the Department of Public Works.

FEDERAL GRANTS TO NEWFOUNDLAND AND OTHER PROVINCES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the Minister of Finance if he expects, before the debate is resumed on the tax-sharing bill, to be able to comply with the order of the house asking for certain information about payments to the provinces which those of us who wish to debate that bill would like to have.

Hon. Donald M. Fleming (Minister of Finance): The return has been in course of compilation ever since the house ordered it. It is quite a comprehensive task, as I think the hon. member will appreciate, but whenever it is ready it will be tabled. I may say that it is of itself not immediately relevant to the federal-provincial tax-sharing arrangements amending bill, because it includes a great many things which are not relevant to that particular bill.

Mr. Pickersgill: Is the hon. gentleman aware that there are many hon. members who feel that this information is relevant and that parliament is entitled to it?

AIR TRANSPORT

CANADA-U.K.—REQUEST FOR CLARIFICATION OF REPORT ON AGREEMENT

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport following the announcement the minister made yesterday concerning the United Kingdom bilateral air agreement amendment in which he announced United Kingdom rights in Toronto on the north Atlantic service. The question I would direct to him is this. Does that amended agreement mean that all or some of the services of B.O.A.C. which now terminate in Montreal will henceforth terminate in Toronto?

Inquiries of the Ministry

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I have no way of knowing whether B.O.A.C. will move any of its present services from Montreal to Toronto. The agreement permits them to fly to Toronto as well as to Montreal. How they operate is up to them.

RESEARCH

REPORTED REJECTION OF APPLICATION FOR GRANT

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I would like to direct a question to the right hon. Prime Minister. Has the attention of the Prime Minister been drawn to a report in this morning's Montreal *Gazette* to the effect that the statement was made in Montreal that the Prime Minister, in answer to a request for a grant for research in neurology, and so forth, had turned down the request on the ground that the members of the House of Commons would not agree to it?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I do not know to what the hon. member is referring. I have not read the item in question, but there certainly never was an explanation given such as the hon. member implies in the latter part of his question.

TRADE

RUSSIA—STATEMENT RESPECTING EXTENSION OF AGREEMENT

On the orders of the day:

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, yesterday the Leader of the Opposition asked a question about the renegotiation of the trade agreement between Canada and the U.S.S.R. Discussions are proceeding with Soviet representatives to establish a mutually satisfactory basis for renewal of the trade agreement. It would be inappropriate to comment at this stage on the progress of the discussions or on the reports to which the hon. gentleman has referred.

PIPE LINES

TRANS-CANADA PIPE LINES—STATEMENT ON APPLICATION FOR EXPORT OF GAS TO U.S.

On the orders of the day:

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, yesterday the hon. member for Kootenay West asked a question concerning an application by Trans-Canada Pipe Lines Limited for the export of gas to the United States, and at what point or points Trans-Canada Pipe Lines proposed to export to the United States.

[Mr. Chevrier.]

The answer is that an export application dated April 29, 1959 has been received from Trans-Canada Pipe Lines by the Department of Trade and Commerce. This application is for licences to export natural gas at two points on the international boundary. The company proposes to export a firm supply, not exceeding 200 million cubic feet daily, to Midwestern Gas Transmission Company at a point near Emerson, Manitoba. In addition, permission is requested to make interruptible sales to the Tennessee Gas transmission system near Niagara Falls, Ontario, at the option of Trans-Canada and only to the extent to which Trans-Canada may from time to time have gas available in excess of its Canadian requirements.

Mr. H. W. Herridge (Kootenay West): May I ask a supplementary question. Can the minister give the house any information as to the new price or prices at which these companies intend to sell this gas in the United States?

Mr. Churchill: That question can be answered at the time these applications are considered. The application I have mentioned here has only just been received.

NATIONAL DEFENCE

BOMARC MISSILE—REPORTED SUGGESTION BY PREMIER FROST

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to ask the Minister of National Defence a question which stems from a report in the Fort William *Times Journal* of May 12, in which Premier Frost comments on the Bomarc guided missile and its position, and goes on to say:

> The obvious thing for Canada is to make arrangements with the United Kingdom and the United States to build interceptors under licence in Canada.

Has the minister received advice on this aspect of defence policy from Premier Frost and, if so, what consideration is being given to it?

Hon. G. R. Pearkes (Minister of National Defence): I have received no such advice from Premier Frost.

FINANCE

BANK OF CANADA—REPORTED INCREASE IN REDISCOUNT RATE

On the orders of the day:

Mr. Frank Howard (Skeena): I wonder if I might direct a question to the Minister of Finance, and ask him whether he can confirm that the Bank of Canada rediscount rate today reached its highest level at 5.30 per cent.

Mr. Speaker: I think the time of the house is being taken unnecessarily if every time there is a change in the rediscount rate it is made the occasion for a question. That information is available to all hon. members. If there is some question arising based on the altered rate, that is another matter.

Hon. L. B. Pearson (Leader of the Opposition): What could be more important or urgent than an increase of this type, Mr. Speaker?

Mr. Speaker: The reason I considered the question to be out of order is that it is information which is available to all members of the house. Simply to ask what the rediscount rate is, in my view is not a proper question to ask on the orders of the day.

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to direct a question to the Minister of Finance. Is the government planning any action to halt the ever-rising interest rates in Canada, including the rediscount rate?

Hon. Donald M. Fleming (Minister of Finance): The government is following wise and sensible fiscal policies within the realm of government action. The Bank of Canada, as I pointed out in a debate not long ago, is by statute law enacted by this parliament, in charge of monetary policy.

Mr. Regier: I would like to ask the Minister of Finance another question. Is the minister aware that he is, on behalf of the people of Canada, the only owner of the Bank of Canada and that according to the act the Bank of Canada is the agent of the government of Canada?

Mr. Speaker: The hon. member has been making a statement rather than asking a question.

Mr. Fleming (Eglinton): Not a statement, but a gross misstatement.

Mr. Regier: Is the minister aware of the fact?

Mr. Caron: He is not aware of anything.

UNEMPLOYMENT INSURANCE ACT

AMENDMENTS TO INCREASE RATES OF REMUNERATION AND CONTRIBUTIONS, ETC.

The house resumed from Wednesday, May 13, consideration of the motion of Mr. Starr for the second reading of Bill C-43, to amend the Unemployment Insurance Act.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, yesterday afternoon I was replying to the reckless misstatements and false charges that the members of the official opposition have been making during the course of this debate. They have said that there were on the part of the government violations and evasions of the law. We say, Mr. Speaker, there have been neither violations nor evasions of the law. Everything that has been done has been done within the law. Nothing has been done in excess of the powers conferred by law enacted by this parliament. There is nothing mysterious—

Mr. Pickersgill: Will the hon. gentleman permit a question?

Mr. Fleming (Eglinton): —nor unlawful in what has been done, and I will proceed now to indicate precisely what has been done.

Mr. Speaker: Is the hon. member rising on a point of order?

Mr. Pickersgill: No, I was asking whether the minister would permit a question.

Mr. Fleming (Eglinton): I will have to ask the hon. member and others to reserve their questions until completion of my remarks because I am faced with the time limit today, Mr. Speaker.

Just before the adjournment yesterday I was referring to the provisions of section 85 of the act, which is one of the provisions of the act of which we are charged with violation. I pointed out that this section provides that contributions to the unemployment insurance fund go into the consolidated revenue fund, and payments made out of that fund are charged against the unemployment insurance fund. The section also provides that obligations of the Dominion of Canada may be purchased; that is to say, obligations either direct or guaranteed by the government of Canada, and when those obligations are purchased on behalf of the fund the cost is charged against the unemployment insurance fund within the consolidated revenue fund.

Then subsection 5 contains this provision:

> Obligations purchased under this section shall be held by the Bank of Canada and are subject to the inspection of the Auditor General.

Section 86 then proceeds to provide, Mr. Speaker:

> Where the amounts standing to the credit of the unemployment insurance fund in the consolidated revenue fund—

That is to say, the credit balances in the consolidated revenue fund. I continue:

> —are not sufficient for the payment of benefits under this act, the Minister of Finance, on the requisition of the commission, may,
>
> (a) obtain advances from the Bank of Canada on the security of the obligations acquired under section 85 not exceeding the par value of the obligations secured, and credit to the unemployment insurance fund an amount equal to those advances, or

(b) on the security of such obligations, credit further amounts to the unemployment insurance fund not exceeding the par value of the obligations secured, on such terms and conditions as the governor in council determines.

Those are the important words for this purpose, Mr. Speaker.

Mr. Martin (Essex East): Will my hon. friend permit a question?

Mr. Fleming (Eglinton): There are two forms in which the assets of the unemployment insurance fund are held.

Mr. Martin (Essex East): Will my hon. friend permit a question?

Mr. Fleming (Eglinton): No; I just said to the hon. member—

Mr. Martin (Essex East): On this very section?

Mr. Fleming (Eglinton): —for Bonavista-Twillingate that I will take the questions at the end of my remarks, Mr. Speaker.

Mr. Martin (Essex East): On the same question? You do not want to—

Mr. Fleming (Eglinton): Mr. Speaker, there are two forms in which the assets of the unemployment insurance fund are held. First, there are the obligations. Those are government obligations which are held by the Bank of Canada; and there is as well the amount standing to the credit of the unemployment insurance fund in the consolidated revenue fund. You have the two types of assets of the fund, the obligations and the amount in the consolidated revenue fund.

Now, here is where the Leader of the Opposition has completely confused himself. He seems to regard it as necessary that the obligations should have been exhausted before any application is made for a loan under section 86. He has completely overlooked the fact that—

Mr. Pearson: I never said that.

Mr. Fleming (Eglinton): —section 86 contemplates loans on the security of the obligations. The obligations that are held by the Bank of Canada for the fund are used as security for those loans. The lending power written into this act was put there for a purpose. There have been two orders in council passed in pursuance of the provisions of section 86. At the beginning of this new fiscal year, on April 1, the fund still had approximately half a billion dollars of obligations to its credit—

Mr. Martin (Essex East): Is that in cash?

Mr. Fleming (Eglinton): —in the hands of the Bank of Canada, as provided by section 85, but it did not have enough cash to pay the benefits that were to be made week by week.

[Mr. Fleming (Eglinton).]

There was not enough to the credit of the unemployment insurance fund in the consolidated revenue fund to meet those recurring obligations. This situation brought section 86 of the act immediately into play. Naturally the commission did not wish to sell any more of its obligations, in the light of the weakness of the bond market at that time. They therefore applied to the Minister of Finance for a loan in pursuance of the provisions of section 86. To accommodate the unemployment insurance commission in this situation I recommended the loan, which was approved by the order in council No. P.C. 1959/383 of April 2. This was done to accommodate the unemployment insurance commission and the fund—

Mr. Pickersgill: I am rising on a point of order. My point of order is this. The minister has said that this loan was made pursuant to a requisition from the unemployment insurance commission. Will the minister table that requisition to substantiate this point?

Mr. Fleming (Eglinton): Mr. Speaker, this is not a point of order at all. I hope I will have time to say the things that hon. members opposite have been challeging me in the last three days to say and which, ever since I started yesterday afternoon, they have been doing their best to prevent me from saying.

Mr. Pickersgill: Just as you did.

Mr. Pearson: Table the document.

Mr. Fleming (Eglinton): And so, Mr. Speaker, in response to this request from the unemployment insurance commission, I made this recommendation and the order in council was passed. This order in council did not constitute a loan; it constituted an authorization for a loan of $50 million. There were drawings, Mr. Speaker, under that order in the month of April, and before the end of April a similar request was made for another loan, the situation remaining unchanged; in other words, the sum to the credit of the unemployment insurance fund in the consolidated revenue fund not being adequate to meet the maturing obligations, another order in council was passed on April 23, order in council 1959/495, authorizing another loan of $30 million.

Mr. Benidickson: Which could have been foreseen by the investment committee.

Mr. Fleming (Eglinton): This again is an authorization. The unemployment insurance commission is not prevented from selling any obligations which it chooses to sell. This is another mistake made by hon. members opposite. There is nothing at all to prevent the unemployment insurance commission from proceeding to sell any of its obligations and

repaying this loan. That is contemplated by the provisions of section 86 subsection 2, of the act.

Mr. Pickersgill: Read section 4 of the order in council.

Mr. Fleming (Eglinton): Here again the hon. member for Essex East was completely mistaken in what he had to say in his remarks on May 11. As recorded at page 3552 of *Hansard* he said:

> In the month of April we had two loans made by the government to the unemployment insurance commission in the amount of $80 million—

That statement is untrue. The fact is that to date, in pursuance of these two authorizations, the loans aggregated just $55 million. Here are the dates and the amounts: April 7, $10 million; April 9, $10 million; April 16, $10 million; April 22, $10 million; April 30, $5 million; May 7, $10 million. There has not been any loan of $80 million. There is an authorization, which is a very different matter. The hon. member for Essex East in his stormy remarks on Monday evening also said, as found on page 3552:

> Why was not the unemployment insurance commission allowed to cash its own securities?

Some hon. Members: Hear, hear.

Mr. Fleming (Eglinton): The unemployment insurance commission could have cashed its own securities had it wished to do so. There is no obstacle in its way if it chooses to do so. But if it did that hon. members opposite would be the first to complain that it would be selling bonds on the market and taking something less than the par value of the bonds. They would be critical of the commission for doing so. They would be the first to criticize.

Some hon. Members: Oh, oh.

Mr. Robichaud: What happened to the bond market?

Mr. Fleming (Eglinton): You see, Mr. Speaker, I was asked to give information and I am trying to give it but hon. members opposite do not want it. All they wish to do is stretch their own lungs. The balance of that authorization, another $25 million, is there if it is needed. These are the only orders in council providing authorizations for loans.

When the hon. member for Essex East referred to the question that he asked me on Monday on orders of the day may I point out that he asked me if there were loans made in April and May. He did not give me any notice of the question in advance. If he had I could have given him the amounts, but in his question he asked about April and May. I am not going to make offhand statements, Mr. Speaker, as to particular periods or particular amounts in matters of this kind. If the hon. member had wanted information, if that was his real purpose, he could have had it very simply by giving me notice a short time in advance. I could have had the information and would have been very glad to give it in full at that time.

Mr. Pickersgill: Mr. Speaker, I rise on a question of privilege. I say it is incompetent to the minister to impute motives to other hon. members.

Mr. Fleming (Eglinton): It is incompetent to the hon. member for Bonavista-Twillingate to act in this house in any other way than as one who regards himself as above the rules of the house.

Mr. Pickersgill: Mr. Speaker, I rise on a question of privilege. My honour as a member of the house has been impugned by the minister.

Some hon. Members: Oh, oh.

Mr. Pickersgill: The minister has said in his usual irresponsible way that I do not abide by the rules of the house.

An hon. Member: That is right.

Mr. Pickersgill: I am sure Your Honour will ask him to withdraw so unfair an imputation.

Mr. Speaker: Well, I heard the minister reflecting on the hon. member's observation of the rules. I do not know what the exact words complained of are, but it did not seem to me that the hon. member should take it seriously because it is in line with the observations made back and forth across the floor from time to time.

Mr. Fleming (Eglinton): I hope these deliberate interruptions on the part of hon. members will not be deducted from my quite limited time today.

Mr. Pickersgill: The rules will be applied, I hope.

Mr. Fleming (Eglinton): Evidently every effort is being made to prevent me from giving information that I was challenged to give and which I am endeavouring to give the house now. The hon. member for Essex East, not having gone about obtaining the information seriously, then went ahead and splattered the record with his reckless statements.

Mr. Martin (Essex East): I rise on a question of privilege.

Mr. Fleming (Eglinton): Other hon. members of the opposition then followed his example, a very doubtful thing to do.

Mr. Martin (Essex East): I do not mind the hon. member going on with his superlatives, but when he suggests that I did not pursue this matter seriously he is impugning my motives and conduct in the house and I ask you, Mr. Speaker, to ask the Minister of Finance to withdraw that statement. If he cannot make an argument addressed to the subject under discussion I hope he will not indulge in insulting personalities in this house.

Mr. Speaker: It is a well established rule and observance of the house in most instances that reflections are not made on the motives of hon. members. I do not know exactly what the words complained of are, but I am sure the minister does not wish to reflect on the motives of the member and will say so.

Mr. Fleming (Eglinton): I have made it obvious time and again in the house that out of my affection for the hon. member for Essex East I have let him down lightly time after time even when he makes statements in the house that have no foundation in fact, as he did on Monday evening.

The next complaint was that certain terms had been attached to the loan. The section I have read, Mr. Speaker, contemplates that very thing. It speaks about that very subject in section 86 (1) (b)—"on such terms and conditions as the governor in council determines." Surely there cannot be any question about the regularity of what we did there.

Mr. Pickersgill: There is a question I should like to put right now.

Mr. Fleming (Eglinton): According to the provisions of the act the security that has now been placed with the Minister of Finance consists of $61,386,000 of obligations of Canada, 4¼ per cent bonds of 1972.

The other complaint concerned the interest rate, which they said was 5 per cent. Every hon. member of the house, except hon. members opposite, knows that the interest rate is established every six months. It was established on April 1 in connection with all loans made by the Minister of Finance to crown companies and others concerned for the six month period following and the rate for this period is 5 per cent.

Mr. Pickersgill: An all-time high.

Mr. Fleming (Eglinton): The terms that were established by this order in council are proper and in accordance with the act. The next suggestion was that information had not been given to the house that ought to have been given. Orders in council, Mr. Speaker, are communicated to the house in the ordinary way. The orders in council for one month are tabled in the house by the Prime Minister around the middle of the following month as a matter of course. There has not been any departure from that rule, as was alleged by the hon. member for Bonavista-Twillingate without any foundation at all, in his empty speech the night before last.

Mr. Pickersgill: Mr. Speaker—

Mr. Fleming (Eglinton): This rule is being followed and will be followed.

Mr. Pickersgill: —I am rising—

Mr. Fleming (Eglinton): Another interruption.

Mr. Pickersgill: —on a question of privilege. The minister has stated that I made a false statement to the house. He knows perfectly well that is not correct. I said I had been informed. I was very careful to say that I had not verified it myself, and the minister, by saying that I misinformed the house, is himself misinforming the house.

Mr. Speaker: I understood that the words used were that the statement was made without any foundation at all. Unless the minister wants to modify that I do not think it is something I should ask him to do, because it is a very common expression.

Mr. Pickersgill: I would not ask the minister to modify anything.

Mr. Fleming (Eglinton): Mr. Speaker, the house will pass its own judgment on the statements of the hon. member who undertakes to base charges upon statements made on information which he is not prepared to back up and that he cannot back up.

Now, Mr. Speaker, do you know how the hon. member for Essex East got hold of these two orders in council? A request was made for them by Mr. Lamontagne and that request was complied with. Mr. Lamontagne, a well-known official in the office of the Leader of the Opposition, made a request for them and the request was complied with. That is how the orders came into the hands of the hon. gentleman opposite.

Mr. Pearson: Surely the minister knows that it is at least inappropriate to mention the names of people in other members' offices who act on the authority and at the request of that member. It is not customary to mention civil servants, and I suggest the minister might show the same courtesy to the members of my office.

Mr. Speaker: The Leader of the Opposition raises a point of order. I know of no rule or authority that prevents an hon. member—

Mr. Pearson: Just courtesy.

Mr. Speaker: —mentioning any person by name except a member of the house.

Mr. Pickersgill: The ordinary decencies of parliament are now disregarded.

Some hon. Members: Cheap, cheap.

Mr. Fleming (Eglinton): Mr. Speaker, it was said that Mr. Lamontagne is a civil servant—

Some hon. Members: Cheap, cheap.

Mr. Speaker: Order. The hon. member who has the floor should have the opportunity to reply to the debate which has been going on for some days in fairly animated and active form. Those who have spoken on one side of the bill have been heard, and it seems to me that the minister should be allowed to continue the debate. He has only 40 minutes, and he should be allowed to continue without interruption by members who do not take the floor and do not rise on appropriate points of order or privilege.

Mr. Regier: I should like to rise to a question of privilege. This is a matter that affects the rights of every member in this house. We have various means of obtaining our information, and if those means are going to be exposed by members of the government then I feel that affects the effective work of opposition members.

Mr. Pickersgill: Another form of closure.

Mr. Speaker: The hon. member, I take it, raises this matter of privilege seriously?

Mr. Regier: Yes.

Mr. Speaker: I have never heard of such a matter of privilege. As I understand what took place, the minister who was speaking mentioned the name of an official who asked him for certain information. I see nothing derogatory in that to the official, to the house or to anyone. Unless some member can indicate where the privileges of the house are affected, the minister should continue.

Mr. Regier: It shows how cheap he can be.

Mr. Speaker: Order. I must say that in my opinion there is no matter of privilege involved.

(Translation):

Mr. Dupuis: Mr. Speaker, I should like to say this: no rule forbids a member to spit on the floor, yet nobody here does spit on the floor.

(Text):

Mr. Fleming (Eglinton): I mentioned the name of this estimable gentleman to indicate why it was regarded as a request made on behalf of the Leader of the Opposition and why it was complied with. Copies of the orders in council were promptly made available to this emissary from the Leader of the Opposition. They talk about hiding information, yet a request was made through an emissary from the Leader of the Opposition and the request was complied with and copies of the orders in council were immediately supplied.

Mr. Pearson: Why shouldn't it be?

Mr. Fleming (Eglinton): And why should hon. members opposite seek to distort the facts by pretending that there was any attempt to hide something?

Some hon. Members: Hear, hear.

Mr. Pickersgill: There was a definite attempt.

Mr. Fleming (Eglinton): Next, there was a reference to the budget. It has become quite evident now that no debate can be conducted in this house without a reference to the budget. We were told by the hon. member for Laurier that I should have announced in the budget a new tax, as he calls it. Had I undertaken to discuss a resolution that was on or about to be put on the order paper, you know I would have been out of order.

He is talking of this as though the bill proposes a tax increase. In practice what the increase in the contribution amounts to for a person with a salary or wage of $60 per week is 3 cents per day. But that has nothing to do with the budget.

Mr. Chevrier: You should listen to what the people say about it.

Mr. Fleming (Eglinton): The Minister of Finance does not control the operations under the Unemployment Insurance Act. The Minister of Labour proceeded in the proper way, by resolution, and this point was not raised at the resolution stage of the present measure.

Now, let me test the nonsensical arguments put forward by the opposition by citing what they did in relation to this unemployment insurance measure. They introduced the measure in 1940. Did they bring it in as part of the budget? Did they mention it in the course of the budget speech? No, sir; this measure was preceded by a resolution which was introduced into this house on July 15 and debated and passed on July 16—

Mr. Pickersgill: I am rising on a point of order.

Mr. Fleming (Eglinton): —and the bill was given second reading on July 19.

Mr. Speaker: I will not be able to hear the point of order unless hon. members remain quiet.

Mr. Pickersgill: My point of order is that we on this side were precluded from discussing what we considered to have been

a breach of the Unemployment Insurance Act on the ground that it was not relevant to this bill now before the house. Surely a debate upon the circumstances attendant upon the enactment of the Unemployment Insurance Act in 1940 is in no way relevant to the bill now before the house, and the Minister of Finance should not be entitled to privileges in this house that are denied to hon. members on this side.

Mr. Speaker: I wish to be very careful, as I was earlier in the debate, to see that the minister does not go beyond the scope of this bill or the charges that have been made. I have very definite recollections that in the course of the debate it was alleged that the increase in rates was a form of taxation and should have been disclosed in the budget. I understand the minister is trying to deal with that allegation, which is quite proper and relevant to the debate.

Mr. Fleming (Eglinton): I pointed out that on July 19, 1940, the bill was given second reading. The budget that year was introduced on June 24 by the late Mr. Ralston, and it was completely silent on any reference to the intention of the government to introduce the unemployment insurance measure. This statute was consolidated and re-enacted by the former government in 1955. What happened then? The resolution was introduced in this house on March 30 and debated on April 5 in the afternoon—

Mr. Pickersgill: I rise on a further point of order.

Some hon. Members: Order.

Mr. Fleming (Eglinton): —the budget was introduced in this house on April 5 in the evening—

Mr. Speaker: Did the hon. member wish to raise a point of order?

Mr. Pickersgill: Even if the minister can make an allusion to something to establish a point, to enter into a debate on the whole history of the unemployment insurance legislation when we were restricted to very narrow limits does seem to me to be improper. It does seem to me the same rules should apply to the government.

Mr. Fleming (Eglinton): Another interruption, of course.

Mr. Speaker: Well, the hon. member does not assert, I take it, that this matter has not been the subject of debate so far?

Mr. Pickersgill: I do, sir.

Mr. Speaker: He is complaining of the extent of the reference being made?

[Mr. Pickersgill.]

Mr. Pickersgill: I do, sir. I say there was no reference made to the increased contributions being announced in the budget. What was referred to was the fact that the loans should have been disclosed in the budget, and that is an entirely different matter to which the minister is not referring.

Mr. Speaker: I could refer the hon. member to the pages of *Hansard* where this bill was connected with taxation, the budget and similar matters. I have a summary of the debate to this point, and there appear to have been a great number of speakers who took that line. I would think that, within limits, hon. members cannot reasonably object to the minister meeting the arguments which were advanced.

Mr. Martin (Essex East): What was done in this debate was that members referred to loans made by the Minister of Finance to the unemployment insurance commission, the minister says in the amount of $55 million. The allegation made by hon. members on this side was that in the presentation of the budget this kind of transaction, the first of its kind in the history of our country, should have been disclosed.

Mr. Fleming (Eglinton): That is a different point, and I will come to that if hon. members will ever stop their interruptions and allow me to come to it. The hon. member for Laurier was the one who said this should have been announced in the budget because it was a new tax. I remind you, Mr. Speaker, as I said, that in 1955 a resolution contemplating the consolidation and revision of this act was introduced on March 30. The resolution was adopted on April 5, in the afternoon, and the budget was brought in that night, after the resolution was adopted. Now, Mr. Speaker, surely hon. members opposite should make some pretence to consistency in connection with their baseless charges in this house.

I now come to the other allegation that was made concerning the budget. It was said that we should have reported the loan to the house, and that I should have done this in the budget speech. Mr. Speaker, whoever made that allegation evidently was not familiar with the act or with the facts. I have pointed out already that the order in council was passed on April 2. One loan of $10 million was made on April 7 and one of $10 million on April 9, the date of the budget. The budget presentation laid before the house all the information available for the fiscal year that was covered in the white paper, namely the year ended March 31, 1959. Had there any loans made in that period they certainly would have been

reported to the house. There was no loan to be reported in accordance with the provisions of the budget or the terms of the white paper. Mr. Speaker, the act deals in section 87 with the reports that are required. That section provides as follows:

87. The Minister of Finance shall report annually to parliament the state of the fund as of the 31st day of March last preceding and the transactions under section 86 during the fiscal year ending on that day; and the operations of the fund shall be set out in the public accounts in such detail as the Minister of Finance may decide.

Mr. Speaker, that section has been adhered to and obeyed literally.

Mr. Pickersgill: "Literally" is right.

Mr. Fleming (Eglinton): When the reports are submitted to the house for this present fiscal year they will show not only the state of the unemployment insurance fund but all transactions of the kind that have been discussed. That will appear in accordance with the provisions of the act, just as was done by my predecessors in this office, who submitted information to the house in the public accounts. That is what the act prescribes. That is what has been done in the past and that is what will be done on this occasion. The budget, Mr. Speaker, is certainly not the report prescribed by the terms of section 87 of this act.

Finally, Mr. Speaker, we are accused of maladministration in connection with the fund itself. We are told first of all that there has been compulsion on the part of the government, applied to the unemployment insurance commissioners in relation to their conversion of victory loan bonds into the conversion bonds of 1958.

Mr. Speaker, that statement is untrue. There is not a tittle of truth in it. Those upon whom the responsibility in this matter is laid by the act reached this decision of their own free will and accord and they made a wise decision, Mr. Speaker, to convert their holdings of victory loan bonds into conversion loan bonds because thereby they obtained a higher rate of interest for the benefit of the fund and contributors to it. They obtained in return a bond that has consistently sold in the market at a higher price than the victory loan bonds have sold at any time since then. In addition, they made a profit for the benefit of the fund and for its contributors in so doing. We are charged with making a mistake in that respect. I think those who were responsible for the decision to convert ought to be congratulated.

Then finally, Mr. Speaker, we are told that there have been capital losses. I wish there were time to document the denials and the contradictions that should be made to the hon. member for Essex East for the misstatements he put on the record in this house on May 11—and there are a number of them—when he said there was compulsion and that there were capital losses due to the conversion. That is not true. I am coming now to the final point, and talking about capital losses. He said this, as reported at page 3551 of *Hansard*:

—as a result of its forced participation in the bond conversion scheme of this government had lost over $10 million.

Mr. Speaker, that is not true. It did not result from the conversion at all. It resulted from sales, Mr. Speaker. This is another sample of the Martin twisting of the facts.

Mr. Speaker, this loss, an aggregate loss of $10 million, is not the first loss the unemployment insurance fund has sustained. If hon. members opposite did not have such weak spots where their memories and consciences are tender, they would recall that the last loss before they went out of office occurred in May, 1957. In that month, which was the last complete month during which they were in office, the unemployment insurance fund sustained a loss of more than $2 million in the course of their administration. Did they say then that fact ought to be made public? Did they go out through the country in that election campaign, at that crucial stage of the campaign, and announce that there had been a loss of over $2 million to the unemployment insurance fund as a result of the transactions in obligations? No, Mr. Speaker; they did not do that.

I am obliged to hurry over these facts, with all the interruptions. Let me say this in conclusion. This house has had to sit and listen, during the course of a three-day debate here on the part of hon. members opposite, to the most shallow, hollow, unjustified, trumped up charges this house is ever likely to listen to. Hon. members of this house will know in future about how much attention to pay to charges by hon. members opposite based upon the variety of statements, misstatements and distortions in which they have indulged here.

Mr. Martin (Essex East): Mr. Speaker, I asked the Minister of Finance a series of questions which will be found at page 3552 of *Hansard*. I ask him now to address himself to all those questions but the first two.

Mr. Fleming (Eglinton): All but the first two?

Mr. Martin (Essex East): You dealt in part —not satisfactorily, I may say—with the first two questions, but you have made no reply whatsoever to my question as to what issues

of government bonds were pledged by the commission to secure these loans.

Mr. Fleming (Eglinton): I answered that question.

Mr. Martin (Essex East): No, you did not. With great respect I say that my hon. friend did not answer that question.

Mr. Fleming (Eglinton): I beg my hon. friend's pardon, Mr. Speaker, but I did give that information. I said that the commissioners had pledged with me $61,386,000 of the 4¼ per cent 1972 bonds.

Mr. Martin (Essex East): My second question was this:

At the time these loans were made was there outstanding to the credit of the unemployment insurance fund not sufficient for the payment of benefits under the act as required by paragraph 1 of section 86 of the act?

Mr. Fleming (Eglinton): I also dealt with that question. I said both with respect to the first order in council of April 2 and also with respect to the date of the second order in council of April 23, that there was not in hand a sufficient amount in the consolidated revenue fund to the credit of the unemployment insurance fund to meet the obligations that had to be met in accordance with the provisions of the act.

Mr. Martin (Essex East): I regret that my hon. friend apparently really does not want to answer that question. Will he answer the next one, which was this:

Will the Minister of Finance report to the house on the amounts of various securities including treasury bills held by the unemployment insurance fund as of March 31, 1959?

Mr. Fleming (Eglinton): Yes, Mr. Speaker, I will gladly do so. At March 31, 1959 the investment position of the unemployment insurance fund indicated that the obligations it held aggregated in par value $490,067,500. I can give the detailed holdings if it is of interest to the hon. gentleman.

Mr. Martin (Essex East): That was information I asked for and which I was denied about four weeks ago.

Mr. Fleming (Eglinton): Mr. Speaker, that is an untrue statement which the hon. gentleman has made.

Mr. Martin (Essex East): Mr. Speaker, no hon. member—

Mr. Fleming (Eglinton): He did not ask for that information four weeks ago or at any other time until he spoke in this house on May 11. He knows the rules of the house very well. He is one of the most senior members of the house. If he wants information he knows he can put his questions on the order paper at any time.

[Mr. Martin (Essex East).]

Mr. Martin (Essex East): Mr. Speaker—

Mr. Speaker: Order. I take it that the hon. member for Essex East is referring to a question he asked in the house and which is reported in *Hansard*.

Mr. Martin (Essex East): Yes, Mr. Speaker. On a question of privilege, may I say this. My hon. friend said I was guilty of an untruthful statement. Under the rules of this house no hon. member has the right to make such an allegation, and I ask him to withdraw it.

Mr. Fleming (Eglinton): Mr. Speaker, I am afraid that the hon. gentleman is suffering from difficulty in hearing. I did not say "an untruthful statement". I said "an untrue statement". That is quite in accordance with the rules of the house and also in accordance with the facts of this situation.

Mr. Martin (Essex East): My hon. friend will recall that about a month ago I asked him what losses the unemployment insurance commission had incurred as a result of the bond conversion policy of this government. My hon. friend told me in this house that it was not in the public interest to disclose the details of portfolios of this kind. When I could not get that information I addressed a written question to the Minister of Labour, and I got the information.

Mr. Fleming (Eglinton): The hon. gentleman has not stated the facts correctly at all. This is getting to be a habit of his, and I would recommend now, before he makes any more unfounded charges, that he should read the text of *Hansard*.

Mr. Speaker: Order. The minister's time has expired, and I do not know whether I should, except by leave of the house, permit questions to be asked at this time.

Mr. Pickersgill: The minister did agree to answer one question of mine.

Mr. Fleming (Eglinton): I would be glad to complete the answers to the questions put by hon. gentlemen. The hon. member for Essex East asked a question at page 3552 of *Hansard*, and I will be glad to answer him if that is the wish of the house.

Mr. Speaker: Has the minister leave to answer the questions?

Some hon. Members: Agreed.

Mr. Fleming (Eglinton): The next question I was asked, Mr. Speaker, was:

What were the purchases and sales of various obligations of or guaranteed by the government of Canada including treasury bills for each month of the last fiscal year and at what prices were these transactions made?

Mr. Speaker, that will involve a very lengthy table. I have the information and it can be made available, but I can tell the house that it is a very lengthy statement indeed.

Mr. Speaker: May I suggest that the information be made available by tabling it, because we have gone past our time and we are out of order at the present time.

Mr. Pickersgill: Would the minister be prepared to answer a very brief question which I would like to put to him?

Mr. Fleming (Eglinton): I will table that information, Mr. Speaker.

Mr. Pickersgill: Could the minister say by what statutory authority the fourth paragraph of the order in council of April 2 was passed, which gave the minister the sole discretion to direct the sale of government of Canada direct and guaranteed bonds, when it would appear from section 20 of the act that that authority was vested by parliament in the investment committee?

Mr. Fleming (Eglinton): Mr. Speaker, the language of section 86 is very clear.

Mr. Pickersgill: I am talking about section 20.

Mr. Fleming (Eglinton): Section 86, subsection 1(b) provides, in the opening words:

> Where the amounts standing to the credit of the unemployment insurance fund in the consolidated revenue fund are not sufficient for the payment of benefits under this act, the Minister of Finance . . . may
>
> (b) on the security of such obligations, credit further amounts to the unemployment insurance fund not exceeding the par value of the obligations secured, on such terms and conditions as the governor in council determines.

Those concluding words are the governing words for this purpose. The power is vested by this act in the governor in council to determine the terms and conditions upon which the Minister of Finance may make loans to the unemployment insurance fund, and that is the power which was exercised, and properly and responsibly exercised, in the terms of these two orders in council.

Mr. Pearson: May I ask the minister whether he does not feel that section 20 of this act has been violated, which section says that investment transactions shall be made only on the authorization of the investment committee?

Mr. Fleming (Eglinton): Mr. Speaker, I am glad to have that question from the Leader of the Opposition, because it gives me an opportunity to say that he was quite confused in his interpretation of this point in his speech yesterday. Section 20 relates to investments.

Mr. Pickersgill: Investment transactions.

Mr. Fleming (Eglinton): Mr. Speaker, investment transactions are the investments constituting the use of moneys standing to the credit of the fund for the purpose of acquiring obligations. If you look at the marginal note opposite section 85 (1), there you will see the word "investments". When you come to section 86 it is "advances" which are talked about. You are in a different realm there. Section 20 and section 85 relate to investment in these government obligations. When you come to section 86 you are dealing with amounts. You are not dealing with investment there at all, but with amounts in the fund. Then when the amounts are not adequate, provision is made for a loan.

Now, a loan is not an investment transaction within the contemplation of section 20 at all. It is not an investment. On the contrary, Mr. Speaker, so far as any suggestion of investment is concerned, under section 86 it is an investment on the part of the Minister of Finance, and the statute deals very precisely with the terms upon which the Minister of Finance may make a loan for the benefit of the fund to enable it to meet its obligations.

Mr. Pearson: Mr. Speaker, is the minister trying to argue that the authority of the investment committee under this act is limited to the purchase of government securities and does not extend to the sale or to the conversion of such securities?

Mr. Fleming (Eglinton): Mr. Speaker, so far as the purchase and sale of securities not related under section 86 to loans are concerned, that of course is done by the investment committee appointed in accordance with the terms of section 20, and that has been done with strict adherence to the terms of the act. But when you come to section 86, this is not a matter of investment by the fund or the commissioners. This is a matter of borrowing by the fund and by the commissioners. The investment here is on the part of the Minister of Finance in the form of a loan, and the statute has dealt with this in the plainest terms. The statute says that the Minister of Finance may in the given circumstances make this loan on the terms and conditions prescribed by the governor in council, and that was done.

Mr. Speaker: Order. A good deal of latitude has been given to most of the questioners and the minister. If the house is not yet ready for the question I must recognize the next speaker.

Mr. Frank Howard (Skeena): Mr. Speaker, I have just a remark or two. After listening to the discussion which has been going on between the Minister of Finance on the one

hand and three or four of the hon. gentlemen along this side on the other, I think if Cervantes were still alive and preparing his book "Don Quixote" he could very well have had all four of them in his book as characters.

The Minister of Finance, if nothing else, I think, has certainly given some truth to the old saying that figures do not lie but liars ofttimes figure.

It is unfortunate, I think, that in considering this particular bill which is before us, which relates to unemployment insurance, unemployment insurance payments, benefits and so on, the whole discussion should be cluttered up, as I think it has been, with references to hidden or secret reports and references to charges of lawbreaking on the part of the Minister of Labour. Whether the minister did or not, I do not know; but the fact that such references are made does nothing but confuse the entire issue and the whole principle contained within the bill, if there is a principle there in the first instance.

All these points about the budget, secret documents, hiding reports, breaking the law and so on have absolutely nothing to do with the bill itself. I think that is what we should be addressing ourselves to; we should be looking at the bill in the light of exactly what it is and why such a bill needs to be introduced at this time. I certainly think the reckless use of the unemployment insurance fund by the minister without any consideration for safeguards and proper methods of replenishing the fund is the reason we are in this position today. I would like to put a few short statements on record to indicate the position of the C.C.F. party with regard to this particular bill.

The bill, in effect, asks the working class people of this country to subsidize the unemployment policy of the government; it imposes an additional tax burden on workers without any comparable benefits accruing to them. It is certainly an indication of the government's lack of intestinal fortitude—or to use plain terms, guts—to replenish the fund in a sensible way from general revenue, and to declare this heavy drain on the fund as part of a national disaster rather than asking the working classes themselves to bail the government out of its difficult position.

I am sure the minister does not seriously expect members of this group, particularly, to support this bill. We have no intention of supporting it, because we regard it as a back door, sneaky method of imposing taxation on second reading of this bill. If the minister wishes to withdraw the bill and introduce something which is more in keeping with ethics and more in keeping with a sound moral attitude toward the working class we would be prepared to look at it again, but we are certainly not prepared to accept the measure as it stands in the light of the principles which it contains.

Mr. H. M. Batten (Humber-St. George's): I should like to make one or two comments on this bill at this time, and I should prefer to stick closely to the principles of the bill rather than raise a verbal smoke screen of the type we have had from the Minister of Finance this afternoon.

There are some things in this bill with which I agree. That clause which refers to the increase in the wage ceiling is one which I think has a great deal of merit. Over the years the workers of this country have enjoyed the benefit of increased wages, and it is understandable that some of them should have exceeded the limits which were imposed in the original act. I think raising this ceiling from $4,800 to $5,460 is a good thing to do, because it will bring into the insurance scheme, according to the statement made by the minister, another 80,000 wage earners who will become eligible for the benefits of the unemployment insurance plan.

I think, too, that the proposed increase in the benefit period from 36 to 52 weeks has some merit. If a worker can qualify under the terms of the regulations for benefits throughout a period of 52 weeks, I see nothing wrong with that. I can understand that a situation may arise in which a worker may be unemployed for this length of time. I hope that such would not be the case, and I certainly hope there will never be a large number of people in Canada who will require unemployment insurance for 52 weeks; but for the small number who do need it, and who are able to qualify, I think this will be of great assistance, and I certainly have no objection to this proposed amendment.

Again, I have no objection to the revision of the allowable earnings. I agree with the minister in his division of allowable earnings into two classes—those paid to workers with dependents, and those paid to workers without dependents. I should think, however, some thought might be given to consolidating the two or three lower classes. After all, it is understandable that a man who receives $6 in unemployment insurance for a week will need $4, $5 or $6 just as badly as a person who receives $12 or $15; and if during the winter time a worker gets $6 or $8 a week and is able to obtain a day or two shovelling snow, I see no reason why the amount of benefit he is able to obtain should be limited by the fact that he receives a lower rate than another man who lives nearby. However, I have no objection to this amendment.

The main purpose of the bill, however, is to stabilize the unemployment insurance fund. Over the last two years this fund has been considerably depleted. It has been depleted by an amount estimated to be $400 million. I agree that this money has been paid out to those who were suffering from the effects of unemployment, and that it has helped to relieve a large measure of the distress felt by those who have had the misfortune to be unemployed. These benefits went out not only to those who were seasonally unemployed but also to a large number who were qualified for regular unemployment insurance benefits.

But if the main purpose of this bill is to stabilize the fund, let us look at the manner in which this is being done. First of all, the contributions made by wage earners are being increased by anywhere between 25 per cent and 30 per cent. In return for this larger contribution they are receiving no extra benefits, nothing more than they have received in the past. Again, employers will be obliged to increase their contributions by between 25 and 30 per cent.

We are living in a country where prices are high, and any charge which is going to increase the cost of living, or any charge which will have the effect of increasing the cost of production and particularly the cost of articles which we sell in foreign markets, will only result in our being placed in a less competitive position. This amendment will certainly increase our cost of production at a time when corporation taxes in this country are at the highest level in our history. I feel sure that this bill will give little encouragement to those who wish to improve or extend their industrial interests.

For example, I have here a clipping taken from this morning's Montreal *Gazette*. The headline says "Industry Asks Tax Be Eased" and the first paragraph reads as follows:

> The federal government was urged today to grant substantial tax concessions to Canada's forest industries to enable them to remain competitive in world markets, particularly in the field of pulp and paper.

And the last paragraph reads as follows:

> Canada has become less and less attractive for major investment in this field. Investment is flowing elsewhere. There is obviously something seriously wrong with the economic climate for the pulp and paper industry in Canada.

Yet despite this, in addition to the high level of taxes which industry already has to pay, the minister is imposing this extra charge by way of the employer's contribution to the unemployment insurance fund. Speaking the other day on the resolution I said this was nothing more than an extra tax of something over $70 million which will be imposed on the workers and employers in this country. I still think that is so, because no extra benefit is being received from it.

As far as the administration of the fund is concerned, there can be no doubt that a great deal of information is needed regarding the handling of the fund in the last two years. The Minister of Finance may quibble all he likes about the $10 million that was lost due to the cashing of some of the bonds held by the unemployment insurance commission, but the money is lost, nevertheless. One might ask, are the workers of this country now being required to make up this $10 million? Is that what the government is doing?

We could ask a number of other questions about the investments of the commission. The minister says the commission is quite within its rights in cashing any of its investments at any time it wishes to do so. If that be so, why was it necessary to borrow the sum of $55 million from the government? I do not know the reason; but one might ask the government, if the question does not embarrass them, to what extent it was due to the bond conversion operation and its effects upon the bond market.

After all, as unemployment increases there comes a critical point beyond which benefits paid to our people begin to move from the realm of insurance into the realm of welfare. Because of the large amount of unemployment we have had in the last two years it is my belief that the government should have made up this deficit in the unemployment insurance fund by a direct grant. What we are now doing is asking a certain proportion of the workers of this country to pay for that which more properly should have been considered as a welfare payment. I might say, to quote Kipling, that we are "robbing a selected Peter to pay a collective Paul".

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I intend to make a few brief remarks on the second reading of Bill No. C-43, to amend the Unemployment Insurance Act. To my way of thinking, this bill is nothing else but another measure introduced by the present government which takes away so much from the taxpayers but offers so little in return.

We listened for a while before the adjournment yesterday afternoon and again for over half an hour this afternoon to the remarks of the Minister of Finance (Mr. Fleming). We learned at last in the course of his remarks that the minister himself is admitting the present weakness of the bond market. We also received from the minister certain information which up to now had been kept away from the members of this house. For obvious reasons, reasons known to any hon.

member who was in the house in the spring of 1956, the present Minister of Finance should be the last member to accuse members of this house of not abiding by the rules of the house. We certainly have not forgotten his attitude on that occasion.

In introducing the resolution preceding this bill, the Minister of Labour (Mr. Starr) clearly stated that the purpose of the amendment was to give stability to the unemployment insurance fund. The unemployment insurance fund was built up of contributions from employees and employers, together with certain contributions from the federal treasury, and during the regime of the former administration had exceeded the sum of $900 million. The fact remains that after fewer than two years of administration by the present government the workers' fund has been reduced to a sum under $500 million.

We have been asked to approve the second reading of a measure which has been introduced by the present administration to cover up its failure to provide sound and consistent policies in the administration of the affairs of this country. This is a clear illustration of the greater concern of the present government in trying to keep some of its election promises than in giving the country sound management. In moving the second reading of this bill the minister stated, as reported at page 3537 of *Hansard*:

> The present amendments in this bill will provide coverage for a greater number of wage earners.

No one on this side of the house has any objection to the fact that a greater number of wage earners will be included under unemployment insurance benefits; but the main class of wage earners who are now being included are the class of wage earners who are earning salaries ranging from $5,000 to $6,000 a year, and they are the ones who are in less need of unemployment insurance benefits.

Further on, the minister stated that these amendments will increase benefits and allowable earnings. They certainly will not increase the rate of benefits which are being given now under the present regulations. In order to get increased benefits the wage earners will have to earn larger salaries and they will have to make larger contributions.

The minister also stated that these amendments will also increase contributions. There is no doubt in anyone's mind that one of the main amendments of this bill is designed to increase contributions. This is why I say the measure introduced by the present administration is another one which will take away so much but it will offer so little in return. In fact, it will ask the wage earners of this country and the employers of this country to pay 30 per cent more in their contributions to the unemployment insurance fund.

The amendments also propose to increase the benefit period from 36 weeks to 52 weeks. At the resolution stage preceding the bill the Minister of Labour stated that this is one of the promises made by this government during the last two campaigns. The minister appeared to be proud to be able to advise the house and the country that they were increasing the unemployment insurance benefit period of 36 weeks to 52 weeks; but the minister did not state that when they promised the electors of this country to extend the benefit period from 36 weeks to 52 weeks that at the same time they would ask them to contribute 30 per cent more to the unemployment insurance fund by way of premiums.

These additional premiums, Mr. Speaker, are an additional tax added to the taxpayers of this country. As was stated the other day by my colleague, the hon. member for Humber-St. George's (Mr. Batten), it is an additional tax of $72 million over and above the increased taxation of $352 million which was included in this year's budget. Its direct effect will be to increase by that specific amount the price of consumer goods. By adding another $72 million a year to the cost of manufactured goods to be exported, in competition with other countries in the international market, we shall again be adding to the problem of inflation.

We of the opposition cannot accept this increase of 30 per cent in premiums without additional benefits to the employees. It is true that 80,000 more contributors will be added to the fund. By adding 80,000 more contributors and by choosing those contributors, as I said earlier, from a class which earns from $5,000 to $6,000 a year, the government is doing nothing else but setting up a pretext to get out of the dilemma in which it finds itself.

What about adding to those who should receive benefits from the unemployment insurance fund those that the government promised during the last campaign would be added? What about adding the workers employed on Canadian farms? What about those eastern Canadian farmers who have to employ lumbermen to cut pulpwood on their privately owned wood lots. In my constituency of Gloucester and in other sections of the maritime provinces farmers have substantially large wood lot holdings and they depend on the sale of pulpwood and lumber for their cash revenue. They cannot get any

help to cut this wood because they cannot guarantee unemployment insurance benefits?

We have heard at different times that one of the reasons why the unemployment insurance fund was being depleted is that fishermen have been made eligible for unemployment insurance benefits. The total amount paid to the fishermen during the winter of 1958 or 1959 is much less than the $10 million which was lost by the sale of bonds in 1958. This, notwithstanding what the Minister of Finance tried to explain a few minutes ago, is nothing else but pure robbery of the workers' savings in the unemployment insurance fund. Any insurance company which operated on such a basis would certainly not be in business very long.

Yesterday the Prime Minister (Mr. Diefenbaker) addressed a question to the Leader of the Opposition (Mr. Pearson). He suggested that on several occasions a minister of labour had asked the advisory committee to produce reports and make summaries in respect of amendments to the act and that these were not tabled because they were not required to be under the statute. But the Prime Minister did not draw any difference between the reports made in 1955 and the one referred to yesterday by the hon. member for Essex East (Mr. Martin) and the Leader of the Opposition.

It is true that the previous minister of labour asked the advisory board on certain occasions to produce certain reports and make summaries in respect of amendments to the act and that these were not tabled because they were not required to be under the statute. But the previous minister of labour did not hide from members of the house the fact that amendments to the Unemployment Insurance Act were submitted to the unemployment insurance advisory committee for its approval as provided under the act. On January 11, 1955, when speaking on amendments to the Unemployment Insurance Act, Mr. Gregg, the then minister of labour, said, as found on page 80 of *Hansard*:

> There is just one other point I wish to mention. It is something which I forgot to include in my first remarks. This bill has been submitted to the unemployment insurance advisory committee which is provided for under the act, and has been approved by them. Very shortly, of course, the larger bill will also be submitted to them.

The then minister of labour advised the house that the advisory committee had been consulted with respect to the amendments. Again, on April 4, 1955, Mr. Gregg, speaking on amendments to the Unemployment Insurance Act, said, as found on page 2663 of *Hansard*:

> When the unemployment insurance advisory committee met on December 14 last to review the amendments regarding seasonal benefits, it was of course necessary for the committee to have before it the views regarding this general revision as they were then held. Later when plans had further crystallized to the point where they were nearly the same as the amendments now proposed, a further meeting of the advisory committee was held on February 15. In order to review these final recommendations, as reflected in the actual bill, the committee has called a further meeting for tomorrow, April 5.

This is further evidence, Mr. Speaker, that the advisory committee of the unemployment insurance commission was consulted and the house was advised accordingly without the minister having to be requested to do so by the members of the opposition. The Prime Minister, the Minister of Labour and the Minister of Finance should be reminded that under the previous Liberal administration the unemployment insurance fund was never in the precarious position it is today because, I repeat, of the mismanagement of the present government. This is why parliament is called upon to approve amendments which will place an extra burden on employers and employees without giving them any worth-while benefit in return. I might also add that when amendments were made to the Unemployment Insurance Act by the previous administration provision was made to obtain from the consolidated revenue fund the additional amount required to meet the needs of such amendments. Therefore, Mr. Speaker, it will be impossible for the opposition to vote in favour of second reading of the bill.

Mr. W. H. McMillan (Welland): Mr. Speaker, the impression in the country is that in order to replenish a fast depleting government account we must pass these amendments to the Unemployment Insurance Act. When I think that this actually amounts to an increase in taxes, when I think of the increases in taxes in the budget, I cannot help but think of what the Prime Minister (Mr. Diefenbaker) said in Brantford on February 17, 1958, that "the humblest of our people will not be forgotten." I think the Minister of Finance (Mr. Fleming) is helping him to keep that promise.

The other day the Minister of Labour (Mr. Starr) said that the purpose of the increase in rates was to bring the unemployment insurance account into better balance, but these particular facts strike me. First, there is no actuarial accounting to indicate to us whether the minister is raising rates too much or is not raising them enough to bring the account into much better balance. Second, there is a further great obligation or tax on employers and workers equal to one-third of the total tax increase imposed in the budget. This all occurs at a time when the Prime

Minister himself said not long ago in Montreal that Canada was emerging from the recession more rapidly than any other country of the western free world. It also occurs at a time when the Minister of Finance has predicted a 7 per cent rise in the gross national product.

I should like to know why such conditions in the country would not bring about a building up rather than a depleting of the account. Under the former government the funds in the account certainly rose very rapidly under similar conditions.

I think the minister should be able to give us an estimate of the percentage increase in payments to take care of the extension of benefits from 36 to 52 weeks. We could then see how much of what will be raised will be needed to pay for the other increases in benefits which, after all, are very little. I think most of the increase is meant to look after seasonal unemployment. I met an executive of the pulp and paper industry the other day and he told me it was his opinion that it would cost that industry an extra $1½ million to $2 million in order to make the additional payments into the unemployment insurance fund. The workers in the industry will also have to pay a similar amount and will have it lifted from their pay envelopes.

The former government put money into the unemployment insurance fund from consolidated revenue to take care of seasonal unemployment and I think this government should do likewise. The workers who will have to contribute this money also have to pay more taxes because of the tax increases in the budget. They have to pay more sales tax. They have to pay increased cigarette and old pension taxes.

Now they are asked to assume all the taxes under these amendments in order to pay for seasonal unemployment. In spite of the promises made by the Prime Minister there has been no elimination of the waiting period. Today, I think for the first time, I heard a minister of the crown say that the government should be congratulated because of a $10 million loss in connection with a government account.

When the Prime Minister was in Welland he said that the government did not want relief and that is why they launched the winter works program. Certainly, I think there has been more relief paid, in my district at least, than there has been for a good many years. Unemployment insurance benefits certainly were not received by all the people. I think, myself, that there has been a great depletion in that account, and yet the municipalities have had to assume a great deal of the responsibility for people who were out of work.

While listening to the Minister of Finance a few minutes ago, two or three questions occurred to me. I heard him refer to the fact that there were $490 million in government securities in the fund—I may be mistaken, but I thought he said at face value or at current face value. I should like to ask him what par value is?

Mr. Fleming (Eglinton): I said par value.

Mr. McMillan: You said market price, and I should like to know what the par value of these securities is. I should like to know also, at the time of the—

Mr. Fleming (Eglinton): I am sorry, but I gave the investment position, as of March 31, 1959, in terms of par value. That was the expression I used.

Mr. McMillan: I understood the minister to say face value. I should like to know who made the decision to sell $400 million worth of victory bonds held by the fund, and convert those into conversion bonds?

Mr. Fleming (Eglinton): The investment committee took the decision, of course, but that was not the amount.

Mr. McMillan: Who made the decision to sell securities held by the fund throughout the last fiscal year, and under what provision of the act? Were loans or credits extended before by the government under this act and, if so, when and under what conditions? If in paragraph 1 of section 86 credit means cash and therefore does not include securities that could be sold, and if at any time the commission has not sufficient credit for the payment of benefits, then surely it means that the investment committee has authorized too much purchasing of securities.

Mr. C. R. Granger (Grand Falls-White Bay-Labrador): I should like to add a few words to the remarks already made on this bill. The principle of unemployment insurance is, of course, sound and humane. It has made a substantial contribution to the freedom from want which was one of the principal clauses in the Atlantic Charter, the code on which the post-war policy of the free world was in fact based. During the past two years of recession the unemployment insurance fund was one of the main fenders between many people and penury. The establishment of this fund reflects the farsighted wisdom of the Liberal government which introduced it, and the forward looking statesmanlike approach which that government had.

However, it seems to me that the present bill will create an imbalance. While it is obviously desirable to stabilize the fund, it seems to me that the cost more than offsets the benefits. The increased benefits include a longer receiving period, increased from 36 weeks to 52 weeks. The wage level is raised, but the cost in premiums is also raised, yet the unit amount of the benefits remains the same.

In fact, Mr. Speaker, there are two kinds of unemployment. There is the unemployment which in normal times results when workers are temporarily out of work, but who normally would after a while be re-employed. Then there is the wholesale unemployment caused by the complete disappearance of jobs during an economic recession, such as that which has been historically associated with Tory times, and which has vexed the country for nearly two years. The former can be insured against, but the latter should be dealt with by an outright government grant. It is because of the fact the bill does not provide for outright government assistance, so that the cost can be borne by all, that I shall oppose this bill.

Mr. Speaker: I must inform the house that if the minister speaks now he will close the debate.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, my first words will be words of appreciation to hon. members who have participated in this debate, and particularly to those who, in their participation, contributed to the debate by constructive and reasonable suggestions in respect of the Unemployment Insurance Act. I have noted these suggestions, and I can assure them that consideration will be given to them. It is doubtful whether that consideration can be given in these amendments, but it will be given eventually.

Now the hon. member for Timiskaming (Mr. Peters) was one of the first—there were others who followed him—to ask for a breakdown of how the 30 per cent increase was arrived at, what percentage these amendments will represent of the cost of this increase. In the annual report of the unemployment insurance advisory committee which was a statutory one requiring to be tabled in this house and which was so tabled, the actuary estimated that the annual revenue through contributions would amount to $240 million, and that annual benefit payments would amount to $313 million. These estimates were based on the experience of the previous five years, and took no account of interest earnings and made no provision for changes in the Unemployment Insurance Act as then existing.

When the actuary was requested to report on the effects of the proposed changes he estimated the increase in revenues would result as follows: Taking in two new classes would be about 7 per cent or about $16,800,000; the raising of the ceiling, ¾ per cent, or $2 million; a total increase in revenues of $19 million. By the same token, the estimated increases in benefit payments were as follows: The addition of two new classes represented 3 per cent, an amount of $9,400,000; increase in duration from 36 weeks to 52 weeks, represented 3½ per cent, an amount of $11 million; increase in allowable earning rate, 1 per cent, amounting to $3,100,000; or a total increase in benefit payments in round figures of approximately $24 million.

After providing for the amendments the adjusted figures are therefore as follows: Estimated annual contribution revenue, $259 million. I may say that these are round figures. Estimated annual benefit payments, $337 million, or a short fall of $78 million. A 30 per cent increase on $259 million will produce $78 million which is designed to take care of the short fall.

The Leader of the official Opposition (Mr. Pearson) asked certain questions in the course of this debate. I should like to take the opportunity of giving the information now. They had to do recent expenditures from the fund. The fishermen's benefit, April 1, 1957, to March 31, 1959 amounted to $13,878,011. Seasonal benefit extensions—and these are estimates—two months extension, December, 1957, to April 15 and from April 15 to May 15, 1958, $24 million; special six weeks extension to June 28 last year—as hon. members will recall, a temporary extension was made—cost $18 million; up to December, 1958, which is the latest for which figures could be compiled, amounted to $6 million or a total of $48 million. These again are round figures. The losses under the married women's regulations annually amount to $2,500,000. The high point in the fund as of December 31, 1956 was $927 million. The previous low point, October 31, 1958 was $500 million. The status of the unemployment insurance fund as of March 31, 1959, stands at $496,251,386.48. I think that covers the questions that were asked by the Leader of the Opposition.

In this debate, Mr. Speaker, a great many things have been said, most of them unfortunately having little to do with the amendments before the house. It is not my intention to follow the official opposition down

all the winding by-paths through which they have been straying. I feel that I have a duty to the unemployed in this country to deal with these amendments in order that they may come into effect as quickly as possible. In that connection I am glad to say that the unemployment situation is now improving even more rapidly than I had hoped for or expected and that the picture for April will be a much happier one than those prophets of doom have led us to expect. I say that because as a Canadian I have great faith in this country. I believe in the the future of this country. I believe in the industry of Canadians. Through that industry and through that endeavour to bring about a stronger economy I know that this will be accomplished. It has been accomplished time and time again in the past and it will be accomplished in the future as it will be accomplished now.

I am happy that the supreme high prophet of doom who sits opposite in the person of the hon. member for Essex East (Mr. Martin) has taken such a great interest in this debate. He has certainly shown a greater interest in labour than he ever took when he sat on this side of the house. I also commend the hon. member for Laurier (Mr. Chevrier).

Mr. Pickersgill: Mr. Speaker, I am rising on a point of order.

Mr. Starr: The hon. member for Bonavista-Twillingate (Mr. Pickersgill) made a contribution to this debate.

Mr. Pickersgill: Mr. Speaker, I am rising on a point of order. As Your Honour will recall, we were restricted very severely to the terms of the bill now before the house. It seems to me that the minister has strayed even beyond the Unemployment Insurance Act itself into realms of fancy that are of no relevance to this debate.

Some hon. Members: Oh, oh.

Mr. Green: Mr. Speaker, I suggest that my hon. friends are becoming extremely touchy about a little bit of criticism.

Mr. Pickersgill: Not at all.

Mr. Green: They are very good at handing it out but they are beginning to show that they can't take it. I think the Minister of Labour has been extremely temperate. I am sure that if we cannot say even these mild things about the official opposition, there is not much life left in this parliament.

Mr. Pearson: That is a good remark.

Mr. Speaker: Strictly speaking, personalities are always irrelevant but they seem to be a more or less inevitable part of our parliamentary system. If the hon. member does not confine himself to that kind of debate, I would not want to condemn him.

Mr. Starr: Mr. Speaker, it is not my reputation to do so continuously. But may I say that in days gone by I have heard remarks to the effect that a little bit of indulgence in personalities in the House of Commons adds a great deal to the debate. I must say that during the course of this debate many charges have been levelled against me by way of personal attack.

Mr. McIlraith: Why do you not deal with the charges?

Mr. Starr: As these charges have been published in the newspapers I think I should be permitted, with the indulgence of the house, to answer them. I assure you that, with the great respect I have for the position you hold, Mr. Speaker, I will endeavour to confine myself to the matter at hand. When I was interrupted I was, as a matter of fact, making complimentary remarks about the hon. member for Bonavista-Twillingate—

Mr. Pickersgill: Which would suggest that I was not annoyed.

Mr. Starr: —and also the hon. member for Laurier. I want to say that they were equally distinguished in the way in which they carefully avoided any reference to the amendments before the house. To me, Mr. Speaker, that was a demonstration of real devotion to the cause of unemployment.

Mr. Pickersgill: I was not called to order.

Mr. Starr: Mr. Speaker, I do not intend to adopt the tactics which my hon. friends have adopted, as I said a few seconds ago. But when a minister is attacked on the grounds of violating a statute, when he is described as acting in a manner contrary to parliamentary privilege, there is a question of personal privilege involved in such accusations. While I do not intend to reply in detail to the picayune and meaningless accusations piled up by the official opposition, in their anxiety to avoid discussing these measures, I wish to leave no doubt in the minds of the hon. members of this house or of the people of Canada with regard to the low level they have reached in making personal attacks on myself.

Mr. Pickersgill: Mr. Speaker, I am rising now to a point of order which is much more serious than the one I raised before. The hon. gentleman has raised a question of privilege. It is a well known rule of the house that if there is any question of privilege it must be taken up immediately at the first opportunity. The hon. gentleman did not

do that. If he is going to discuss the question of whether or not he violated the statute, may I say this. Your Honour will recall that we were not permitted to discuss that question. It was ruled out as being irrelevant. I hope the same ruling will be applied to the minister as was applied to those on this side of the house.

Mr. Speaker: The point of order is that the minister—

Mr. Pickersgill: That the minister is out of order in discussing this matter.

Mr. Speaker: —is discussing something that is irrelevant—

Mr. Pickersgill: Yes.

Mr. Speaker: —in dealing with the charge that he violated the statute. I certainly restricted the hon. member for Essex East in his allegations that the statute had not been observed with respect to the filing of reports.

Mr. Pickersgill: Exactly.

Mr. Speaker: I hope it will not be necessary to discuss that matter, but there were other allegations of non-compliance, a great many of them, made in the course of the debate, and I expect that no hon. member would question the right of the hon. minister to deal with these allegations which were made.

Mr. Starr: The allegations I referred to appear in *Hansard* and were publicized. I am very grateful to you, Mr. Speaker, for restricting the hon. members from going further, because I did not know how far they would be prepared to depart from these amendments. However, you have restricted them to the allegations they made.

Coming back to the hon. member for Essex East, I do not want to say that his remarks were any more significant than any of the others, but he sort of set the pattern, I think, in leading this debate. The hon. member for Laurier and the hon. member for Bonavista-Twillingate (Mr. Pickersgill) contented themselves with just parroting the remarks of the hon. member for Essex East. I clocked the hon. members opposite speaking for a combined total of over three hours but devoting approximately only 45 minutes to the amendments before the house. Again I say that this is an indication of their devotion to the unemployed of this country. This time was occupied by a series of devices which I might describe as the hidden report trick, the violation of the statute trick, and the mystery of the hidden loan. None of these devices, as you, Mr. Speaker, attempted to point out several times during the course of the debate, had anything to do with the present bill or had any reference to reality except in the frenzied minds of the hon. gentlemen opposite. Surely there must be a strong sense of guilt in the front benches opposite, especially in the minds of the four shattered remnants of the former Liberal government.

Ever since a celebrated day about 18 months ago they have been busily looking for a hidden report. This time they thought they had found one. What they really did find was a special report dealing with a matter which had been referred to the advisory committee by the unemployment insurance commission and myself for an opinion. That was what this report contained. As required under the statute, the annual report of the advisory committee was duly tabled in this house. The matter which was referred to in this special report to the Minister of Labour was a new benefit formula. That formula was dropped at the suggestion of the advisory committee. On this occasion may I say that we took their advice, and I maintain that because of that, this report is irrelevant and obsolete.

The hon. member for Laurier says that the report never should have been made, and he also says that I should never have asked for it. If that is the case, Mr. Speaker, then it should never have been tabled and hon. members opposite certainly should not refer to it in this house. But to clarify the whole issue I should like to refer to other similar reports which have been made in the past. I refer to these reports now in order to relate the opinions and views of the advisory committee as to revisions and amendments to the act which have been made at other times, and also to the present amendments.

Mr. Pearson: They did not deal with the fund though.

Mr. Starr: No; they dealt with unemployment insurance revisions.

Mr. Pearson: That is a different matter. Look at the act.

Mr. Starr: Mr. Speaker, I have repeated at least four times that the statutory report of the unemployment insurance advisory committee relating to the status of the fund as prescribed under the act was duly tabled in this house last year.

Mr. Martin (Essex East): What about the second report?

Mr. Starr: The second report was of the same nature as other reports made to the Minister of Labour under revisions to the act.

What emerges from a study of the reports of the advisory committee in the past few

years is that recommendations of the committee were sometimes accepted and sometimes rejected. In the case of the present amendments, some of them relate directly to recommendations made by the committee. Others were not specifically recommended.

Mr. Pearson: Mr. Speaker, on a point of order, the minister—I think it is irrelevant, but I will let that pass—mentioned certain reports in the past dealing with the matter. I suggest that under the rules he is now required to table those reports which he has referred to as having passed through the previous administration.

Mr. Starr: Mr. Speaker, I am coming to that and I have every intention of so doing. As an example of what the practice has been, Mr. Speaker, on November 22, 1955 a special report was made by the advisory committee addressed to the then minister, the Hon. Milton F. Gregg, in these terms:

> The unemployment insurance advisory committee at your request met on November 21, 1955, to consider the recommendations made by the unemployment insurance commission relative to regulations applying to seasonal benefits—

I stress the words "at your request". This report was never tabled, Mr. Speaker. I will table it today.

Mr. Martin (Essex East): It did not have to be under the act.

Mr. Starr: It was exactly the same kind of report.

Mr. Martin (Essex East): No, it was not. It was nothing to do with the fund.

Mr. Starr: I do not know how many times I must repeat myself to the hon. member for Essex East who does not want to listen to reason. A report was tabled duly as required by the act, which report had to do with the status of the fund.

Mr. Pearson: That is right. They all have to be tabled.

Mr. Starr: In accordance with the act it was tabled last year and was for the fiscal year ending March 31, 1958. The other reports to which the hon. member refers are here and were never tabled by the former government, and I am prepared to table them now after a period of four years.

Mr. Pearson: But that was not required under the act.

Mr. Pickersgill: It has nothing to do with the fund.

Mr. Starr: I would also like to note that a report was made by the committee on February 17, 1955, which relates directly to the matters we are now discussing since it deals with the revision of the act which took place then.

Mr. Pearson: Not the fund.

Mr. Starr: I want to point out that it dealt not only with specific amendments to the act but also with the complete revision of the whole act.

Mr. Martin (Essex East): But does it deal with the fund?

Mr. Starr: The report which was tabled at the request of the hon. member for Essex East does not deal with the fund.

Mr. Martin (Essex East): Yes it does.

Mr. Starr: It deals with the new formula which is an amendment to the act. This report of February 17, 1955 which I have just mentioned, was made directly to the minister of labour, but it was never tabled. It gives the views of the committee on the proposed amendments. For the information of the house, the committee was by-passed by the then government and a special interdepartmental committee was set up to consider these amendments in February, 1955. I do not recall any complaint from the hon. member for Essex East at that time, not one single, solitary complaint, although he was at that time a member of the government.

Mr. Martin (Essex East): Because it had nothing to do with the fund.

Mr. Speaker: Is the hon. member rising on a question of privilege?

Mr. Martin (Essex East): Yes, Mr. Speaker, I am rising on a question of privilege. The hon. minister says that when I was a member of the government I failed to observe a particular duty. He alleges in proof thereof that I did not insist on the tabling in this house of a report which was required to be tabled under the statute. I say that the report now characterized by the hon. gentleman was not the kind of report envisaged by section 90 subsection (2), of the Unemployment Insurance Act dealing with the fund, and therefore did not have to be tabled.

Some hon. Members: Oh, oh.

An hon. Member: Sit down.

Mr. Speaker: The hon. member has not yet indicated how privilege is involved. It appears to me that he is disagreeing with the hon. minister who has the floor, and that is not a matter of privilege. If there is some correction necessary it should be made when the hon. minister who has the floor has finished his address.

Mr. Martin (Essex East): With great respect to you, Mr. Speaker, I insist that I am within my rights in this house. The hon. gentleman has said that when I was a member of the government I failed to do my duty, and I am now answering that charge, as I have the right to do under the rules of this house with regard to a question of privilege. I say to the minister that the reports to which he is now dealing had nothing to do with section 90, subsection 2. They did not refer to the act, and did not, as the second report which was brought up on August 28—

Some hon. Members: Order.

Mr. Speaker: The hon. member is saying as a matter of privilege that he has been charged with a breach of his duties as a minister of the crown. If the hon. member would state the words he complains of, I will ask the minister—

Mr. Martin (Essex East): It must be obvious from the context. What the hon. gentleman said was: here were certain reports which should have been tabled which were not tabled by the government of the day; the member for Essex East was a member of that government, and he should have seen to it that those reports were tabled.

Mr. Speaker: I think the hon. member is being unduly susceptible. He has been making the same charges, in the course of this debate, against the minister, and it seems to me a case of the retort courteous.

Mr. Starr: The hon. gentleman has a habit of twisting and turning the facts. I did not say they should have been tabled.

Mr. Martin (Essex East): No, but we say your reports should have been tabled.

Mr. Starr: That is exactly the same kind of report as those I make reference to, and when these reports are tabled they can be compared to see if there is any difference. Cetrain suggestions were brought forward. They were referred by me to the unemployment insurance advisory committee. One or two officials suggested that the present formula of contributions and benefits could be looked at to see if it could be changed. That is what the formula refers to. The unemployment insurance advisory committee rejected the suggestions and we dropped them. Hon. members opposite say this has something to do with the fund. Certainly not. It has nothing to do with the fund.

Mr. Pearson: Does the minister not realize that the title of the report he is talking about is: "The status of the fund"? That is at the head of the report.

Mr. Starr: This report was made to me personally, and the report on the status of the fund was filed and tabled in this House of Commons—the official statement. I want to draw the attention of the house to the report made to the Minister of Labour on April 7, 1955 dealing with proposed amendments to the act. The last paragraph is significant, and I intend to quote it. This is a report made to the former government of which most of the four remnants were then members.

Mr. Pickersgill: I rise on a point of order. Your Honour will recall that we were severely restricted to the contents of this bill. I cannot see how this talk about what happened in 1955 is related in any way to the present bill, and I do not think any hon. member who looks at the matter objectively can hold any other opinion. I maintain that the minister should be restricted as we were restricted.

Mr. Ricard: It hurts too much.

Mr. Pickersgill: Not at all.

Mr. Speaker: The hon. member will recall that I have already dealt with that very point. It seems to me that the minister is proceeding in a perfectly legitimate way to answer charges and accusations which were made against him. The point he is dealing with is a report in connection with which a great many allegations were made, and he is attempting to meet them by referring to the handling of similar reports in the past. It seems to me he is quite in order.

Mr. Pearson: May I say a word on that point?

Mr. Starr: I am making a speech and I have no recollection of having interrupted the remarks of the Leader of the Opposition or any of the other members—

Mr. Speaker: I will hear the Leader of the Opposition, though I have no doubt about the situation.

Mr. Pearson: I want to recall to Your Honour that yesterday when I brought up the question of this report you told me, and I did not argue your ruling, that it was out of order because it was irrelevant. I, and the hon. member for Essex East and others on this side of the house, would, had it not been for your decision, have tried to relate this particular report in August to earlier reports which we knew about, but we were not able to do so because they did not deal with the unemployment insurance fund. We were not permitted to go into the history of this, and I suggest that although the minister has the right to reply to statements we made about that particular report last August entitled "Report to the minister on the status of the fund," that

surely does not give him the right to go back to deal with other publications which were not concerned with the fund, as he himself admits.

Mr. Diefenbaker: We have had for the last two days continual evidence of the nature of the attitude of the opposition. It has been shown over and over again.

Mr. Martin (Essex East): What is this, a lecture or a point of order?

Mr. Pickersgill: Dictator.

Mr. Diefenbaker: I would be the last to speak of dictators after the attitude of the hon. gentlemen opposite.

Mr. Pickersgill: What is the point of order?

Mr. Speaker: I take it the Prime Minister is speaking to the point of order.

Mr. Martin (Essex East): He is lecturing the house.

Mr. Diefenbaker: He is trying to restore some sense and reason to an opposition which has got out of control. I have sat here and maintained silence, but I have a responsibility in the house, and the attitude shown has been as unreasoning as—

An hon. Member: Sit down.

Some hon. Members: Order.

Mr. Speaker: The Prime Minister is speaking to a point of order.

Mr. Martin (Essex East): He is not; he is lecturing us.

Mr. Speaker: May I just say a word before the Prime Minister proceeds? I did give the Leader of the Opposition the floor to speak on the point of order. Now the Prime Minister, as everyone knows, has a responsibility in this house, and I am prepared to hear him speak to the point of order.

Mr. Diefenbaker: I will be the last to try to lecture those to whom a lecture would prove entirely ineffective. They spend their time arguing over facts—

Some hon. Members: Order.

Mr. Winch: Hear the man speak, at least.

Mr. Diefenbaker: They say that certain reports should have been tabled—that they were hidden reports—and I can understand their feelings with regard to hidden reports. They say the reports should have been tabled, and the minister is now showing that the report in question is identical with similar ones which were not tabled in 1955 and 1956 by the last government, either because there was no legal requirement to table them or for some other reason. Surely we have not reached the point where any group of members in the house can make a series of assertions that are not justified by the facts and then when those statements are answered, and the truth is about to be brought before the house endeavour to seize an opportunity to prevent that information being given.

Mr. Speaker: The Prime Minister has expressed effectively the view which I had formed. I have heard the Leader of the Opposition, and just to conclude this matter may I recall that this supplementary report, which is the subject of the debate which the minister is now proceeding to carry on, is referred to at pages 3542 and 3549, 3586-3592, 3596-3599, and 3628-3631 of *Hansard*. There was very considerable discussion, and I do not see how any member of the house in fairness could object to the fullest opportunity being given to the minister to meet as he sees fit the case which was made by several members of the opposition. I hope hon. members will hear him in reasonable silence so that the matter can be proceeded with.

Mr. Pearson: As a matter of principle and finally to clarify it, Mr. Speaker, do I understand that you stand by the ruling you made at page 3544 of *Hansard*, when you said:

> I am not objecting to the hon. member using the report, but what I am objecting to, or what I am asking him to desist from, is a discussion of the production and manner of production.

That was the ruling you gave on May 11, sir.

Mr. Speaker: Yes, I did restrict the hon. member for Essex East (Mr. Martin) in that way, but the debate went far beyond that as it progressed. There was a good deal of reference to the tabling and the production not only of the report of August but of a supplementary report. I was trying to confine this debate so that there would be no reference to the legality of the action of the government with respect to the tabling and the obtaining of these reports, but in fairness I could not—

Mr. Winch: How about stopping all this and getting down to the bill?

Mr. Speaker: —stop the minister in the line he is now taking, in view of the course the debate took.

Mr. Starr: Mr. Speaker, before I was interrupted I was about to quote from a report which was made to the minister of labour on April 7, 1955. In my view the last paragraph of this report is quite significant. I quote the following:

> Under paragraph 89 of the present act, the committee is expected to review recommendations

for changes, bringing excepted employment under coverage. Under the new proposals the committee is not mentioned. Members expressed the view that the committee, if it is to function properly, should be consulted before changes are made, especially those which involve additional payments out of the fund.

I have two comments to make. This report was made on April 7, 1955 when the former government was in power. These are the two comments I have to make. First, when I was asked to refer the present amendments to an interdepartmental committee which would have had the effect of bypassing the advisory committee I declined to do so.

Second, when these amendments were being discussed in the preparatory stage we made our submissions to the advisory committee in order to get their views. I have before me also the minutes of the advisory committee for July 24 and 25, 1950, in which the chairman explains why the government declined to consult the advisory committee on the question of seasonal benefits before introducing draft legislation. I refer also to the report of the advisory committee for the year 1957, in which the following statement appears on page 4:

Incidentally, your committee was not consulted before the provisions for fishermen's coverage were introduced and passed.

By this time, Mr. Speaker, they were so used to this sort of tactic that it was merely incidental. This report, I might say, Mr. Speaker, was tabled in this house but the hon. member for Essex East (Mr. Martin) seems to have missed seeing it. If he read it I would only conclude that he did not make it available to his colleagues. By July, 1957 the situation had reached a point where it was considered necessary to have the president of the Canadian Labour Congress appear before the committee and make the following statement:

Finally, we believe, in view of the importance of this committee and of its representative nature, that the status it enjoyed before the amendments of 1955 should be restored.

This is the statement of the president of the Canadian Labour Congress. This is the way in which the former government treated the advisory committee.

Mr. Speaker: Order.

Mr. Pearson: That is what we over here were not allowed to debate.

Mr. Speaker: I have not considered the functions of the advisory committee relevant. There has been debate, but it has been on the report and the minister's action with respect to the report.

Mr. Starr: With the permission of the house, I would like to table the reports to which I have made reference up to now.

Mr. Speaker: Has the minister leave to table these reports?

Some hon. Members: Agreed.

Mr. Martin (Essex East): It will be very interesting to look at them.

Mr. Starr: The hon. member saw them many times but he did not want to refer to them.

Mr. Martin (Essex East): I will be very glad to look at them.

Mr. Pickersgill: It will be interesting to have them on the third reading of the bill.

Mr. Starr: Now we shall be able to have the benefit of the advice of the committee which castigated the former government for its bypassing of its function.

With respect to the present amendments, the minutes of a meeting of the advisory committee—

Mr. Pickersgill: We are now coming to the bill?

Mr. Starr: Yes. I have spent approximately 10 minutes of my time on this and I did that in order to reply to the hours that have been spent in this house by the members of the official opposition in discussing everything else but these amendments.

Now with respect to the present amendments, the minutes of a meeting of the advisory committee for August 19, 1958, urge the elimination of the ceiling of $4,800. The same minutes show strong opposition to the principle of extending benefits to fishermen. I mention this for the information of the hon. member for Bonavista-Twillingate. Again, with respect to the recommendations, the special report which was presented to me, dated August 26 of last year, suggested two new classes at the top of the range and provided for adjustments of the wage ceiling being made from time to time by the governor in council. These recommendations are also shown in the annual report which was tabled last August in accordance with the statute.

I think what I have put forward fairly well establishes the position of the advisory committee and I hope deals once and for all, with the matter of tabling reports. But before leaving the subject, Mr. Speaker, I would refer hon. gentlemen opposite to section 19 of the act. I think this is the information they asked for. Section 91 provides for certain other reports to be made from time to time

by the advisory committee. There is no requirement as to tabling. Section 91, subsection (2), reads:

> The commission may from time to time refer to the advisory committee for consideration and advice such matters relating to this act as the commission thinks fit.

This is done in consultation with the Minister of Labour. The Minister of Labour is the minister responsible to the members of this house for the Unemployment Insurance Act.

Mr. Pearson: Read that section again.

Mr. Starr: One of the curious objections which was made by them the other night was the criticism that my remarks on this bill have been very short. I wish I could say the same for hon. members opposite. They were neither short nor clear; they were windy and wordy—and that is spelled w-o-r-d-y.

Mr. Benidickson: W - o - r - t - h - y.

Mr. Starr: The hon. gentleman from Essex East—I almost said "the big wind" from Essex East—had me violating quite a number of statutes. His colleague, the hon. member for Laurier, had me violating every statute in the book. I am afraid this only showed their complete unfamiliarity with the act. Like my colleague, the Minister of Finance (Mr. Fleming),—

Mr. Robichaud: Big wind finance.

Mr. Benidickson: What about "wordy" there?

Mr. Starr: —I was struck by the ignorance shown by three former cabinet ministers of the ordinary administrative procedures of the unemployment insurance commission. I do not intend to labour this point, Mr. Speaker. I would simply refer them, for their information, to section 19, paragraph 5, which permits the advisory committee to function despite absences or resignations of members.

Mr. Pearson: No, that is not right.

Mr. Starr: Section 19, paragraph 5, reads as follows—

Mr. Speaker: I did not allow a debate on the constitution of the committee, the lack of membership of the committee or appointment of the committee, and in all propriety I think the minister should omit that.

Mr. Pearson: Mr. Speaker, in fairness to the minister, I did say that I thought that this committee had no legal existence, and I take it the minister is trying to reply to that by reading the section which he thinks does give it a legal existence.

Mr. Starr: I refer to section 19, subsection 5, which reads as follows:

> A majority of the members of the advisory committee constitutes a quorum, and a vacancy on the membership of the advisory committee does not impair the right of the remaining members to act.

Mr. Pearson: Will you read subsection 1 now?

Mr. Starr: The advisory committee is constituted as follows: There are four representatives of labour, four representatives of industry and a chairman, making a total of nine. At the moment there are four vacancies which leaves a majority to function.

Mr. Pearson: Would the minister read section 19(1)?

Mr. Benidickson: The "not less than" provision.

Mr. Starr: My colleague, the Minister of Finance, has dealt with section 86 which authorizes the making of these mysterious loans which have been deplored so dramatically in the past few days. The hon. member for Bonavista-Twillingate has declared himself against these amendments. But what really hurt was when he gave as his reason the fact that he had lost confidence in the Minister of Labour. This kept me awake all night. A great smokescreen has been thrown up around these amendments, a smokescreen behind which have skulked the hon. member for Essex East and his somewhat less portly colleagues from Bonavista-Twillingate and Laurier.

Mr. Pearson: That is nice personal observation.

Mr. Starr: In reality these amendments are quite simple.

Mr. Pickersgill: On a question of privilege, Mr. Speaker, I am sure I weigh more than the hon. member for Essex East.

Mr. Fleming (Eglinton): Only in a physical sense.

Mr. Pickersgill: Donald's first good joke.

Mr. Starr: In reality these amendments are quite simple. We are extending the benefit period to 52 weeks, and this has been done in answer to repeated requests from labour organizations. We are increasing allowable earnings in answer also to repeated requests from labour organizations. We are adding two new additional classes at the top level and these are in answer to repeated requests from labour organizations. We are making certain easements in favour of persons who have had the misfortune to serve a prison sentence.

To support these extensions we are increasing contributions, as recommended by the actuary of the fund. I gave the substance of the actuarial report at the beginning of my

remarks. Against this the official opposition have suggested that we support these changes by a grant from the consolidated revenue fund. That is also the position of the C.C.F. group. This would place upon the taxpayers of Canada a burden of $112 million. It would perhaps tend to remove some of the burden of these changes from the large corporations—

Mr. Pickersgill: On a point of order—

Mr. Starr: —and distribute it among the taxpaying public. Presumably this is what the hon. member for Essex East had in mind.

Mr. Pickersgill: My point of order is that the minister is now embarking on a debate on the amendment of the hon. member for Essex East which has been decided by the house.

Mr. Speaker: As to the amount of the government's contribution?

Mr. Pickersgill: Yes.

Mr. Speaker: The amendment called for a larger government contribution and the maintenance of other existing contributions. That point has been decided.

Mr. Benidickson: The minister could have spoken at that time.

Mr. Pickersgill: And should have.

Mr. Starr: If I had spoken at that time I would have closed the debate.

Mr. Pickersgill: Not on the amendment. The minister does not know the rules.

Mr. Starr: Let us look at the record of the former government. The annual report of the advisory committee for 1957 shows that a recommendation was made to the government to support the cost of fishermen's benefits from the consolidated revenue fund.

Mr. Pickersgill: Is the minister to be allowed to proceed to debate a question that has already been decided by the house in this session?

Mr. Speaker: I have not heard enough since I decided the last point of order to know what his line is.

Mr. Starr: I think if I say a few more sentences you may get the drift of what I am trying to say. I had just mentioned that the annual report of the advisory committee for 1957 shows that a recommendation was made to the government to support the cost of fishermen's benefits from the consolidated revenue fund. This was turned down flatly by the cabinet of which the hon. member for Essex East was a member. No doubt he and the hon. member for Bonavista-Twillingate were the leaders in the turning down of this recommendation.

Mr. Pickersgill: I was certainly a leader in getting unemployment insurance for the fishermen.

Mr. Starr: Mr. Speaker, when the members of the official opposition were the government, when they were in that position in 1950, when they had to finance seasonal benefits they did exactly what we are proposing to do here. They raised the contributions by 15 per cent and more.

Mr. Martin (Essex East): But the fund was not imperilled as it is now.

Mr. Starr: The hon. member for Essex East was a member of the government at that time. Surely he knew what was going on.

Mr. Martin (Essex East): Yes, I did.

Mr. Starr: Why does he make all these speeches, why does he talk so much now—

Mr. Martin (Essex East): I will answer.

Mr. Starr: —that it should be paid from the consolidated revenue fund? I am not asking a question—

Mr. Brassard (Lapointe): You are afraid of the answer.

Mr. Starr: —because he has already answered that question by saying repeatedly that it should be paid from the consolidated revenue fund.

Mr. Speaker: I am sorry to interrupt the minister, but after making due allowance for points of order and interruptions his time has expired and I must now put the question.

Mr. Pearson: I think the minister ought to be given all the time he needs to finish his speech.

Mr. Denis: Not three hours like the Minister of Finance.

Mr. Speaker: By leave of the house?

Some hon. Members: Agreed.

Mr. Starr: I wish to thank you and hon. members opposite for giving me a little more time. I want to assure you that I will not take any more than is necessary. Not one of these members opposite, and I refer particularly to the four former cabinet ministers, was aware of how the former government regularly ignored and disregarded the recommendations of the advisory committee. This government has not done so.

Mr. Pearson: Would the minister permit a question? He has just mentioned the advisory committee. Would he tell the house how many times the advisory committee has met since the report of last August 25?

Unemployment Insurance Act

Mr. Starr: The advisory committee only meets once a year. It only meets to deal with the statutory report on the condition of the fund. It may meet at other times when it is requested by the commission or the minister to consider certain amendments. This is an indication of what was known by these former cabinet ministers as to what went on in the government. Not one of them was aware of reports which were made and never tabled. Surely, Mr. Speaker, this must have been an absentee government indeed. In this as in other matters in this house the hon. member for Essex East has shown himself to be a master of misinformation. He has laboured mightily trying to make Martin mountains out of Martin molehills. But mother Martin has laboured in vain. Instead of a mountain he has brought forth a mouse.

The opposition has resorted to every possible device to avoid discussing these amendments. They have even objected to expenditures made from the fund last winter in pursuance of the object for which the fund was set up. The object for which this fund was first proposed by the late R. B. Bennett was the alleviation of human hardship. This fund is more than a series of actuarial tables. Certainly we have an obligation to keep the fund stable. Certainly we will keep it stable. We also have an obligation to those people of Canada who are unfortunate enough to suffer unemployment. This is our first obligation on behalf of these people and their families. I reject entirely the cold and callous position of the hon. member for Essex East, followed by his two colleagues.

Last winter the fund was put to the purpose for which it was set up. It was devoted to the alleviation of human hardship. I have no apologies to make.

Today there are 150,000 more people at work. Unemployment is more than 80,000 below last year. We are going into next winter with confidence. If our hopes should prove wrong, let me tell the hon. member for Essex East that this fund will be used next winter for the same purpose it was used last winter. This government will not see Canadians suffer in order to preserve the actuarial tables intact. They say in this debate, we are for this; we like these amendments, but we are going to vote against them.

Mr. Pickersgill: Against the tax.

Mr. Starr: They are going to vote against amendments of benefit to the working people of Canada.

The house divided on the motion (Mr. Starr) which was agreed to on the following division:

[Mr. Pearson.]

YEAS

Messrs:

Aiken
Aitken, Miss
Allmark
Asselin
Balcer
Baldwin
Barrington
Baskin
Bell (Carleton)
Belzile
Bigg
Bourbonnais
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Bruchesi
Brunsden
Campbell (Lambton-Kent)
Campeau
Cardiff
Casselman, Mrs.
Chown
Churchill
Comtois
Courtemanche
Creaghan
Crouse
Danforth
Diefenbaker
Dinsdale
Dubois
English
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Fortin
Frechette
Grafftey
Green
Grills
Gundlock
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hanbidge
Harkness
Henderson
Hicks
Horner (Acadia)
Horner (Jasper-Edson)
Johnson
Jones
Jung
Kindt
Lafreniere
Letourneau
Macdonald (Kings)
Macdonnell
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
MacRae
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGregor
McIntosh
McLennan
McPhillips
McQuillan
Maloney
Mandziuk
Martel
Martineau
Matthews
Milligan
Monteith (Perth)
Monteith (Verdun)
Montgomery
Morissette
Morris
Morton
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Murphy
Nesbitt
Nielsen
Noble
O'Hurley
O'Leary
Ormiston
Pallett
Parizeau
Pascoe
Payne
Pearkes
Pigeon
Pratt
Pugh
Rapp
Rea
Regnier
Ricard
Richard (Kamouraska)
Rogers
Rompre
Simpson
Slogan
Smallwood
Smith (Calgary South)
Smith (Lincoln)
Smith (Winnipeg North)
Southam
Speakman
Stanton
Starr
Stearns
Tassé
Taylor
Thomas
Thompson
Villeneuve
Vivian
Webster
Weichel
Winch
Winkler
Wratten—133.

NAYS

Messrs:

Badanai
Batten
Benidickson
Boivin

Bourque	Howard
Brassard (Lapointe)	Lessard
Caron	McIlraith
Carter	McMillan
Crestohl	McWilliam
Denis	Martin (Essex East)
Dumas	Martin (Timmins)
Dupuis	Meunier
Fisher	Pearson
Forgie	Peters
Granger	Pickersgill
Habel	Regier
Hellyer	Richard (Ottawa East)
Herridge	Robichaud
Houck	Tucker—34.

Hon. Michael Starr (Minister of Labour) moved that the bill be referred to the standing committee on industrial relations.

Motion agreed to.

SUPPLY

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

DEPARTMENT OF LABOUR

General administration—

163. Departmental administration including grants as detailed in the estimates and the expenses of the international labour conferences, $1,105,745.

Mr. Badanai: Mr. Chairman, at the time of adjournment of this debate last Friday night I was pointing out that our economic recovery depends to a very large degree on the employment of human resources, and that inflation and unemployment were the twins of misery besetting our communities today. The government is no doubt aware of the consequences of the evils of unemployment, but what are they doing about it? They certainly are not doing what they did when in opposition; that is plain when one reads their speeches in *Hansard* of 1955, 1956 and 1957. I do not wish to belabour the point by reading excerpts from these speeches at this time because I realize that my friend the minister, who has had a rough time during the past couple of days, is anxious to have the estimates approved without delay to enable him to proceed to the Geneva labour conference. May I extend to him sincere best wishes for an enjoyable time and safe journey.

However, I have here an editorial which appeared in the Ottawa *Citizen* of January 24, 1959 which has a bearing on the situation and which I wish to read. It is as follows:

Mr. L. B. Pearson's colleagues in the House of Commons have been at some pains to reply to the personal attack made on their leader by Prime Minister Diefenbaker. The Prime Minister had lectured Mr. Pearson on his statistical references to unemployment and to the economic situation generally, saying that such remarks were "not in keeping with his responsibilities as Leader of the Opposition at a time when world conditions are difficult and trying, when the communist world attacks the free world economically as never before." Mr. Pearson, in a word, was rocking the boat.

On that occasion Mr. Diefenbaker had scoffed at Liberal warnings about the state of the economy. Last year, he said, Canadians "worked more, earned more, spent more and saved more" than ever before. A few days later Mr. Paul Martin had an opportunity to comment on this statement, finding on the basis of official figures that Canadians had actually worked less, earned less and spent less, in terms of real dollars, than in the last year the Liberals were in office.

As for the charges that the opposition leader was talking in such a way as to instil fear into the Canadian people, Mr. Lionel Chevrier pointed out that some highly responsible men had expressed quite similar views. One of these was Cardinal Leger, who in a recent pastoral letter said that the unemployment situation "requires the intervention of government to take new and audacious steps." And Mr. Martin listed half a dozen heads of Canadian banks who had all spoken in the gravest terms of the problem of inflation.

In his own days in opposition, as Mr. Chevrier reminded the house, Mr. Diefenbaker had been less cheery about preaching "doom and gloom". In March, 1955, when there had been a fairly sharp, though temporary, upsurge of unemployment, he had accused former Prime Minister St. Laurent of remaining silent "in the face of a problem that wrings the hearts of the people". But if the Prime Minister feels that the people ought to be spoken to soothingly so as not to get them all upset, he does not always set a good example in that respect. When meeting a delegation from the Canadian Labour Congress, for example, he told it that the Russians are staging a "terrifying" trade offensive aimed at undermining the economies of western countries.

This is more apt to give a listener the chills than anything uttered by the leader of the opposition.

Just a few moments ago the Minister of Labour made reference to the present employment situation and claimed that it was much better than it was. I am very pleased and happy to hear about that, but unfortunately his statement does not apply to the city of Fort William. Here I have the figures with respect to unemployment in Fort William. I am quoting from the weekly statistics compiled by the unemployment insurance office of the city of Fort William. On December 5, 1957, there were 2,075 people seeking employment; on December 4, 1958, there were 2,522; on January 2, 1958 there were 2,975 people seeking employment, and on January 21, 1959 there were 3,343; on February 6, 1958 there were 3,297 people seeking employment, and on February 5, 1959 there were 3,836; on March 6, 1958, there were 3,639 people seeking employment, and on March 5, 1959, 3,822; on April 3, 1958 there were 3,727 people seeking employment and on April 2, 1959 there were 3,882; on May 7, 1959 there were 2,619 people seeking employment.

All these figures indicate that so far as the city of Fort William is concerned the employment situation is no better than it

was. In fact it keeps getting worse, unfortunately. It is obvious the statistics are not likely to inspire any degree of confidence in the present state of our economy. Therefore, it is imperative that something should be done immediately to lay the foundation for the cure of unemployment.

One of the puzzling paradoxes of our time lies in the fact that while the personal incomes of Canadian workers in 1958 reached the highest figure in their history, averaging an annual income of $3,534, and while farmers, too, enjoyed their biggest earnings on record, with $2.8 billion, an average of 405,000 Canadians were out of work in 1958, while all those billions of dollars were being made and spent. The average still holds at that rate today. Some 24,000 fewer Canadians were employed last year than were employed the year before—5,722,000 against 5,746,000.

The appointment of an advisory board with representatives from labour, industry, agriculture and the universities to help in dealing with the long term problems of production and employment, as advocated by the Liberal party under the leadership of the hon. member for Algoma East, should be considered by this government without delay. A much needed service to the nation would be rendered if action were taken to implement this proposal. I submit that the problem of unemployment transcends any other with which the government is faced. We of the opposition would be delighted to co-operate with the government in any measure designed to bring about a solution to the cancer-like curse of unemployment.

One cannot speak of labour without giving some consideration to that army of workers known as the civil service. These men and women, working silently and efficiently, dedicated for the most part to the service of their country, very much like an army disciplined by an archaic code which deprives them in many instances of a voice to vent their feelings or opinions because of fear that their jobs may be placed in jeopardy, should be granted a new charter. I suggest the Minister of Labour should recommend to his cabinet colleagues that the time has come to place all workers of the civil service below the executive rank on the same footing as workers who are employed in industry, and that they be given the same bargaining rights as any other group.

There should also be a study made to determine whether or not there are infringements on labour rights to organize in Canada. I believe that a clear-cut policy by the government on the rights of labour and management should be made plain for all to understand, in order to avoid unnecessary labour disputes.

I have received letters from my own constituency reflecting dissatisfaction within the staff of the Post Office Department. The information I have is that their shift work is placed on a seven-day week. One letter disclosed that grievances which were taken up with the district director of postal services were not taken care of and that in consequence, the morale of the employees has suffered considerably.

Perhaps the minister would use his good offices in order to have an investigation made of the situation in the post office in Fort William.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Badanai: Mr. Chairman, at the hour of adjournment I was indicating that the labour relations in the Fort William post office are not what they should be. I, therefore, would ask the minister to have an investigation made and if there is something wrong at that point I am sure there must be other places with similar complaints. It must be borne in mind here that the average civil servant will not complain for fear of discrimination.

I appeal to the minister to consider giving all our civil service employees a new charter in which there should be an outline of the rights of an individual to join any organization or political party of his choice. While this government claims that it does not favour patronage, it has been guilty of causing honest working men to be fired from their jobs because of political leanings or affiliations.

The charge has been made on more than one occasion that the Liberal government when in power were far more patronage-conscious than the present government. Be that as it may, I for one would not make a single excuse for any government using their power to fire a person because of political affiliations. I look upon such an act as one of the most despicable outrages that anyone could commit, regardless of political stripe.

There is one particular question which I should like to bring to the attention of the Minister of Labour and that is the premises occupied at the present time by the unemployment insurance commission at 123 north May street in Fort William. It is the former post office building, erected in 1904. The unemployment insurance commission has been

occupying the premises since August, 1946. Since that time the steady growth and development of Fort William and the surrounding area find the premises occupied at the present time totally inadequate as to space, and unsuited structurally for handling the heavy volume of traffic peculiar to the unemployment insurance commission. The foreseeable space required for the next 10 years by the unemployment insurance commission office is 14 to 16 thousand square feet. The present 5,800 square feet reveal the lack of adequate working facilities, the congested conditions, which clearly indicate the present need for new premises as soon as possible.

The site occupied at the present time by the armouries, a federal government building, at 323 north Archibald street, would provide ample space for a new building to house the unemployment insurance commission office staff. The armouries building has been condemned and is to be torn down. Crown Assets Corporation has advertised for offers for the demolition and removal of the building from the site. The property belongs to the federal government and all that remains to be done is for the Department of Public Works to inspect the site and the unemployment insurance commission to approve the plans. This project should not present any difficulty to the government, financially or otherwise. I express the sincere hope that the minister will look upon the project with favour, as the present accommodation and facilities are totally inadequate. All one has to do to be convinced of the necessity of a new building is to go by on north May street, next to the premises of the Fort William *Times Journal*, to see long double queues of unemployed people lined up on the sidewalk waiting for something to come. Perhaps the minister may indicate that a new building is under consideration.

Finally, I submit that the greatest problem facing this government is the problem of checking rising costs and prices by creating more jobs and by producing more.

Mr. Batten: Mr. Chairman, I suppose it is true that we live in a country where winter unemployment has been traditional. I come from a province where there is probably on the average more winter unemployment than is experienced in any of the other nine provinces of Canada. I suppose generally we give the excuse that winter unemployment is a matter of winter weather; but perhaps over the last four or five years we have come to realize that winter unemployment is not altogether a matter of winter weather in Canada. It may now be a matter of our thinking and it also may be a matter of habit.

In my own province of Newfoundland winter unemployment is a situation that we have had for many, many years. It is true it is largely due to winter weather but it is also largely due to the type of economy which we have, a type of economy which has been partly accepted by us and partly imposed on us. I suppose another reason why we do have more winter unemployment across Canada is the fact that many of our primary industries are outdoor industries.

But I believe that the time is at hand when winter unemployment will be reduced a good deal. Our secondary industries will catch up with the outdoor primary industries and there will also be a change in our thinking due to the fact that more people are becoming concerned as to the ill effects of unemployment during the winter months. I believe that the winter unemployment we have in this country can be reduced a great deal by concerted attack on the problem not only by the federal government but by provincial governments, municipal governments, employers, all those who are directly and indirectly concerned and all those who feel that for every man day that is lost in Canada some part of the country must suffer.

We have examples of how winter unemployment can be reduced. Take the construction industry which normally composes between 7 and 10 per cent of all industry in Canada. Yet its contribution to winter unemployment in years gone by has been much greater than those figures. Nonetheless over the last two or three years we have begun to see that by the use of different methods winter unemployment even in this segment of our economy can be reduced. Today jobs are being carried on in the winter time. Concrete is poured in zero weather and construction is carried on under cover with the result that the construction industry today is not hampered by winter weather as it used to be years ago. A very good example is the paint industry. In years gone by the paint and painting industry did most of its work in the spring and summer with very little during the winter months. But lately we have seen a larger percentage of employment in this industry during the winter months. Various methods have been introduced by which winter unemployment can be reduced.

But I say again that it is not altogether a matter for the federal government. It is a matter for the provincial governments also and everybody else interested in seeing

that every man in this country is employed for as long as it is possible for him to be employed. All phases of the economy must co-operate if we are to reduce winter unemployment to the level to which I believe it can be reduced.

During the past winter and in other years gone by the unemployment insurance commission endeavoured to set up committees all across the country to devise methods to decrease winter unemployment. In my own area a committee was set up under the manager of the unemployment insurance commission and I know that a great deal of effective work has been done. At this time I should like to extend to him, the members of his committee and the staff hearty congratulations for the work they have done under most difficult circumstances. I believe that with the encouragement of the federal Department of Labour they can continue their work and produce better results in the years that lie ahead.

In the field of labour the past year has been a most difficult one for my brother Newfoundlanders. The fishery has brought in far less returns to the fishermen than is the case in an average year. There is far less employment in the pulp and paper industry with the result that many men living along the coast of Newfoundland have not had the employment possibilities that have been open to them in years gone by. We have not been able to take advantage of the winter works program in the same way that many other provinces have for the simple reason that we do not have the same municipal set-up that is found in the other nine provinces of Canada. The 50-50 deal, for example, imposes some hardship on municipalities that even in the summer months have not sufficient money to be able to do the work that needs to be done. Under the regulations of the present winter employment program our municipalities are far less able to take advantage of the offer of the federal government.

The Department of Labour, of course, has agreements not only with municipalities but also with unorganized areas through the provincial governments. There are many places in Newfoundland where I think it would be very difficult to organize any winter works program and I suggest to the Minister of Labour that possibly it would be much more effective to endeavour to get what works can be started under way as early in the spring as possible. That is not only true in the case of federal works but all other types of works that are carried on.

Last year when we were considering suggestions for a winter works program I thought that one winter works program which could have been undertaken on the west coast of Newfoundland was the improvement of Canadian National telegraphs service in that section of the province. If improvements had been decided upon a good deal of winter employment could have been given to loggers who would have been able to cut the necessary poles and at this time of the year considerable employment could have been given by Canadian National telegraphs in constructing a line down the west coast of Newfoundland in an area where communications are worse now than they have been at any time in the last 30 years. There was a time when communications existed all down that coast but over the years of the depression and the years of commission government the service was allowed to drop. It is necessary now to restore it and I believe that a winter works program could well be provided in this area by agreement between the Minister of Labour and Canadian National telegraphs to cut the necessary poles during the winter months and then later in the year have the line rebuilt along that section of the coast.

I say again that in those places where it is not possible to carry on a regular program of winter works it might be a very good thing indeed if those works that are to be started could be commenced very early in the year. I am going to give two examples. I cannot say that I am giving them merely as examples and am not complaining because in actual fact I am complaining to a certain extent. Last year public works began to build a harbour at Codroy on the west coast of Newfoundland and during the latter months of the year a good deal of work was done. When winter came the work was stopped. Even though we have had pretty fair weather in that section of Newfoundland for the last four weeks there has been no sign to date that the work will be resumed on this project. I believe this is a fairly good example of what could be done if work that is to be carried on during the year could be started as early as possible.

I give another example and while I am using it as an illustration I am also complaining. The Minister of Fisheries, who has been very kind in his efforts to attack our problems in Newfoundland and has always given a sympathetic hearing to our suggestions was able to have a portable bait depot sent to Norris Point in Bonne bay last year. The bait depot has been there since last fall. The fishermen are now ready to take up the lobster fishery after a long hard winter when they had very little income. Yet, they are not able to take advantage of the lobster fishery at this particular time because

they are still hampered by a lack of bait. While this particular bait depot has been there for nearly six months now, it is still not in operation. I hope that it will be very shortly.

I say again that this has been a very difficult winter in Newfoundland. Although the latest figures on unemployment are beginning to go down, and I am grateful to be able to say that, in my area at the moment there are 6,132 unemployed, and that is a reduction of about 600 from a week earlier. Nevertheless, we do have a large percentage of the population of Newfoundland on relief. During the whole of the month of March the number of heads of families unemployed amounted to 7,018, representing a total of 37,321 persons. When one realizes that the population of Newfoundland is 420,000, one recognizes that 37,000 is a large percentage of that population to be on relief. Of this number who are on relief, 6,078 are employable, that is the number of employable heads of families, representing 34,359 people.

During the debates on unemployment and employment that we have had in the last months one or two references have been made to election promises made by members of this government as they went across the country during the campaigns of 1957 and 1958. When the Prime Minister was at Brantford on February 7, 1958, he said this:

> The humblest of our people will not be forgotten. The people who are unemployed will not be in the false position of being put on relief.

Yet here, even in the middle of the fifth month of the year, we still have almost 10 per cent of the people of Newfoundland on relief.

May I pass on now, Mr. Chairman, to one or two other points which I should like to make. I should like to mention very briefly vocational training and training for the unemployed. I believe that these two services provided by the federal government, by agreement with the provincial governments, are at this time particularly important. We have seen in the newspapers during the last few weeks numerous references to the relationship which exists between the level of education and the rate of unemployment. This is a task not only for the federal government, but for the provincial governments, for education officials and for all employees.

I suggest we do live in an age of automation, an age when greater demands are being made for trained personnel. I suppose it is true, too, that automation does produce temporarily a certain percentage of unemployment. But I think in the long run it does produce more jobs for those who are qualified to take them. I would suggest, therefore, not only to this government but also to the officials in my own province, that more attention be paid to the program of vocational training and to training of the unemployed.

We live here in Canada in a country which has many natural resources, and the greatest will be its people, particularly the young people. The population in Canada has one-third of its total composed of people less than 20 years of age. All these young people can make a great contribution to the future of Canada if they are properly trained to take part in those things which they are equipped to do.

I was glad to hear the minister refer to the older worker. I believe that here we have a very serious problem facing this country, when a man or woman at the age of 40 can be debarred from certain classes of work and referred to as an older worker. I was pleased to hear the minister say he was going to give some attention to this problem. I would suggest to him he not only give attention to the older worker of 40 years of age, but also to the older worker in his sixties. We are living in a land where the span of life has been lengthened. I am sure that many people who are considered older workers at 40 years of age or who are discharged from their jobs at 65 years of age still have contributions to make in some fields.

May I refer to unemployment insurance again? I bring up a pet problem of mine. It is not one that involves a large number of people, but I think it is grossly unjust. During the past winter of 1958-59 and also the winter of 1957-58 I did have a number of young men in my constituency who were not able to find work in the fishing industry or the lumbering industry. They were living in small settlements where there was absolutely nothing to do, so they decided that for two or three of the winter months they would go back to school and attempt to improve their standing in English, arithmetic and perhaps history and geography. They were not taking the whole course that was given at the local school, but just taking those subjects that would be of help to them. I thought it was a very commendable thing for young men past school age to do. There was nothing else left for them to do, except sit at home and draw their unemployment insurance. If they went back to school to improve their educational standing, I thought it would be a sound thing to do. However, the moment they entered the school door their unemployment insurance benefits were cut off. I believe that this is eminently unfair, and I would present this problem to the Minister of Labour, not as a problem which involves a large number of people but as one

that is very serious from the standpoint of justice. I hope that on some future occasion he will be able to give some attention to a problem which, after all, is serious for those people concerned.

In conclusion, Mr. Chairman, I would hope that during the coming months, and before too long, the Minister of Labour will be making plans for his unemployment program for the coming winter. I hope that the plans will be made far ahead of time and they will be as effective as possible in reducing the number of men who are unemployed in the wintertime, many of whom have been unemployed for a large part of the year.

Mr. Martin (Essex East): Mr. Chairman, as it was not possible under the rules of this house as interpreted by the Speaker yesterday and today to deal with one of the matters relating to the debate which preceded this one, at this particular moment when we are dealing with the estimates of the Department of Labour we are forced, indeed we have a duty to refer to a matter which we on this side of the house regard as a one of importance. I refer to the failure of the government and the Minister of Labour to table in this house a report of the advisory committee of the unemployment insurance commission relating to the unemployment insurance fund.

In his speech today the minister sought to indicate that what he had done was no different from what had been done on four other occasions by his immediate predecessor. He referred us to a number of reports of the advisory committee which were tabled by him during the course of his speech. I had an opportunity of looking over these four reports of the unemployment insurance advisory committee during the dinner recess. From examining these four reports I think it is clear that these were reports of the committee that do not cover matters that come under sections 89 and 90 of the Unemployment Insurance Act. These were reports that had nothing whatsoever to do with the fund, certainly with the fund in the context of sections 89 and 90. Any hon. member who wishes to take the trouble to peruse these reports will find confirmation of what I have said.

The situation is briefly this. A report was made by the advisory committee of the unemployment insurance commission on August 18, 1958. That report was tabled in this house. That report dealt with matters having to do with the fund and the perilous position in which that fund seemed to be, in the judgment of the advisory committee. In so far as this particular report is concerned, the act was fully complied with. Section 89 is explicit on this point and it bears repetition in this particular in this new debate. Section 89, subsection (1) of the Unemployment Insurance Act reads as follows:

> 89. (1) Within four months after the end of each fiscal year the advisory committee shall make a report to the governor in council on the financial condition of the fund as of the end of that fiscal year and shall also make a report to the governor in council on the financial condition of the fund whenever the advisory committee considers that the fund is or is likely to become, and is likely to continue to be, insufficient to discharge its liabilities, and may make a report on the financial condition of the fund at such other times as the advisory committee may think fit.

As I say, this report was tabled in accordance with the act. The other day I asked the Minister of Labour if there was another report of the advisory committee. I gave notice of my intention to ask that question and on the orders of the day the minister indicated that he had not had time to prepare the reply to my question of which, as I say, notice had been given. I readily understand that the minister who is a busy man could justifiably and readily offer that reason for not having a reply ready at the time. After all, the minister is a man with great preoccupations and responsibilities. But later in the day, after I pressed him again or interrogated him again during the course of his speech during that afternoon, when he was explaining the principles of the amendments which he proposed to the Unemployment Insurance Act, he indicated that there had been a second report. He explained, however, that it was a report of a different category from the one to which I have just made reference; that it was a report that he himself had initiated; that he had asked the advisory committee to look into certain matters previously covered in their report of August 18. That report, however, he insisted was not a report of the same kind as the report which required tabling. During the course of the debate we endeavoured to pursue this matter but, as I said, under the interpretation of the rules by the Speaker we were precluded from so doing. It is now our duty to proceed further in connection with this matter.

There can be no doubt about the statutory obligation. I call the attention of the committee to section 90, subsection (2) which reads as follows:

> (2) The minister shall lay every report made under section 89 before parliament within thirty days after it was submitted to the governor in council, or if parliament is not then sitting, on any of the first thirty days thereafter that parliament is sitting.

Mr. Starr: May I ask the hon. gentleman a question?

Mr. Martin (Essex East): Yes.

Mr. Starr: May I ask whether the report to which he refers was addressed to the governor in council?

Mr. Martin (Essex East): No. I am going to deal with that point. My hon. friend asked me whether the report about which I am now registering a complaint was addressed to the governor in council. My answer is no. It was addressed to the minister. I will comment on that point in a moment. The significance, Mr. Chairman, of this subsection (2) of section 90 is that if the report of the advisory committee has to do with a matter that comes within the purview of section 89 (1), then there is an obligation on the minister to table that report within 30 days after it was submitted or, if parliament is not then sitting, on any of the first 15 days next thereafter that parliament is sitting.

Mr. Browne (St. John's West): I wonder whether I may ask the hon. gentleman a question?

Mr. Martin (Essex East): Yes.

Mr. Browne (St. John's West): Will he read subsection (1) of section 90?

Mr. Martin (Essex East): Yes. I shall be glad to do so. Subsection (1) of section 90 reads as follows:

(1) The advisory committee shall give such public notice as it considers sufficient of its intention to make a report under section 89 and shall receive any representations that may be made to it with respect thereto.

That section, of course, would apply to certain situations but no situation that is now before us, as my learned and hon. friend, the Minister without Portfolio (Mr. Browne), with his great knowledge of the interpretation of statutes, must fully understand.

The question that I think confronts us at this time is whether or not this particular report of the advisory committee is the kind of report that comes within section 89, subsection (1) of the Unemployment Insurance Act. Does it refer to the fund? From the earlier comments in this report it is clear that it does refer to the fund because after referring to the balance in the fund which it puts at $234 million roughly or, to be specific, $234,283,645.05, it then goes on to say this:

The excess of payments, over revenue, pursuades the committee it would be improper to recommend major changes at this time. That is changes which would very materially increase the deficit;—

The deficit of the fund. These last words are mine.

—or in the alternative would necessitate a tax on industry and workers.

This clearly is a report that had to do with matters covered under section 89 (1).

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

Mr. Martin (Essex East): Yes.

Mr. Starr: Was not the status of the fund reported in the statutory report that was referred to the governor in council in August, the official report tabled in the House of Commons? Did it not deal briefly with the state of the fund, and in this case does it not say that because of that situation—these matters that had been referred to it—amendments to the Unemployment Insurance Act would not be advisable?

Mr. Martin (Essex East): Mr. Chairman, I do not quarrel with my hon. friend's statement because he has correctly stated the situation. The report of August 18 does cover the matters to which he has just referred. What I am now saying is that this report deals with the fund and at the end of the report, as we were reminded the other day, three of the labour members of the advisory committee, namely Messrs. Burt, Andras and Marchand wired to the chairman as follows:

Reur proposed report dated August 20 of unemployment insurance advisory committee regret do not find it possible to attach signature. Feel committee should be reconvened to review benefit formula proposal of July 24 possibly in October with view to modification or in light of further study by actuary.

Feel also committee should withhold comments until minister has notified it of intentions regarding recommendations contained in our report dated July 18.

Mr. Marchand wired to the same effect; Mr. McLean, the other labour member, was absent. Now it is clear that this report does deal with the fund. The committee did not feel they could make proposals or accept proposals because of the deficit position of the fund.

Mr. Starr: May I ask another question if the hon. member would permit? Is there not a reference directed particularly to the new formula?

Mr. Martin (Essex East): Yes.

Mr. Starr: And that the formula is not an amendment to the act at all? Therefore there is no need to go further.

Mr. Martin (Essex East): There may not be any need to go further. All I am saying is that the report deals with the state of the fund, and under the act, where a report of the advisory committee deals with the state of the fund there is an obligation to table such a report in parliament. Now, the minister seeks to answer this argument by observing that this report is different in form from its

predecessor of August 18 in that it is addressed to the "Hon. Michael Starr, Minister of Labour, Ottawa". That is true; it is clearly addressed to the Minister of Labour, as this other report is clearly addressed and properly addressed to his excellency the governor in council. But my contention is that this report, for reasons which I do not know, should have been addressed to the governor in council, because under the Unemployment Insurance Act the advisory committee must report through the minister to the governor in council. That is clear from section 91 of the act.

But lest there be any doubt about the character of the report about which I make complaint, all one has to do, as the Leader of the Opposition indicated this afternoon, is to refer to the title at the head of this report, "Status of the Fund". Can there be any doubt that this particular document which instead of being addressed to the governor in council is improperly addressed to the minister, does come within the provisions of sections 89 and 90?

Mr. Starr: Mr. Chairman, may I ask the hon. member another question, if he would be kind enough to express his opinion on the matter. Is there not only the reference to the status of the fund on which the report has been made because of the new formula which I have asked him to study, but also an indication whether the committee thinks the formula should or should not be accepted?

Mr. Martin (Essex East): That is right. The very words of the minister indicate that what I have said is valid. The minister himself refers to the governing phrase, "the state of the fund". My argument is that once the advisory committee reports on the state of the fund in any way, that report under the statute must be tabled in parliament just as any other report which requires tabling by authority of the statute.

The minister made something of the fact that the report is addressed to him and not to the governor in council. I would refer the minister and the house to section 91 of the Unemployment Insurance Act, in particular subsection (1), where it says:

(1) Whenever the governor in council, after consultation with the commission, considers it expedient to do so, he may direct the advisory committee to investigate and to report upon,

(a) the provision of unemployment insurance for any excepted employments, either by extending thereto the provisions of part III, with such modifications, if any, as may be found necessary, or by special or supplementary schemes, and

(b) the rates of contribution and benefit of insured persons having regard to the earnings of such persons.

Then subsection (2) reads:

(2) The commission—

[Mr. Martin (Essex East).]

Not the minister, but the commission—

—may from time to time refer to the advisory committee for consideration and advice such matters relating to this act as the commission thinks fit.

I say that under this act the minister as such has no authority to refer matters to the advisory committee. Matters of such kind can only be referred by the governor in council. This is for a very good reason. Parliament intended that the administration of unemployment insurance should come under the governor in council and that the minister should report on the operations of the commission to parliament and to his colleagues, just as the Secretary of State does with regard to the civil service.

Mr. Starr: Would the hon. member permit another question at this point? Is the hon. member conveying to me the fact that my predecessor did not correctly conduct himself in this respect on similar matters?

Mr. Martin (Essex East): I am not aware that my hon. friend's predecessor carried on his administration improperly. My hon. friend may know of instances. I would not be surprised if—

Mr. Starr: I tabled reports this afternoon addressed to him from the advisory committee.

Mr. Martin (Essex East): What my hon. friend did not do when he tabled those reports, and what he has not done tonight, is to listen correctly to what I have said. I said that those reports which he tabled today were of a different category from the report of August 26. That report had to do with the fund. Those reports had no comment to make on the fund and consequently did not require to be tabled. That is the difference.

Mr. Starr: The report addressed to me was a new formula which meant an amendment should be made.

Mr. Martin (Essex East): I would suggest to my hon. friend who has before him his deputy minister of labour, a lawyer, that when this night session is over both ought to get together.

Mr. Starr: He agrees with me now.

Mr. Martin (Essex East): But obviously he is not giving you at the moment the kind of advice which I think his great legal training should warrant. Now section 92 provides:

The governor in council may direct the commission to investigate and report upon all questions that the governor in council deems advisable or necessary.

Throughout this section there is no reference whatsoever to the minister. Throughout this act the reference is to the governor in council.

If the minister assigned a particular responsibility to the advisory committee, I am not going to quarrel with that except to say that the report is not the kind of report envisaged by these sections, and if it reports on the fund it must be addressed to the governor in council. Consequently under the statute that I have just referred to it must be tabled in this house.

Hon. members who are new to this house may wonder why we in the opposition place such emphasis on this matter. We do so for two reasons. First, because it is our duty to point out if, in our judgment, an act has not been fully complied with by the government. Not that we charge the minister with any criminal act, as was suggested the other night; that is not the intention. Everyone knows that the Minister of Labour did not for any sinister purpose fail to comply with the act. That is not the point. But if under our system of government we are to adhere to its principles, we must as the opposition take every opportunity to see that the law is fully observed.

That was done in this house in 1949, and those of us in this group and other members who were here at that time will well remember when we had a protracted debate in this house centered on an allegation made by the present Prime Minister, as well as by the present Minister without Portfolio, the hon. member for Greenwood, that the minister of justice of that time had not tabled a report pursuant to the obligations imposed on him under the Combines Investigation Act. They pointed out that the then minister of justice had failed to comply with the statute. We had endless days of debate and we had placed on *Hansard* words that undoubtedly have much to do with the inspiration which has persuaded the present Prime Minister to introduce in this house a bill of rights, which ultimately I understand is to come, a bill which has been so widely criticized because of its inadequacies and its failure to take into account the obligations of the provinces, and to recognize the constitutional difficulties involved in the bill of rights as a result. What does it mean? I will paraphrase the words of the Prime Minister. This means something that is fundamental to the preservation of this free parliament. These are the words of the Prime Minister.

Let us see what the Prime Minister had to say about this. Oh, it is all right for the Prime Minister to rise today and give us a lecture and tell us it was his duty to point out to us that we had no right to persist in debate. He acted as the custodian of the rights and privileges of this house, but he forgot to remind us that when he was sitting on this side there was no one more persistent, day in and day out, in reminding us of our obligations as members of parliament to live up to the letter of the law. On the occasion I refer to he was criticizing the minister of justice because he had not tabled a report; because, seemingly, he had violated the act. No one was saying, as the Minister without Portfolio, the hon. member for Greenwood, was fair enough to point out, that there was any dishonest intention on the part of the minister of justice any more than anyone is suggesting to the Minister of Labour that he had acted dishonestly. Anyone who knows the Minister of Labour knows that all we are doing is simply to point out that in our judgment the act has not been observed by him.

I think it would be useful to note, for the benefit of posterity and of those hon. members who have come to this parliament for the first time, these words of the Prime Minister, these memorable words, as the right hon. gentleman said referring to some words of mine in another context the other day.

Mr. Montgomery: I think it will be well for the hon. member to read the law which required a report to be made by the minister of justice before he gives us the quotation, because I am satisfied that the reports are different, and therefore the two cases are not on the same footing.

Mr. Martin (Essex East): The hon. gentleman is quite right. The law is different, because different matters are involved. But after I have finished my statement, the hon. member can get up and express his opinion. What I am doing is putting on record the words of the Prime Minister and some other hon. gentlemen opposite. The hon. gentleman, who is a good lawyer, can assign himself that particular function which time will not permit me to discharge at this moment. Here are the words of the Prime Minister as reported at page 1504 of *Hansard* of November 7, 1949:

> Parliament has the right to expect that ministers of the crown shall live up to the provisions of statutes passed by parliament; for if these be not lived up to, parliamentary responsibility ends, and a contempt of parliament occurs which should not be permitted to pass uncensured.
>
> The minister stated that the facts and conclusions in this report were, in his opinion, unjustified. That statement does not answer or justify the Minister of Justice (Mr. Garson) failing to discharge his obligatory responsibilities under the provisions of an act passed by parliament. Only three years ago in this house I was one of those who stated that in my opinion—and I know there were some who criticized me for this view—we should alter the provision with regard to publishing these reports in order that no one should be found guilty before the bar of public opinion without having the opportunity of answering in the courts.

Then Mr. Coldwell, then leader of the Co-Operative Commonwealth Federation, said at page 1508:

I do not propose to cover the same ground as that which has been so ably covered by the hon. member for Lake Centre—

Mr. Pickersgill: Who is now the Prime Minister.

Mr. Martin (Essex East): The Prime Minister, who proposes, shortly, to introduce a bill of rights. Mr. Coldwell continued:

I merely want to say that I agree with him wholeheartedly when he says that no government, no minister, has any right at any time to disregard a statute adopted by parliament, and the provision in that statute for the publication of a report within 15 days for the information of the people of Canada.

Then, many days later—almost two months later—the hon. member for Greenwood, now Minister without Portfolio, and a very respected member of this house, reminded us of the words of that great authority on the constitution, Mr. Dicey. And, as reported at page 2065 of *Hansard* of November 22, 1949 the hon. member for Greenwood, quoting from that authority, pointed out:

With us every official, from the prime minister down to a constable or a collector of taxes, is under the same responsibility for every act done without legal justification as any other citizen.

And then the hon. member spoke some words which, I think, really touch this situation. I am not going to complain about the personal attacks made by the minister today. I am sure that upon reflection he will find that that has not helped his case. Any physical disability which belongs to me or to the hon. member for Bonavista-Twillingate surely has nothing to do with the merits or demerits of this argument.

An hon. Member: Oh.

Mr. Martin (Essex East): Some members say "oh" but they will remember that the minister so strongly attacked me—

Mr. Starr: You made attacks on me.

Mr. Martin (Essex East): I made no attacks on you. I simply stated that it was our duty in the opposition to point out things of this sort, and the minister does not do himself any good by considering this as a personal attack upon himself. Our complaint is not of that category.

Here is what the hon. member for Greenwood said:

Let me remind hon. members that in respect of the ordinary citizen the law moves automatically, and it calls for him to account for what he has done. But, so far as I understand the constitution, the only bodies that can move against ministers when they break the law is, first of all, public opinion—and I shall come to that later—and, second, this House of Commons, which rejoices in the title of the High Court of Parliament.

[Mr. Martin (Essex East).]

Yet I suggest that in spite of all, in spite of the wise things that have been said here, the public of this country has not yet registered what has happened.

And the hon. member for Greenwood continued:

I said a moment ago it is hard to believe that men whom we like—

And that applies to the Minister of Labour

—and meet happily—

And that applies to the Minister of Labour

—and who have much good to their credit—

And that certainly applies to the Minister of Labour

—could do this wrong thing. And it may be that in some curious way they did not quite intend to do what was wrong.

I certainly believe that of the Minister of Labour. But what I am pointing out is that the failure to place this report on the table has deprived the public and parliament of the opportunity to be fully seized of the considered opinion of the advisory committee whose business it has been for some years to advise on these matters.

But the hon. member for Prince Albert, now Prime Minister, did not stop at one single speech. He came back to this matter, and I find that on November 22, 1949 he went on to complain once more about the failure of the minister of justice. He said, as reported at page 2091:

It was fairly obvious—and as I listened to him I sympathized with him—

He was referring to the minister of justice

—that he realized what he had done was unjustifiable, inexcusable and a contravention of principles going back to the Bill of Rights, which declared among other things that no government or executive can suspend the law of the realm in any particular without parliament.

What the Prime Minister said that day certainly applies today.

The Deputy Chairman: I am sorry to advise the hon. member that his time has expired.

Mr. Starr: Could the hon. member be allowed to continue?

Some hon. Members: By consent.

Mr. Martin (Essex East): The hon. gentleman has intervened. I do not want to ask that right—I think I have that right now.

Some hon. Members: No.

Mr. Pickersgill: I should to say that I completely agree with what the hon. member for Essex East has said up to now—

The Deputy Chairman: Order. The minister has asked whether the committee would give unanimous consent to the hon. member for

Essex East continuing. First, I should like to ask whether the committee is willing to do that.

Mr. Martin (Essex East): I thank the committee. I will not take very long. I just want to complete those memorable words of the Prime Minister. He said at page 2092 of *Hansard* of November 22, 1949, in concluding his argument after a speech that lasted I suppose the usual time permitted under our rules:

> That is no justification. Indeed, if anyone in this country had known during the 10 months' period that the minister had broken the law, as he did, His Majesty's courts could have been applied to in order to protect His Majesty's subjects, under a writ of mandamus, which would direct the minister to live up to the law. He concealed the report, and one explanation is this: we did not agree with the terms of the report. Is there anything in section 27 of the act that gives the government discretion to say they may break the law because they do not agree with the terms of a report; that they may break the law because after consideration, even honest consideration, they feel it should be broken? If that be an excuse for breaking the law, how many people in this country would feel like breaking the income tax law, or any other laws passed by parliament? Expediency, or the desire to prevent argument between high civil servants, afford no excuse in extenuation or otherwise for what has taken place in connection with this report.

I say to the minister, even assuming for purposes of argument that he was correct in saying that the four reports tabled today by him and addressed to his predecessor came under section 89 of the act, that would not justify or provide him with a satisfactory reply to the allegation and to the arguments that we have made in this context regarding this matter. However, I have indicated that these four reports do not refer to the state of the fund, and consequently do not come under section 89, or under section 90 (2). Therefore, I say to the Minister of Labour that if the advisory committee, when it is properly constituted once again, when the labour representatives are returned to their function, if they are going to be or if new ones are going to be appointed—the committee is not now legally in existence under section 19 (1) of the act—do make a report with regard to the state of the fund in any way the minister, I know, will not hesitate to table that report so that parliament will have the benefit of the judgment of the members of the committee and so that we can make an assessment as to whether or not the recommendations of the committee are satisfactory.

How valuable it would be to have had the report tabled on August 18 last and to have known that the committee felt that because of the perilous condition in which the fund was it was thought that the contribution of the federal government should be increased. That is in conformity with the stand that we have taken with regard to this measure, a measure which will go to a committee where we hope it will be possible to improve the bill and to remove some of the burden on the employers and on the employees which we feel has been imposed upon them unjustly.

The minister has tabled not only the four reports but the minutes of some of the meetings. He certainly tabled the minutes of the meetings of July 24 and 25, 1950. It would be of the greatest value certainly to us in this house and to the committee if we had the minutes of the meeting of August 18, so we could find out whether or not the advisory committee detailed the reasons for the statements it made when it observed that there should be an increase in the federal contribution so that there could be an adjustment and so that the contributions from each of the contributing parties would be made equal; in other words, that the contribution from the government would be made equal to one-half that of the combined contributions from employers and employees.

I simply have this further observation to make, Mr. Chairman. The way to preserve the rights of parliament is not by a bill that does not take into account the constitutional responsibilities of other levels of government in Canada. It does not consist in general statements declaratory of one's belief in the freedom of the subject. The way to guarantee civil liberties and the rights of parliament—and these words I address particularly to the Prime Minister—is by seeing to it that the law of the land is observed by everyone.

Mr. Fisher: Mr. Chairman, the main reason why I want to make remarks on this particular estimate has to do with something that has been debated very much in the last while, namely the unemployment insurance commission. The aspect that I wanted to touch on is one which I do not think anyone has been after as yet. In effect, it is a request to the minister or to the department to consider the possibility of getting some outside agency—perhaps one of the groups that is making efficiency studies—to come in and look at the unemployment insurance commission operation, to see how the operation would stand up to the general accusation that I think every member of parliament hears, namely that there is a great deal of abuse of this particular welfare arrangement.

I should like to make it very clear that I do not believe there are very many abuses, but these are the stories that are tending

to be exaggerated at all times. I do believe that when you get a situation where there is largely false propaganda being made about the operation of a fund such as this, the thing to do is to scotch it wherever possible. I notice that from representatives of management I get representations that the unemployment insurance idea is fine but there are very many abuses in relation to it; there are all sorts of people taking advantage of the fund who should not take advantage of it and we must wipe out those abuses. I think every once in a while it is important that the commission and those people who guide and administer it should tackle this particular problem which to a degree is one of public relations. I think the time has come to do that.

I notice that in my constituency during the past winter up to 25 per cent of the labour force was registered for unemployment insurance benefits. In the neighbouring constituency of Fort William, which is linked to it, the rate was not quite as high but almost as high. At the same time in my constituency I heard so often from people who are unemployed that there were a great many abuses. All my contacts with the unemployment insurance commission officials and with labour representatives in the area indicate that there would be a denial of this; but there is in existence this popular conception, or misconception, and I think it is one of the responsibilities of the minister, if he feels the fund and the whole concept are as worth while as he expressed in ringing tones this afternoon, to do the job. It is largely his responsibility to see that this type of false propaganda is scotched, if it is false propaganda, as I believe it is.

One of the other brief remarks I wanted to make about this particular department has to do with the Canada labour relations board. I am probably one of the few members of parliament who has ever been at a hearing of that board in any capacity, and I was not impressed with what went on there. It seemed to me that the proceedings were perhaps rather more informal than I think should be the case with such a body. I happened to appear before the board with a group making a representation which was turned down. The reasons for it being turned down were probably quite valid. I have no quarrel with them. But the mood or atmosphere of the hearing was something that I think would be considered by many people to be regrettable. When you have the kind of hearing where first names are being tossed back and forth between the members of the board who are judging the matter and people who are there with an interest in the case one cannot help but have the feeling that the person who is not on a first-name basis is on the outside and in a difficult position.

This is a minor complaint. I only saw one example of the workings of the board but as the minister has a direct relationship with the board I feel it is something that he might take into consideration. I would not want to suggest that the proceedings should be made a great deal more formal so that they would be like a court of law with all its formalities but if my experience is typical I suggest that there could be room for some of the people who appear before the board to feel that they are pretty well on the outside if they do not happen to know the members of the board on a first-name basis.

One other point I wish to make in connection with the department has to do with the question of annuities. As I think all members know, I brought up in the house not too long ago the subject of increased recompense for members of parliament. Since then I have had a number of communications and this particular one brings up a point in connection with annuities that I think is fairly valid. The letter is from Mr. J. F. Brister of 2323 Inglewood avenue, West Vancouver, B.C. The first part of the letter is nothing more than a condemnation of members of parliament who would go after more pay when old age pensioners and people like that are having a difficult time. This is not the place to answer that but he does go on to deal with the falsity of the whole government annuities approach as a result of inflation. He says in his letter:

> I am bringing this matter to your notice because this matter of Canadian government annuities is one which simply screams for some sort of justice to be done on behalf of those who have been so hard hit due to having placed their faith in these government annuities and tried to provide for their own welfare in their old age.—
>
> Regarding government annuities, the attached outlines some of the incentives and assurances which were embodied in an official brochure entitled "Canadian Government Annuities—Backed by the Whole Resources of the Dominion." From cover to cover this brochure extolled the great advantages and the security which would accrue to those who placed their trust in these annuities.
>
> I suggest to you that it is the solemn duty of any government to honour the obligations which are clearly outlined in this official brochure and that justice in the most elementary sense demands that at least some of the enormous increase in government income should long ago have been channelled back to those unfortunates who placed their good dollars and their trust in these annuities.

The next paragraph may interest the minister.

> I wish to make it clear that the responsibility for the plight of government annuitants today lies squarely on the shoulders of the late Liberal government who permitted inflation to creep upon

them while as a government no action was taken to arrest or offset the dangers which were gaining momentum with the passing of time but I repeat no action was taken. The onus to correct a grave injustice does fall upon all succeeding governments.

In conclusion and with regard to the present plight of government annuitants it will be noted as per attached that it is stated:

"In offering you now the benefits which Canadian government annuities provide, the government does so with one purpose in mind, that of making it possible for all within the borders of Canada to spend their old age in comfort and ease, a fitting and well-earned reward for an industrious life. This assures you a safe and profitable investment . . . with the certainty of a definite livable income when your working days are over."

The maximum permitted under the Annuities Act is $1,200 per annum.

Obviously there are difficulties in this particular regard. This gentleman is suggesting that people who put good dollars into annuities that have depreciated very much in value have in a sense been "suckered" by the overoptimistic advertising of the annuities scheme. It seems to me that the other point he is making is that the maximum of $1,200 for an annuity is nonsensical in the light of inflation and what has happened to the dollar. All I can suggest is that we should have a statement from the minister when we get to the annuities branch as to the views of the government on what has happened to these long time holders or builders-up of government annuities and, on the other hand, what is the government doing about acceding to the request of many people that the level of government annuities be raised above $1,200.

I know that the charge I have heard repeatedly is that the insurance company lobby is so powerful that the government is frightened to go ahead and raise the ceiling. I should like a yes or no or an explanation of that particular charge. I do not make it from my own knowledge. I am just repeating something I have seen in labour publications.

The final point I want to touch on is a personal one. It has to do with criticisms that have been made in the debate about one of the executive vice-presidents of the Canadian Labour Congress, Mr. Stanley Knowles. He has been referred to by the young member for Hamilton South as a political hatchetman and the hon. member for Winnipeg North had some very derogatory things to say about Mr. Knowles. It is not my position to state that Mr. Knowles is not open to attack. It is not my position to defend whatever he may be doing in his particular post, but I should like to remind the members who accuse him in such derogatory terms that for many years he was a member of this house, a member whose conduct and integrity were of such a standard that he was offered, we gather, the most senior and honourable post in this house. I should like to say to those who have made these vicious criticisms of this particular gentleman that his conduct throughout the time he was in the house, in terms of probity, integrity and fair dealing, should have been good enough to protect him from this worst kind of invective that he seems to gather in another post.

Mr. Martel: Why don't you resign and give him your seat?

Mr. Fisher: The hon. gentleman suggests that I resign and give him my seat. Quite frankly, Mr. Knowles could not take my seat simply because he could not get enough votes there. Several times in debate the remark has been made, "Come and run in my constituency." I believe some of the members on the far side made this challenge. That is one of the most nonsensical challenges that can be made. I think most members in the house should be aware that in a particular constituency where you have local situations outsiders have a very difficult time. That is a most ridiculous suggestion by the hon. member.

In summing up this particular point, I repeat that hon. members should examine the record of Mr. Knowles for probity and integrity, a record that was recognized by the Prime Minister, and I think it is unfortunate that he should now become sort of a whipping boy for some of the members of the government party who seem to feel that his actions are really remiss or poor or bad.

Mr. McGee: Will the hon. member permit a question before he resumes his seat? Is the hon. member suggesting in his remarks that a gentleman who has been a member of this house, and who then moves into another area of political activity, is immune from criticism?

Mr. Fisher: No, nonsense; I did not say that. I do not care what remarks are made about Mr. Knowles. I am just suggesting that the members who make them should consider this point about his activities before they paint him too black. He had a very fine record in the House of Commons to put against this, and I am not saying that he should not be criticized. There is just this one point to keep in mind.

The Chairman: I must remind hon. members that we are talking about labour legislation, and not one particular member. Shall item 463 carry?

Mr. Granger: I should like to comment briefly on this item. First of all, I should

like to again express my regret that special arrangements were not made last fall to make unemployment insurance benefits available to all fishermen who suffered from the disastrous failure of the cod fishery in Newfoundland last year. I would ask the minister to keep in mind the possibility of making provision to look after such a contingency, if we are unfortunate enough to be faced with it again. The winter works program did not work out so well in Newfoundland. This was simply because the program was not applicable to Newfoundland.

However, there was one aspect of the winter works program which deserves commendation, and I refer to the construction of community stages. From an employment standpoint, this program was limited in its benefits, but from a utility standpoint the idea was sound and worth while. These community stages are needed, and with the loss of fishing property in southern Labrador and northern Newfoundland, the need is greater than it ever was before. A continuation of the program is very desirable. I would suggest to the minister that it is not too early to start to plan for another program to build community stages, the work to be done next fall and the following spring because work in the fall and spring is more important in the part of Newfoundland which I represent than work in the middle of the winter.

There is one type of industry which lends itself to winter work. I refer to the cutting of timber. I should like to associate myself with the remarks made by the hon. member for Humber-St. George's. The cutting of telephone and telegraph poles for the C.N.T., the cutting of railway ties for the C.N.R. and the cutting of timber for wharves and breakwaters to be constructed by the Department of Public Works could be organized in a way that would give planned employment during the winter. The cutting of this timber could be organized in the vicinity in which the various projects are to be constructed.

There is another matter I should like to mention and that is the question of servicing the more remote areas in Newfoundland by unemployment insurance officials. This has been discussed before, and I was happy to hear a while ago that a program was being organized to supply fieldmen who would travel from outport to outport to assist people with their unemployment insurance problems. These officials could give advice and straighten out these problems at the source. I should like to say this is a fine, forward step, and I presume the program is being implemented as quickly as possible.

[Mr. Granger.]

I should like to make a suggestion whereby I believe the service of existing unemployment insurance offices might be extended. The officials from the centres could, from time to time at set periods visit the nearby places. I have one place in mind which will serve as an illustration, and that is the seaport of Botwood, which is about 20 or 30 miles from Grand Falls. Grand Falls has a permanent unemployment insurance office. Last year the management of a union at Botwood requested that officials from the Grand Falls office spend a day or two in Botwood from time to time, timing their visits to coincide with payday, and thus assist people with their unemployment insurance problems. The union suggested that they would provide an office rent-free, light-free, and so on. Some plan of that nature, I think, would extend the services—

Mr. Starr: I would say to the hon. member that if he would come at his leisure to see me privately, and give me all the details, I would be glad to look into that for him.

Mr. Granger: Thank you very much, sir; I shall be glad to do it.

There is one other point which has to do with employment rather than unemployment. There is a tendency in Newfoundland for those who are living near the large centres of population in which employment offices exist to get preference over those living in the remote areas when there are jobs available. This is only natural because they are on the spot. One way to offset this, I think, would be to keep the names of those who apply for jobs on file longer. I believe, as it stands now, after the names are on file for a while they are declared dormant and the newer applicants get consideration while the older ones are dropped. In view of the distances involved, and the fact that some people looking for work are living in the remote areas where communications are slow, I would suggest that a little special attention be given to these applicants from the distant places so they would get an equal chance.

Not long ago I was talking with an employment official, not connected with the government I hasten to add, who told me that the applicants from nearby were generally considered first because they were more readily available. They could be questioned as to their status, when they could commence work, their qualifications and so on. I imagine the same conditions would apply to employment officials of the Department of Labour. In conclusion, I would ask the minister to consider these few remarks and see that proper consideration is given to those who are handicapped as a result of living some distance away from the employment offices.

Mr. Hellyer: Mr. Chairman, I have two or three questions for the minister, about which I should like him to give the committee some information. The first question I should like to ask him is whether he can give the committee an up to date report with reference to the reemployment in other industries of the Avro and Orenda Engine workers who were laid off. I know the minister has received a letter from Mr. D. McAllister, business representative of the aeronautical industrial union, district 717.

Mr. McAllister starts out by drawing to the attention of the minister the fact that many former employees of these two companies are finding considerable difficulty in obtaining alternative employment. He goes on to say it is nearly three months since the hon. member for Peel and the minister predicted most of the skilled employees would be hired by other industries. He observes that such has not been the case because there are still about 8,000 workers who have been unable to find suitable employment. In his opinion, one of the reasons for this is the fact that a number of them are aged 40 or 45. There are a number of reasons given as to why these people are not hired by other industries. Mr. McAllister then suggests the consideration of legislation which would prevent this discrimination or alleviate it and asks the minister's consideration.

I must be fair. At the close of his letter he compliments the minister for assigning an employment officer to the Avro plant and he hopes that the employment officer will be left there until most or all of the 8,000 workers are successfully employed. I wonder whether the minister would be good enough to give us an up-to-date report.

Mr. Starr: I received such a letter today. Unfortunately I have left it in my office. Immediately upon receipt of this letter I asked for a report on this situation. I cannot quote accurately from memory but in round figures—and I can assure the hon. member this is fairly close—there were 11,600 registrations when the lay-offs took place. The latest report that I have—and I do not know the exact date of that report—is that there are still 5,900 on the register or rolls in our office. In other words, the others have found employment elsewhere. A little less than 50 per cent are still on the rolls. The number of aplicants for employment taken in the local office on the Avro lay-offs—that was on February 20—was 12,019. A number of placements have been made. Some have found jobs on their own and others have been placed by the national employment service office. As of May 7 there are still registered 5,937 or between 40 per cent and 50 per cent are still left on the rolls. We are not going to relax our efforts on their behalf, I can assure the hon. member.

Mr. Hellyer: Does the minister have any idea as to how many left Canada for the United States or the United Kingdom?

Mr. Starr: No, there is no record of that number.

Mr. Hellyer: There is another question I should like to raise. I wonder whether the minister can give us a report on the computers which have been installed in the Winnipeg office and as to the effect there as a result of the installation?

Mr. Starr: We had some difficulties. They take care of about one-ninth of the total applicants in Canada, that is, those in the prairie region. We put in this mechanization —I think that is what you are referring to —for processing claims. They look after all the prairie region. That is, all claims must be sent in to the Winnipeg office. Unfortunately, we had a breakdown. There was a period of time when delays occurred in the processing of these claims and of course we had many complaints. However, I am glad to say that this situation has been rectified and we hope that we shall not run into the same problem again.

Mr. Hellyer: Is this system or some variation of it going to be installed in other offices?

Mr. Starr: Yes. We hope in time that we may be able to instal this mechanization in all our regional offices.

Mr. Hellyer: During this period of breakdown to which the minister referred I assume one of the things that went wrong was overpayments, or that type of error.

Mr. Starr: No. It would be delays in paying claims. That was the only complaint we had.

Mr. Hellyer: Is it a fact that the records of the payments are kept in a different office and that the vouchers are prepared by the machine in advance and for this reason, as the vouchers are prepared before the actual report is turned in by the claimant, there were a large number of errors and overpayments?

Mr. Starr: No complaint on the matter of errors has been lodged with me. The only complaints that I have received with respect to this mechanization or the breakdown of the mechanized process was the delay in the processing of claims.

Mr. Hellyer: I wonder whether the minister could tell us how many employees there were in the Winnipeg office before the installation was made and how many there are now?

Mr. Starr: I have not that information now but when we get to the item on unemployment insurance, if the hon. member would be good enough to refer to that question again, I should be glad to get that information for him.

Mr. Hellyer: I should be pleased if the minister would do that. Would he also get supplementary information as to the cost of the computers, stationery and other things involved in the change-over?

Mr. Martin (Timmins): Mr. Chairman, I have a few brief remarks that I should like to make at this time. They are about a subject that has been touched on tonight but I think possibly a little bit more attention could be given to it. This matter was drawn clearly to my attention by an article I noticed in the paper today. It has to do with a situation that occurred in my own riding where three men had been convicted—in one case I believe there were 16 charges—of fraud in collecting unemployment insurance improperly. In fact, I believe they took time off from their work in order to collect their unemployment insurance cheques.

I think this is an extremely important matter. I do not know just how widespread this offence is across the country; but certainly if there were only these three cases, they are far too many. All this offence amounts to is nothing more or less than chiselling. Certainly even the people who a few years ago were extremely opposed to the idea of unemployment insurance and indeed to some other social benefits have come around now to the understanding that they are good and beneficial things for the working people of this country. But situations such as this one certainly give the opponents of unemployment insurance and other social benefits good ammunition with which to carry on their attacks on these social benefits.

There are two ways of dealing with this matter. One is a continuation and possibly an improvement, if possible, of the present method which is, of course, policing these things to the best of our ability. The other one, of course, is the one that is proposed by the opponents to this plan who say that, because this plan is being abused by a few people it should be abolished. We have seen that attitude in respect of this item and many other items of social welfare. It is said that people are going to abuse it, and that it should be abolished because people are just taking advantage of it.

I think we must look a little deeper into the matter in order to find the reasons for these abuses. I think a great deal of the difficulty is because of this theory that is so prevalent in our society, this something for nothing idea. Certainly political parties are not free of guilt of proposing this idea. We are always going to give something for nothing and people are inclined to go along with this idea. Certainly our advertising across the country is to a great extent based on this false statement. We are always giving prizes for this and something else for that, and everybody is led to believe that he is getting something for nothing. There is no such thing in society, and I think the sooner we tell the people this, the better off we are all going to be. In fact, I sometimes think that this is the reason why the party I represent has not been more successful than it has been in this country. One of my colleagues in Timmins told me one time that the reason the C.C.F. has not been more successful is that we appeal to the unselfish side of people whereas the other parties appeal to the selfish side, and that is why they are so successful.

Mr. Hellyer: You are thinking of the self-righteous side of people.

Mr. Martin (Timmins): However, I think that this is something that the minister should take into consideration. I think something could be done through the public relations branch of the department. I think a greater effort should be made to appeal to the basic honesty in people and to make them realize that in chiselling on the unemployment insurance fund and other benefits of that nature they are not only cheating the other people but are in fact jeopardizing the whole plan and defeating the very things that have taken many years to build up to the advantage of the Canadian working people.

Mr. Carter: Mr. Chairman, I have two questions on two different topics which I would like to put to the minister before this item carries. My first question deals with the community stage program or fishermen's stage program in Newfoundland. This program was put forward as part of a winter works program, and to that extent it involves the Department of Labour. But it is complicated in that it involves not only the Department of Labour and the Department of Fisheries, which makes some recommendation in this matter in connection with these projects, but also the Department of Public Works, which builds these stages.

Due to the fact that three departments are involved here, I do not want to miss an opportunity of getting some information about one aspect of this program which I should like to bring before the house, and it is this. There seem to be two kinds of programs in connection with the community stages, both going on at the same time. I know of two communities about ten miles

apart. In one community the stage is being built and the people are being paid by the department for their labour in connection with the building of it. In the other community only a short distance away the same thing is happening but the fishermen have to donate their labour; they are not getting paid for their labour at all.

I do not know to what extent this involves the minister's department, but I think it is something which should be brought to his attention, because if we are going to have a program of community stages, even if it is a winter works program and credit is taken for it as a winter works program, we should have the same treatment for all fishermen. We should not have the position where some donate their labour and some get paid for their labour. I see that the Minister of Public Works is in his seat and he can be sure that when his estimates come before the house I will have some important questions to ask him too; but I would like the Minister of Labour to clarify now to what extent his department is involved in this program, and whether he is at all responsible for this position.

Mr. Starr: Mr. Chairman, my department is not involved in this program at all. This program is being worked out in conjunction with the Department of Fisheries and the Department of Public Works. As regards the position the hon. member mentions, where some people are asked to donate their labour free of charge while others are paid for it, if the hon. member knows of an instance of that kind I would appreciate it very much if he would bring it to my attention and I, in turn, will speak to my colleagues about it.

Mr. Carter: I thank the hon. minister for giving that reply, and I can assure him I will give him the details tomorrow.

My other question has to do with prevailing rates. I know this matter does involve his department, because it is his department which makes the survey upon which the prevailing rates are based. But what I do not know is who in the various departments determines what employees shall be employed on a prevailing rate basis? Does the Minister of Labour or his department make any recommendations in that respect?

Mr. Starr: The hiring department has the right of designating positions.

Mr. Carter: Do I understand the minister to say that for all the other departments of government it is his department which recommends which employees shall be employed under prevailing rates?

Mr. Starr: No, the hiring department. For instance, if an employee is an employee in the Department of National Defence, then it is that department.

Mr. Carter: Each department determines for itself?

Mr. Starr: Yes.

Mr. Carter: Thank you.

Mr. Pearson: Mr. Chairman, I realize, of course, that the minister has had a long and hard day, but I hope he will not take it amiss if I occupy his attention for a few moments as we discuss the first item of the estimates of the labour department, which gives us an opportunity to deal with general problems relating to labour. I do not think we in the opposition need apologize for our preoccupation with these problems. We certainly have been concerned, and very deeply concerned, with one aspect of these problems in the operations and the economic health of the unemployment insurance fund. We have condemned the investment policies governing that fund. We have complained about the inadequacies of measures taken to strengthen that fund; and while we have supported some of the changes made, we have tried to point out that as a result of increased contributions from the workers and employers who have to make up 80 per cent of the contributions, even as a result of those increases, which average I think about 30 per cent, no single unemployed worker will himself get higher weekly benefits.

However, the unemployment insurance fund, important as it is, is only a reflection of a far more important aspect of the problem, and that is employment itself, and more particularly, Mr. Chairman, unemployment. When we talk as we do in the opposition, and as we will continue to do on every possible opportunity about the employment and the unemployment situation in this country we always, of course, leave ourselves open to the charge which the minister made this afternoon of being prophets of doom and gloom. The minister said this afternoon, although he did not give the figures, that the figures for April will be much better than those for March.

Mr. Starr: It was my hope they would be.

Mr. Pearson: It was the minister's hope and we share that hope, and if they are better we will rejoice with him in that improvement. But, Mr. Chairman, that does not exempt us from the duty and the right to point out some dangers and difficulties ahead in regard to employment in this country, because if they are not pointed out by the opposition perhaps the government may

underestimate some of these difficulties which we think are going to face us in the months ahead.

It is just as unwise, of course, to exaggerate the difficulties and the dangers as it is to exaggerate the more pleasant aspects of the picture. I suggest in this regard that there was a great deal of this kind of unrealistic and optimistic exaggeration in a statement which covered, among many other things, employment and unemployment; a statement made by the Prime Minister on May 8 in Montreal, and which in some respects repeated a broadcast he had made a few weeks before. This statement of the Prime Minister had a direct bearing upon what we are discussing tonight and it is a good example, or if you like a bad example, of extravagant exaggeration in the direction of optimism. The Prime Minister stated that this country has recovered much faster from the recession than other countries.

Mr. Chairman, one of the most important indices of recovery, all the more important because it is a human index of recovery, is employment and unemployment. As I will try to show in a moment or two, the Prime Minister can find nothing in the employment statistics of this country to support such an extravagant statement as that. As a major basis for employment in this country, the thing which really in the long run determines whether we are to work or not to work at full capacity, or at as full capacity as possible, is the gross national product.

If the Prime Minister of this country could find no better foundation for his statement that we have recovered more rapidly from the recession than any other country than his estimate, or his statistic of gross national product in this country, then the rest of his evidence has no validity at all, because the Prime Minister in his statement, which must have been carefully prepared by a number of people, because it was given to a large audience and received a great deal of attention, had this to say, and I quote from the text of his statement:

> Our gross national product, the basic barometer of our economy, was up three per cent last year to the highest point in history.

I agree that it is the basic barometer of our economy. But on the basis of the figures given to us a few weeks earlier by his Minister of Finance—figures which appeared in *Hansard* in the budget statement—the Prime Minister is just $160 million out in that particular statistic. Even without making any allowance for the increases in prices which are responsible for most of the increase in the gross national product which occurred and which, indeed, are responsible for all the increase except 20 per cent, the Prime Minister made that assertion. That is what I mean by the use of misleading statistics in an unrealistic optimistic direction. The right hon. gentleman was $160 million out in connection with what he himself called the basic barometer of our economy. The fact is, as the Minister of Finance pointed out in his budget speech, that the increase in the gross national product last year was 2½ per cent, 80 per cent of which was made up by higher prices.

Then the Prime Minister in supporting this theory pointed to the fact that our exports were approximately the same in 1958 as in 1957 but that our imports were down by 8 per cent. He was quite right in emphasizing the importance of foreign trade as another basic indication of the health of our economy and of our employment situation. But while our foreign trade, as we all know, stood up well in 1958 also, as we all know, our imports were down by 8 per cent in 1958, the Prime Minister put this forward as an encouraging factor because, as he said later in his speech, it corrected the imbalance in our trade with the United States. But then he admitted that for the first three months of 1959 our exports were "off 3 per cent". Let us hope that during the rest of the year we will recover that decrease, because if we do not it will be a bad sign for employment. Let us not forget, also, as the export figures begin to show some weakening, that the only reason they stood up in 1958 was because of uranium and cattle exports.

Yet when export figures began to go down in the first three months of 1959, as they are doing, and when our imports began to rise, as they are doing by 5 per cent, the Prime Minister derives a good deal of comfort even from that situation because, he said, it was an indication of the growing recovery of the country from the recession. The committee will see that he tries to have it both ways; he has one argument for 1958 and another for 1959.

Then the Prime Minister went on to say, and this has a direct bearing on unemployment, that the monthly average of persons with jobs was practically the same in the two years and that both were higher than in any previous year. Employment figures, in other words, were practically static through those two years, though in those two years unemployment was higher than in any previous year. Mr. Chairman, if our employment figures do not substantially increase month by month, our unemployment figures will certainly increase, because the growth of the labour force has to take care of the

increase in the population together with immigration, and we will never make any substantial progress in dealing with what is becoming a hard core of unemployment unless we can get our employment figures increasing from month to month. It is not good enough to say they were practically the same in two years. The Prime Minister went on to say:

> It is true that there was an increase in the category of persons without jobs and job applicants in 1958.

Let us see what that increase was because, after all, if our economy is recovering from the recession faster than that of any other country, our employment should reflect that recovery. But we know what the figures are. We do not know them for April, though we hope they will show a great improvement, as the minister suggested they might. But we do know that on March 21, on the lowest basis of calculation, the number of those without work stood at 525,000, and that is 8.6 per cent of the labour force. Percentages are often used in these debates, and this is a percentage which shows how wholly misleading was the Prime Minister's statement that our recovery has taken place faster than that of other countries, because this is a far higher percentage than that which occurs in the United Kingdom, the United States or practically any other western European or Atlantic country. And, surely, without being called prophets of doom and gloom, we in the opposition are under an obligation to point out that on a regional basis, on March 21, 31.5 per cent of the working force in Newfoundland was unemployed, and 13.2 per cent in the maritime provinces; in Quebec, the figure was 12.5 per cent. Therefore, while, of course, there are forces at work in this country which are countering recession and there is no doubt that our economy has shown a resilience of which we are all proud, nevertheless there are many difficulties and dangers ahead.

May I call it ten o'clock?

Progress reported.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder if the leader of the house could give us any indication of the business for next week? I take it there is no change in the business arranged for tomorrow.

Mr. Green: Tomorrow we will continue with the estimates of the Department of Labour, and then take those of the Department of Public Works. On Monday we will commence with the first item of today's order paper, which is the house in committee on the freight rates measure. Then we will go on to consider item 11, the resolution preceding an act to set up a national energy board; then item 8, an act to amend the Excise Tax Act. After that we will take item 9, amending the Income Tax Act; item 14, the resolution concerning the abolition of forced labour; and item 18, the resolution concerning the Bretton Woods agreements.

Mr. Pickersgill: Will the same order be followed on Tuesday, or is the minister able to say?

Mr. Green: This will be the order for Monday. On one of the later days in the week, Tuesday or Wednesday, to suit the convenience of the members of the official opposition, we would want to include in the list the Federal-Provincial Tax-Sharing Arrangements Act. There has been some delay in getting money to the provinces because this act has not been passed.

At 10.03 p.m. the house adjourned, without question put, pursuant to standing order.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

SEAWAY AUTHORITY—PAYMENTS IN EXCESS OF CONTRACT PRICES

Question No. 335—**Mr. Argue:**

1. Has the St. Lawrence seaway authority made payments on any contracts, since the start of construction work, in which an increase over and above the original contract price has subsequently been authorized?

2. If so, to whom were they made, on what date, on what contract, and what was the amount of each payment?

3. What was the total amount of difference on each such contract between the accepted tender price, and the settlement after the increase?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The St. Lawrence seaway authority advises as follows:—

1. Yes.

2. Name of contractor: (1) Pentagon Construction Co. Ltd. and Iroquois Constructors Ltd. in joint venture; (2) McNamara Construction Co. Ltd.; (3) Miron et Frères Ltée; (4) Atlas-Winston Ltd.; (5) Miron et Frères Ltée; (6) John Entwistle; (7) Rianco Corporation Ltd., formerly Roy Robertson Excavation and Foundation Co. Ltd.

Date: (1) Various as work progressed; (2) Various as work progressed; (3) Various as work progressed; (4) August 13, 1958 and September 9, 1958; (5) May 27, 1958; (6) January 13, 1959; (7) December 8, 1958.

Description of contract: (1) Contract No. 6, construction of canal and lock at Iroquois; (2) Contract No. 9, dredging lake St. Francis, approach to Beauharnois canal; (3) Contract No. 14, excavation of channel and construction of dyke, station 75+00 to 124+00; (4) Contract No. 34, excavation of channel station 900+00 to 930+00; (5) Contract No. 41-1, supply of coarse aggregates, Cote Ste. Catherine lock; (6) Contract No. 88, construction of temporary water supply installation, Courtaulds, Cornwall; (7) Contract No. 130, extension to sewer outfall, municipality of Laprairie.

Amount of payment: (1) $2,149,564.20; (2) $646,222.08; (3) $17,018.10; (4) $5,737; $38,-344.87; $2,297; (5) $33,884.70; (6) $1,913.58; (7) $5,575.54.

3. Construction contracts make provision for the authorization of additional work to that covered by the contract. Unit price contracts are made on the basis of estimated quantities exhibited at the time of tendering, with provision for increases or decreases in accordance with the actual quantities of work performed. Payments for additional work, or in respect of additional quantities, although increasing the amounts or estimated amounts shown in the contracts, cannot be construed as additions to the original or accepted price. Exclusive of such payments, the difference on each contract is as shown in answer 2.

SEAWAY AUTHORITY—INCREASES IN TENDER PRICES

Question No. 336—**Mr. Argue:**

1. Has any increase been authorized by the St. Lawrence seaway authority on any contract work over and above the original contract price accepted by the authority since construction started on the seaway?

2. If so, (a) what was the name of the contractor or contractors awarded such an increase? (b) what was the date, amount of tender price accepted, and the nature of each original contract?

3. What was the amount of increase authorized on each contract, the date of authorization, and what official of the seaway authorized each?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The St. Lawrence seaway authority advises as follows:

1. Yes.

2. (a) Name of contractor: (1) Pentagon Construction Co. Ltd. and Iroquois Constructors Ltd. in joint venture; (2) McNamara Construction Co. Ltd.; (3) Miron et Freres Ltee; (4) Atlas-Winston Ltd.; (5) Miron et Freres Ltee.; (6) John Entwistle; (7) Rianco Corporation Ltd., formerly Roy Robertson Excavation and Foundation Co. Ltd.

(b) Date of contracts: (1) February 11, 1955; (2) March 23, 1955; (3) June 15, 1955; (4) September 14, 1955; (5) March 8, 1956; (6) January 25, 1957; (7) June 5, 1958.

Amount of tender price: (1) $6,470,000.00 (estimated); (2) 682,000.00 (estimated); (3) 1,768,900.00 (estimated); (4) 3,259,525.00 (estimated); (5) 1,113,000.00 (estimated); (6) At cost, estimated not over $176,000. plus fixed fee $25,000.00; (7) 125,185.40 (estimated).

Description of contract: (1) Contract No. 6, construction of canal and lock at Iroquois; (2) Contract No. 9, dredging lake St. Francis, approach to Beauharnois canal; (3) Contract No. 14, excavation of channel and construction of dyke, station 75+00 to 124+00; (4) Contract No. 34, excavation of channel, station 900+00 to 930+00. (5) Contract No. 41-1, supply of coarse aggregates, Cote St. Catherine lock; (6) Contract No. 88, construction of temporary water supply installation, Courtaulds, Cornwall; (7) Contract No. 130, extension to sewer outfall, municipality of Laprairie.

Questions

3. Amount of increase authorized:		Date of authorization by treasury board
(1)	$1,991,000.00	September 27, 1956 T.B. 506968
	88,000.00	October 18, 1956 T.B. 507694
	120,000.00	September 26, 1957 T.B. 522572
(2)	750,000.00	December 18, 1958 T.B. 542035
(3)	17,050.00	January 22, 1958 T.B. 526619
(4)	5,737.00	April 18, 1958 T.B. 530407
	38,344.87	June 20, 1958 T.B. 533783
	2,297.00	November 21, 1958 T.B. 540517
(5)	40,000.00	June 5, 1958 T.B. 532865
(6)	1,913.58	December 6, 1958 T.B. 541137
(7)	5,575.54	November 21, 1958 T.B. 540691

This answer excludes payments for additional work or those arising from variations in quantities under unit price contracts.

AIR NAVIGATION ORDER SERIES V, NO. 17

Question No. 357—**Mr. Broome:**

1. What period does air navigation order series V, No. 17 cover?
2. On what date did the Department of Transport send this order to the queen's printer?
3. On what date did the Department of Transport receive the printed orders from the queen's printer?
4. On what date were they mailed out from the Department of Transport?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. March 15 to March 31, 1959.

2. March 3, 1959.

3. March 10, 1959.

4. March 26, 1959, but on March 6 the Moncton region office of the department was instructed to issue domestic and international NOTAMS regarding temporary prohibition of air space to become effective at some time between March 15 and 31, 1959, and on the same date, Goose centre was requested to issue NOTAMS 18 hours in advance of the 40 hour period of time when the prohibition would be in effect.

URANIUM PURCHASES

Question No. 364—**Mr. Howard:**

1. Has any money been paid to (a) Bicroft Uranium Mines Limited; (b) Canadian Dyno Mines Limited; (c) Faraday Uranium Mines Limited; (d) Gunnar Mines Limited; (e) Lorado Uranium Mines Limited; (f) Rayrock Mines Limited; (g) Algom Uranium Mines Limited; (h) Can-met Explorations Limited; (i) Consolidated Denison Mines Limited; (j) Milliken Lake Uranium Mines Limited; (k) Northspan Uranium Mines Limited; (l) Pronto Uranium Mines Limited; (m) Stanleigh Uranium Mining Corporation Limited; (n) Stanrock Uranium Mines Limited, for the purchase of Uranium?
2. If so, how much was paid to each such company for each year (a) during which any special price contract for the purchase of uranium was in effect between the particular company and Eldorado Mining and Refining Limited, and pursuant to such special price contract; (b) for purchases of uranium other than pursuant to a special price contract?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

1. Yes—payment has been made for the purchase of uranium by Eldorado Mining and Refining Limited pursuant to contracts between that company and the various companies listed.

2. (a) It is not the policy of the government to reveal figures concerning the private business of individual firms.

(b) Nothing.

HOUSE OF COMMONS

Friday, May 15, 1959

The house met at 11 a.m.

HOUSE OF COMMONS

MR. SPEAKER—CORRECTION OF IMPRESSION CONVEYED BY RULING

Mr. Speaker: I wonder if the house will allow me to make a correction in *Hansard*, not to the context but to the impression which I may have given inadvertently in dealing with a point of order at page 3662. The particular point of order was taken by the hon. member for Bonavista-Twillingate when the Minister of Labour was seeking to refer to reports given by the unemployment insurance commission in 1955, and when defending himself with respect to allegations about his use of what was known as a supplementary report in the debate that was then proceeding.

After hearing some argument I find that altogether there were 24 separate interventions before I finally came to the point of giving my view, which I expressed in these terms:

The Prime Minister has expressed effectively the view which I had formed.

I was of course referring to the Prime Minister's immediately preceding intervention that it was in order for the minister to proceed to refer to the report, and not to matters in the other interventions which occurred earlier, four of which I find upon reading the report were also interventions by the Prime Minister. My endorsement was of his argument on the point of order in the intervention immediately preceding my own in the second column of page 3662.

EXTERNAL AFFAIRS

NATO—REPORTED STATEMENT BY SUPREME COMMANDER RESPECTING NUCLEAR WEAPONS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Prime Minister whether he has any comment on the report which has been brought to my attention of a statement made in Toronto yesterday by General Norstad, supreme commander of NATO, to the effect the Canadian brigade in the NATO forces was operating in a context where other units of the NATO forces in Europe have short range tactical nuclear weapons while the Canadian brigade has not; and also that the role of the Canadian air division in Europe, according to General Norstad, should be modified to encompass a strike-attack capability.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I will have to study the remarks of General Norstad and then make a reply after they have been fully studied.

Mr. Pearson: Thank you.

NATO—REQUEST FOR BRIEFING OF MEMBERS BY SUPREME COMMANDER

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the great public interest in national defence at the present time, and in view of the considerable difficulty entailed in obtaining the facts with reference to both NATO and north American defence, I wonder whether the Prime Minister would arrange for General Norstad to give the members of this house an off the record briefing on Monday when he is here. I am sure the Prime Minister will recall that this was done on a previous occasion by General Gruenther when he was here, and it was extremely informative.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I do not accept the correctness of any statement that was in the preamble of the question to the effect that the fullest information is not made available. However, in so far as the question consists of a request to have General Norstad follow the course that was taken by General Gruenther some years ago, that is a matter for consideration. After General Norstad has seen members of the cabinet, the question can then be determined.

COPYRIGHT ACT

CONSIDERATION OF REQUEST BY CANADIAN LEGION FOR AMENDMENT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to direct a question to the Secretary of State. Has the government given consideration to the recommendation of the Canadian Legion

included in the brief presented to the Prime Minister of Canada and the cabinet last October as follows:

In view of the ever-increasing burden on the Canadian Legion by the levies of the Composers, Authors and Publishers Association of Canada and Broadcast Music Incorporated (Canada), the Canadian Legion recommends that the government take steps to amend section 17(3) of the Copyright Act.

If so, is it the government's intention to introduce a bill to amend the Copyright Act in response to the representation of the Canadian Legion?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I wish to thank the hon. member for giving me notice of his question. We are giving consideration to this request. No amendment will be proposed at this session.

FLOODS

MANITOBA—FEDERAL ASSISTANCE IN RED RIVER CONTROL PLAN

On the orders of the day:

Mr. John MacLean (Winnipeg North Centre): Mr. Speaker, I have a question for the Minister of Trade and Commerce. In the light of previous questions asked in the house and in view of the extraordinary developments in the province of Manitoba yesterday, has the minister any further information to give the house with regard to the flood protection plan for the city of Winnipeg?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I think dike protection for the Liberal party would be in order out there.

TRADE

GATT—REPORTED U.S. PROPOSAL FOR REDUCTION IN TEXTILE TARIFFS

On the orders of the day:

Mr. E. A. Winkler (Grey-Bruce): Mr. Speaker, I have a question for the Minister of Finance. Will the minister comment on a United States news report that United States negotiators at GATT are ready to propose a general and reciprocal 10 per cent reduction in textile tariffs? Would the minister indicate whether he favours such a proposal?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, at the last session of congress legislation was enacted which empowered the United States administration to negotiate reductions in the United States tariffs of up to 20 per cent of existing rates over a four-year period in return for similar concessions on the part of other countries. The United States administration notified Canada and other GATT countries that they would be prepared to enter on a first round of negotiations in the exercise of that power.

These negotiations cannot take place until the 1960 session of GATT, although it is contemplated at the 1959 session that there will be some preliminary discussions of a procedural nature looking forward to discussions in 1960 on United States proposals. These are not related to any particular commodity, whether textiles or any other. So far as these negotiations are concerned, and so far as the attitude of the Canadian government is concerned, naturally we would have to know what are the United States proposals prior to making any comment upon them. However, I can say that so far as we are aware there have been no proposals relating particularly to textiles.

DOMINION-PROVINCIAL RELATIONS

NEWFOUNDLAND—REPORTED "DECLARATION OF WAR" BY MINISTER OF JUSTICE

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I would like to direct a question to the Prime Minister. I must apologize for my superficial obtuseness. Has the alleged declaration of war put forth by the Minister of Justice yesterday in Newfoundland been of any assistance to the Prime Minister in the choosing of a minister of external affairs?

NEWFOUNDLAND—AMOUNT PAID BY FEDERAL GOVERNMENT

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I would like to ask the Minister of Justice if he has any comment to make on a report from Newfoundland that he informed the board of trade there that $100 million was paid into the provincial treasury last year by the government of Canada, and whether he got this figure from the Department of Finance.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, inadvertently I used that figure in the text of my remarks, but at 11.15 last night, at the first possible opportunity after having completed my speech, I issued a correction showing that the increase in direct federal contributions to the Newfoundland treasury, instead of being from $55 million to $100 million, in round figures, should have been shown as from $24 million to $55 million, again in round figures. The error in the figures was caused by the fact that I inadvertently took the totals of all contributions from the dominion government to Newfoundland, whereas the reference should have

been to the total of conditional and unconditional grants, exclusive of payments to individuals and institutions.

I pointed out, however that the correction in the figures does not alter the statement I had made as to the proportionate increase in direct contributions to provincial revenues made by the federal government in recognition of Newfoundland's need for capital assistance, except that in fact these contributions have more than doubled instead of nearly doubled as stated in the text.

Mr. Pickersgill: Is the minister aware, in the first place, that he included in the figure the increase made by the previous government under the tax-sharing arrangements, and second that the figure is not correct?

Mr. Fulton: Mr. Speaker, I am not aware, of course, that the figure is not correct. The figure, according to the calculations made by the Minister of Finance, is correct.

Some hon. Members: Oh, oh.

Mr. Fulton: I should have said, by the Department of Finance. It was correctly calculated, and the statement I made reflects the facts.

Mr. Pickersgill: Is the minister not aware that that figure includes many millions of dollars which have not been paid or provided by parliament?

Mr. Speaker: Order. I think hon. members had better await the proper opportunity to debate this matter.

Mr. Chevrier: May I point out that in addition to the Martin statistics we now have the Fulton statistics.

NEWFOUNDLAND—INQUIRY AS TO RECEPTION GIVEN MINISTER OF JUSTICE

On the orders of the day:

Mr. Frank Howard (Skeena): May I direct a question to the Minister of Justice, and ask him whether he has been able to assess the temperature in Newfoundland to determine whether the cooling off period suggested by the Prime Minister has taken place?

Hon. E. D. Fulton (Minister of Justice): I had a very cordial reception from the people of Newfoundland, and I had a cordial reception from the premier of Newfoundland at a meeting I had with him at noon at his invitation. Any change in the atmosphere took place in the evening.

Mr. Pearson: After your speech.

Mr. Fulton: Yes, that is perfectly correct; and since that matter has been mentioned I would point out that there was no justification for any such comment as that which was made to the effect that my remarks constitute a declaration of war. What really happened was that I presented to the people of Newfoundland—

Some hon. Members: Order.

Mr. Speaker: Order. Objections are being raised. Has the minister leave to continue his statement? I consider this to be a continuation of the earlier debate about the events in Newfoundland, which I had asked should not be continued.

Mr. Hellyer: The second question I asked was ruled to be the continuation of a debate, and I do not think there should be two sets of rules in the house.

Mr. Fulton: I was asked an earlier question regarding this matter by the hon. member for Port Arthur, and now another by the hon. member for Skeena, and I think I should be allowed to tell the house what actually happened.

Mr. Speaker: I am sorry, but I consider that the question which was asked was not a proper one for the orders of the day. It opens up a debate and invites the minister to make a reply which should not be made. I should prefer the house to defer this subject.

DEFENCE PRODUCTION

INQUIRY AS TO DESTRUCTION OF IROQUOIS ENGINES

On the orders of the day:

Hon. Paul Hellyer (Trinity): I would like to direct a question to the Minister of Defence Production. Has the minister ordered the destruction of the Iroquois engines and components under construction at Orenda Engines Limited at Malton?

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, as the hon. member for Trinity is well aware, after this program was cancelled the work of destruction and scrapping of the Iroquois engine is continuing.

Mr. Hellyer: May I ask a supplementary question. Does not the minister think it would have been advisable to leave the production line in existence until after General Norstad had been here, and until the government had a chance to consider its future policy?

Some hon. Members: Oh, oh.

Mr. Speaker: The hon. member has asked one of those argumentative questions which are not in accordance with the rules and do not call for an answer.

Inquiries of the Ministry

INQUIRY FOR RETURN

RETAINING WALLS, QUEBEC PROVINCE

(Translation):

On the orders of the day:

Mr. Yvon Dupuis (St. Jean-Iberville-Napierville): Has the Secretary of State had time to compile the replies that came in from other departments with regard to my question No. 108, a reply to which I have been looking forward since early February?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, patience is one of the great virtues that the hon. member for St. Jean-Iberville-Napierville possesses in high degree.

Mr. Dupuis: Is the minister aware that procrastination is bad for a parliament that ought to be active?

Mr. Tremblay: Does the hon. member realize what has happened to the Liberal party?

(Text):

ADMINISTRATION OF JUSTICE

HIT AND RUN DRIVERS—SUGGESTED AMENDMENT OF CRIMINAL CODE

On the orders of the day:

Mr. Louis Fortin (Montmagny-L'Islet): I wish to direct a question to the Minister of Justice. In view of the increasing number of hit and run driving cases brought before our courts, I wonder if the minister will give consideration to the suggestion made recently by Mr. Justice Lamarre of Montreal.

(Translation):

Justice Lamarre has suggested that section 225 (1) of the Criminal Code be amended to provide for suspension of the driving permit of any driver found guilty of an offence against section 221 (2) dealing with hit-and-run cases.

(Text):

Hon. E. D. Fulton (Minister of Justice): In reply to the hon. gentleman I am glad to be able to inform him that the fullest consideration is being given to this suggestion, which has been made in a number of other quarters as well, in connection with the preparation of the bill to amend the Criminal Code as forecast in the speech from the throne.

TRADE

LEAD AND ZINC—REQUEST FOR STATEMENT ON DISCUSSIONS IN NEW YORK

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I wonder if the Minister of Trade and Commerce is in a position to answer the question I addressed in his absence to the Prime Minister about a week ago on the results of the discussions on lead and zinc in New York?

Hon. Gordon Churchill (Minister of Trade and Commerce): A reply is being prepared, and I hope to have it ready for the Leader of the Opposition on Monday.

SUPPLY

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

DEPARTMENT OF LABOUR

General administration—

163. Departmental administration, including grants as detailed in the estimates and the expenses of the international labour conferences, $1,105,745.

Mr. Pearson: Mr. Chairman, on the first item of the estimates of the Department of Labour I have only a few more words to add to what I said last night when the committee adjourned. I was dealing at that time with unemployment fund questions and more general matters concerning employment. So far as the former are concerned, we on this side of the chamber will have an opportunity of asking questions in committee on this matter. We propose to take full advantage of that opportunity, particularly in regard to the management of investment funds, the evasion of the law in regard to reports and the status of the unemployment insurance advisory committee.

Not long ago I asked the Minister of Labour about the status of this committee, because I had previously made the statement that in my view it had no legal existence. The best I could get from the minister—and perhaps he will elaborate on the matter when he replies—was a reference to section 19, subsection 5 of the act, which states that a majority of members of the advisory committee constitute a quorum and a vacancy in the membership does not impair the right of the remaining members to act. With all due respect may I say that has nothing to do with the point I was making about the legal existence of the committee which is determined specifically in section 19, subsection 1, which say that the committee shall consist of a chairman and not less than six members, and there are not now six members of the committee.

I was also dealing last night with some questions arising out of a speech made by the Prime Minister on May 8 at Montreal which dealt with employment and labour matters among other things. It was a speech which was full of commercials and would have done credit to an advertising campaign.

Indeed, there is a very close connection between this speech and advertising, which makes it all the more unusual to hear the Prime Minister say in this speech that one of the faults of his party since it has been in office has been to take its good works too much for granted. If that is true, then the vice president in charge of advertising has not been doing his job.

On page 9 of this unusual speech the Prime Minister made a labour reference which perhaps should be put on the record. He said:

I can tell you that no group of men and women anywhere in Canada worked as hard or as many hours a day as the members of the cabinet.

The results of that work, according to the Prime Minister, were expressed in these words:

I have no hesitation in asserting at this time that I believe that the government has accomplished more in those two years than any other government at any time in our history.

He added:

The facts are on the record.

Indeed, that is true; the facts are on the record and the government can be judged by those facts put on the record in the last two years, facts which deal with unprecedented levels of unemployment since the thirties, unprecedented lack of confidence in government bonds and unprecedented tight money.

On page 15 of this speech the Prime Minister made mention of the unemployment insurance benefit question, to which I made a cursory reference previously. The Prime Minister referred to the dubious figure of $550 million in additional welfare funds that had been given to the Canadian people since this government came to office and said:

The $550 million does not include additional expenditures which will be made for unemployment insurance as a result of the extension of these benefits to more people and for longer periods. Here alone the additional cost will be $200 million more than in 1956-57.

I should like the Minister of Labour to explain where this $200 million in extra unemployment benefits came from. I should like the Minister of Labour to explain when he speaks, if he will do me the honour of giving me some attention while I am referring to him, what the Prime Minister could have meant when he said that $200 million more in unemployment insurance benefits were paid in the last two years than in the year 1956-57. If that figure is correct—perhaps it is correct; the minister will be able to check us on that—and if that additional amount of money was paid out for which the Prime Minister takes credit to his government, it was paid out because there were unprecedented levels of unemployment which required these payments. However, to make a virtue of that is a very strange thing indeed.

Perhaps the minister will also confirm my statement that if this figure of $200 million is accurate as representing benefits received from the government, according to the Prime Minister, 80 per cent of these benefits came from the pockets of the employers and employees. It is a very strange kind of political advertising that takes credit to a government for contributions made by the employers and the employees to the insurance benefits of the unemployed employees.

Last night I also mentioned the strange statement of the Prime Minister in this strange speech—perhaps the minister will also deal with this when he replies—that our gross national product had increased 3 per cent last year. I pointed out last night, Mr. Chairman, that the Prime Minister was only $160 million out in that figure on the basis of his own method of calculation. If he had adopted the method of calculation put forward by the Minister of Finance when he estimated the gross national product, that is a calculation which is based on stable prices and takes into consideration price increases, the Prime Minister would have been over $700 million out in his statement.

These are some of the matters which perhaps can be dealt with by the minister in the discussion of this item of the estimates, but there is one other reference I should like to make before I sit down. He will know, of course, that when I spoke on this item some days ago I addressed to the government through him some general questions on labour policy and unemployment policy. The hon. member for Trinity also put forward some suggestions which I thought were very interesting and constructive. We on this side are often charged by the government with not putting forward constructive proposals but when the minister replies at the close of the discussion of this item of the estimates, or whenever he feels like replying, we expect him to deal with the particular suggestions which have been put on the record.

Mr. Regier: Mr. Chairman, I can assure the minister that I will not be very long. However, I should like to bring a number of matters to his attention. The first is that as our urban areas grow in population it is only natural that the staff of the unemployment insurance commission should also grow. It does not take long in terms of years for an office that had 15 or 20 employees to increase to 60 or more employees, not only because the increase in unemployment is a problem but also because of the growth in population. At this time I should like to make

the plea again that as much as possible, and in line with efficiency and the maximum output in these offices, the minister make every effort to keep the offices on as small a unit basis as he can.

I know that the officers of his department naturally like promotions, and as the offices grow so does their rank and their income as civil servants. Therefore each and every time the minister looks into the possibility of opening another office the advice he receives from his officers is usually against opening such additional offices because it affects their own position and income. There is a tendency for the officials to continue to advise the minister not to grant requests for the opening of additional offices.

This is of particular concern to those of us who live in rapidly growing urban areas. As population grows and as the need arises we hope the minister will understand the position and will agree a little more readily than he has in the past to the establishment of additional offices of the unemployment insurance commission. I do not like to see men become mere cogs in a machine, and when you have very large offices handling thousands of men a week I believe we make mere cogs in a machine out of men. So far as obtaining employment for people is concerned, I think this cause would be better served if there were offices in the local communities which would be aware of employment openings that might exist. They would be more aware of possible employment openings than a major office with a large hierarchy of civil servants. I also believe there would be more humane treatment of those who are unemployed and must use the facilities of these offices.

I have in mind particularly such expanding municipalities as are found around the cities of Vancouver and New Westminster. There are municipalities around New Westminster with a population three or four times that of the little city of New Westminster. Yet the unemployed in these surrounding municipalities must have their unemployment insurance needs attended to in the New Westminster unemployment insurance office, which is already larger than it needs to be in order to render efficient advice and help to the unemployed. Naturally the same criticism applies to the unemployment insurance offices in the city of Vancouver. I do not believe the government should sponsor the establishment of ever larger institutions when the matter of dealing with the needs of our unemployed is involved.

Another plea I should like to make at this time is that the minister use his influence in the government to obtain much more money for the retraining of workers. We will never be relieved of the problem of unemployment as long as automation is with us, and I do not see the end of automation and its effects. I believe the minister will agree that as the years go by more and more money will have to be spent on retraining our workers.

In so far as a large number of them are concerned, we will have to make arrangements whereby we pay them a maintenance allowance while they are being re-educated in order to enable them to take other employment. It is very difficult for a man with a family to agree to attend a training course for six months or more if he has no regular income. The day may well have arrived when the government, through the medium of the unemployment insurance commission, ought to give serious consideration to the payment of a living allowance to those of our unemployed who want to obtain the education necessary to take other employment.

I should like at this time to appeal to the minister to take measures very early in the year directed toward launching the next winter works program. I believe the minister now wishes that he had begun these projects a little earlier last year. I think the time is now when initial moves should be made whereby we could have a vastly expanded and enlarged winter works program next year. I hope when the minister begins planning next year's winter works program he will devise ways and means whereby the municipalities do not have to assume such very heavy obligations in order to supply a limited number of men with work. The minister indicated some months or more ago how pleased he was with the fact that some 38 per cent of the money that was being expended was being used to pay wages.

I have statistics here to show what happened in Burnaby. I note that the headline on the article from the *British Columbian* of April 16, 1959 says, "Winter Works Bring $72,000 From Ottawa". It says:

> Burnaby has spent $300,000 of the $557,720 allotted to eight public works projects that qualify for federal winter works financial aid.

Of this $557,720, the federal government is paying $71,926. This means that the municipality of Burnaby, in order to supply employment to roughly 100 men, had to go into debt to the tune of almost half a million dollars for these undertakings. If we are going to try to solve our unemployment problems in this manner it is my contention that we are going to break every municipal

government in Canada. The municipalities simply cannot afford to go out and borrow money, especially with interest rates as they are now, to the extent of $500,000 for every 100 men who must be supplied with employment. Our municipalities simply are not able to assume that kind of burden.

I should like, therefore, to propose that the minister attempt to persuade his colleagues in the government that when next year's winter works program is launched the municipalities be assured that the Municipal Improvements Assistance Act will be reactivated. This act is on the statute books, and under it the government has authority to give aid to the municipalities.

This act, which was introduced in the thirties, was specifically designed to provide employment through municipal organizations. I know the capital which is available under it is limited. However, the government might easily ask parliament to expand the capitalization allowed. I believe the present capitalization is $30 million, but in the light of Canadian problems and costs of today I think the minister would agree that our municipalities might easily use something in the nature of $300 million.

This act was a means whereby loans for self-liquidating projects were made available to municipalities at a very nominal rate of interest. I believe that if next year's winter works program is to be a success this act will have to be reactivated so these low cost loans are available to the municipalities, or the government will have to find other ways and means whereby the municipalities will not have to go into debt to the extent of half a million dollars in order to supply employment to 100 men for the five winter months.

The other proposal I have concerns the annuities branch. I know the minister is very much interested in the cause of labour. I know that he has heard much about industrial pension plans. I know the minister knows quite a number of the disadvantages of the present industrial pension plan arrangements, especially when a worker leaves one place of employment, either through no fault of his own or otherwise, and moves to another place of employment. The worker usually loses his pension rights in such instances. Once he reaches a certain age he has a difficult time in obtaining employment because he is told that for pension purposes he is too old.

I should like the minister to have the annuities branch look into the possibilities of establishing, under the annuities branch, a portable pension plan for Canadian workers. I feel that the annuities branch could be augmented and expanded in a manner which would give employers and unions some encouragement to transfer their present pension arrangements into the government annuities branch. If they did that they would then be making a move toward the establishment of a portable pension plan for Canadian workers.

Many members in the house have made remarks about industrial unrest. We have often heard the blame placed on organized labour. Well, all of us regret industrial unrest. However, it is sometimes part of the system. Unless we want to establish a dictatorship I do not see how, under our present concept of liberty, industrial unrest can be avoided. However, I feel that there has been a lot of exaggeration in this regard. I should like to place on the record a limited number of remarks made in the legislature of British Columbia by Rae Eddie, M.L.A. for New Westminster. I read these as they were reproduced in the *B. C. Lumber Worker*, the first issue in March, 1959. Mr. Eddie was pointing out very effectively that strike losses are being magnified and are not as harmful as many people would have us believe.

He says the facts are these. He used March, 1958 as a sample because he says that was the month in which labour disputes were particularly heavy in British Columbia. He says the figures show that out of total man days lost, 86 per cent of that time was lost through unemployment and 13 per cent was lost through illness, leaving less than 1 per cent of man days lost because of labour disputes. In short, unemployment cost more than 95 times as much as did strikes in time loss, and illness cost 15 times as much. To me that does not sound like irresponsible use of a free man's right to use his ultimate bargaining weapon.

We in this house are greatly concerned about the growing needs of government in the way of revenue. The other day we had a proposition that would cost several hundred million dollars. However, may I say in conclusion that our present level of unemployment, with half a million unemployed in Canada, over a period of one year means a loss in wealth that has not been produced of $1,500 million. That is, $1½ billion of wealth is lost in one year because of unemployment. That wealth is more than the cost of all family allowances, old age pensions and many other welfare enterprises added together. The cost of unemployment to the Canadian economy is today by far the greatest cost that the people of Canada are paying for having voted as they did in March of last year.

Mr. Forgie: Mr. Chairman, I shall limit my remarks—and they will be brief—to my own riding. I discussed the matter I am about to

mention with the Minister of Labour on an occasion about a year ago. I refer to the question of employment at Petawawa military camp. As the minister knows, there is an employment office in Pembroke. I am now making a suggestion that will bring business to the employment office. The matter concerns government contracts. My criticism or observation will apply equally to other ridings in Canada where there are government contracts. I suggest to the minister that he consult with the Minister of Public Works and see to it that there is inserted in the contracts awarded by the government a clause to the effect that the labourers shall be drawn from that section of the country in which the contract has been awarded.

At the present time the situation in Pembroke or in the district is that the number of unemployed is about 2,500. This situation is extremely serious. If the contractors and the subcontractors as well—particularly the subcontractors—would draw their labour from the section of the community in which they have the contract, there would be considerable alleviation of the distress in my section of the country. I would ask the minister if he would discuss this matter with Central Mortgage and Housing Corporation and with the Minister of Public Works and ascertain whether there cannot be inserted in these tenders and in the contracts when they are finally signed a clause to the effect that the labour shall be drawn, as far as possible, from the section of the country in which the contract is to be carried out.

Mr. Chevrier: The other evening, Mr. Chairman, when we were discussing other matters concerning the Department of Labour it was not found possible, because of the rules of the house, to discuss certain matters which the opposition desired to discuss at that time. While I have no intention of repeating what I said in the debate then, there are however some things that I believe should be put on the record.

I have, of course, no complaint to make with regard to the ruling of the Chair by which all members of the house must abide. It is because of that desire on my part and on the part of all of us who sit here that we follow the decisions of His Honour the Speaker. The ruling was that anything having to do with the reasons for non-compliance with the statute should not then have been discussed. The statute, of course, is the Unemployment Insurance Act. That is why at this time I feel that I should put certain matters on *Hansard* which I was prevented from doing on the earlier occasion.

[Mr. Forgie.]

At the time I indicated that there were, on the part of the minister, certain violations. Perhaps that word was too strong; perhaps I should have used another term. Perhaps I should have said that the minister had not abided by the terms of the statute. But whether it is one term or the other that is used, I do not think it makes any difference in the effect.

There are two or three points in which I am interested. One of them is the report of August 26, 1958, which the minister tabled at the request of the hon. member for Essex East. My purpose at this time is to say that this report forms part of sessional paper 82A and should be incorporated therein by reference. My purpose in saying that is found in section 89 (1) of the statute which can be divided under two heads, and which reads in part as follows:

(1) Within four months after the end of each fiscal year the advisory committee shall make a report to the governor in council on the financial condition of the fund—

Furthermore, over and above that obligation, the advisory committee may report at any time it sees fit, as I take it was its intention in the report of August 26, 1958. I have particular reference at this time to the paragraph in the beginning of this report which reads as follows:

In the meantime we respectfully draw your attention to our report of July 18, 1958.

My contention, Mr. Chairman, is that legally the moment the advisory committee, in any report to the minister, puts in a clause of this nature, then by reference any additional report is incorporated into the report required to be made under this statute. It then falls to the minister under section 90 (2) to lay that report on the table of the house. Section 90 (2) reads as follows:

(2) The minister shall lay every report made under section 89 before parliament within thirty days after it was submitted to the governor in council, or if parliament is not then sitting, on any of the first thirty days thereafter that parliament is sitting.

I say that the words "submitted to the governor in council" should be read with reference to the whole statute. My contention, with great deference, is that both these documents should have been tabled in accordance with section 90, subsection 2.

I think too, sir, that there has been an infraction, an evasion, of the statute in that section 19 (1) has not been complied with, because there is not now legally in existence an unemployment insurance advisory committee. I think that has been made quite clear in an earlier debate and I need not repeat it on this occasion. But because of the circumstances in which the committee finds

itself three members have found it necessary to hand in their resignations. Therefore that committee, because it does not consist of the required number of members, which shall be not less than six nor more than eight, does not legally exist.

Then, of course, there is the fact that there has been an infraction of this statute in its intention. I did mention this matter the other evening and I will not repeat it now except in passing. I would ask the minister if he will not tell the committee under what power he requested certain information and a report from the advisory committee. As I look at this act, and look at it as fairly as I can, there is a clear cut section, 91 (1), which gives the governor in council that power and that authority, but I see nowhere in the act any authority to the minister to act in the way he did.

In addition there is the unfortunate situation which exists between the minister and the labour movement at the present time. I say to the minister, with all the regard I have for him, that I am afraid he must assume full responsibility for this unfortunate situation, because in my modest estimation I believe he failed to carry out the required consultation with labour. I listened very carefully to the statement the minister made in defence of his position, but as I read section 19 (2) it is clearly set out therein that at least one of the members of the advisory committee other than the chairman shall be appointed after consultation with organizations representative of workers and an equal number, after consultation with organizations, representative of employers.

As a result of the failure of the minister to comply with that very clear and important provision in our legislation, the two most important labour unions have stated that they do not recognize the representative of the minister or of the government as their representative on the commission. The commission will therefore be composed of two government appointees and one representing employers. Although the minister may claim that the recent appointment does not constitute a technical violation of the act, I am sure he cannot deny that he did not comply with the spirit and the intention of this legislative provision in that respect.

As a result of that clear violation by the minister and the government of the spirit of the legislation, the three representatives of the Canadian Labour Congress and of the Canadian and Catholic Confederation of Labour on the unemployment insurance advisory committee have announced their resignations. There was no other course, I believe, for these men to adopt under the circumstances. Indeed, in addition to those specific and important responsibilities which are contained in the act, the advisory committee must work in close collaboration with the commission. Since the labour movement cannot feel that it is properly represented on the commission, as it has the right to be so represented, its representatives could not continue to act as members of the advisory committee and to work with the commission. The minister, I am afraid, must assume the ultimate responsibility for those resignations and for the situation which, as I indicated, is in contravention of section 19 subsection 2 of the act, which clearly states that at least one member of the advisory committee must represent labour.

As a consequence of these three recent resignations, the advisory committee has at present only five members other than the chairman. Moreover, it is doubtful whether there is at present on the committee a member who has been "appointed after consultation with organizations representative of workers" in accordance with the section to which I have referred. The minister—

Mr. Starr: Mr. Chairman, if I may just advise the hon. member, the labour representative after consultation, as the hon. member puts it, is still on the advisory committee, and that representative is Mr. McLean.

Mr. Chevrier: That is true.

Mr. Martin (Essex East): But the three others are not.

Mr. Starr: The three others tendered their resignations and new appointments will be made within the next two weeks.

Mr. Chevrier: What the minister has said is quite true, Mr. Chairman, but that does not derogate from the point that there are still three members of the labour movement who have handed in their resignations—

Mr. Starr: That is a fact.

Mr. Chevrier: —and because of that, the point I am making is that the unemployment insurance advisory committee has no legal status. The minister may disagree with that, but that is my interpretation of the act, and because of that I think an injustice is being done to the labour movement.

The point which I think is uppermost, or should be uppermost, in our minds at the moment is this. The minister may not agree with this, but none the less I think it is accurate. The minister's responsibility as Minister of Labour is to conciliate. I am sure that no one would agree with that statement more quickly than the minister; but under the circumstances, willingly or not, voluntarily or involuntarily, he did not con-

ciliate in this case. True, he gave the house an explanation of what happened, but that explanation is contradicted by the president of the Canadian Labour Congress, and clearly contradicted. It is contradicted, too, by the three representatives who handed in their resignations. Therefore I think I am safe and accurate in saying, first of all, that the advisory committee has no legal status as it stands today; and second, with all respect to the minister, I do not think he used his conciliatory powers or facilities in the manner in which they should have been used on the occasion.

I do not want to go into this unduly and pursue the matter ad nauseam, but I think there is one point which I must make and that has to do with the Quebec representative on that body, Mr. Jean Marchand, who is the representative or the secretary of the Canadian and Catholic Confederation of Labour. The minister, and again I say this to him with deference, stated that Mr. Jean Marchand was official affiliated to a political party which was not the Progressive Conservative party. That I submit is not an accurate statement. That is not a fact, and I challenge the minister to substantiate that accusation. Why should the minister have made that statement, if it is not in accordance with the fact? I have no doubt that Mr. Marchand is not in that position. If he were I am sure he could not hold the position which he holds at the present time. I am prompted to say that it might be because of the position Mr. Marchand held during the strike of the employees of the C.B.C. that the minister was prompted to make that statement. Be that as it may, I do not think the statement was accurate; I do not think it should have been made, and I do not think there is any foundation for it.

(Translation):

Mr. Fortin: Would the hon. member for Laurier (Mr. Chevrier) allow me a very brief question?

Mr. Chevrier: Yes.

Mr. Fortin: Is the hon. member for Laurier aware that Jean Marchand is not only an active member of the Social Democratic party, but also one of the leaders of a political movement in the province of Quebec, which is called "Rassemblement"?

Mr. Chevrier: The hon. member for Montmagny-L'Islet may know of these facts, whereas I have no such information. I am, however, convinced that the minister's statement in this house was not in accordance with the facts and that, under the circumstances, he should not have made it because to my mind it is a responsibility of the Minister of Labour (Mr. Starr) to reconcile the various attitudes instead of confusing them, as he attempted to do.

Furthermore, if I may say so, Mr. Chairman, without in the least wishing to cast reflections on the Minister of Labour, I think the attitude shown by Mr. Jean Marchand in the C.B.C. producers' strike had a great deal to do with the attitude taken by the government towards him.

That is the reason why I made my statement a moment ago. I have not the slightest doubt that the charges directed at Mr. Jean Marchand are not in accord with the facts—I am trying to use a phrase that will not be ruled out of order—and I am therefore inclined to believe that the minister should not have made such charges. In fact, I am certain that if the minister were to repeat that statement today, he would leave out the part dealing with the political connections, not only of Mr. Jean Marchand, but also of the two other labour representatives in this matter.

(Text):

Now, if I may return to the point I was trying to make—and I was trying to make it as calmly as possible in the circumstances, and I am sure the minister accepts it in that light—I was trying to point out that the minister failed to consult, in accordance with section 19 (2) of the act, the various labour organizations when the appointment of Mr. MacArthur was made, and that because of this failure an unfortunate situation has arisen as between the minister and the labour movement, a situation which I believe has led to the worsening of the relationship between the two.

I am sure the minister himself would be the first to recognize the need and importance of close and continued collaboration between himself and the labour movement for the proper and effective operation and administration of the Unemployment Insurance Act. The point now arises, how does the minister propose to secure this essential collaboration? When and how does he intend to extricate himself from the difficult, delicate and awkward position in which he finds himself? How does he intend to get out of the illegal position which exists today?

A moment ago the minister said he expected to appoint persons in lieu of the three who had resigned. No one can anticipate, of course, what the appointments will be, but will they be truly representatives of labour? Will they be appointed after consultation with labour? These are questions which I am sure cannot be answered at this time. So I conclude this part of my remarks by stating that in my opinion a serious mistake has been made because of the fact

that there was a failure to consult and because there was a failure to conciliate. This has set a bad standard for both employers and employees. I trust and hope that this situation will be rectified.

Before I resume my seat I would like to make a suggestion. I can speak only for myself, but the suggestion is this; that item 1 of the minister's estimates be allowed to stand, after the discussion thereof has been terminated, and that meantime we continue with the other items of the department in order that we may get from the minister a report on the winter works program. I make this suggestion with deference. I think it will hasten the consideration of the estimates, because I have a feeling that if this were done we could certainly dispose of these additional items very quickly.

Mr. Starr: In response to the suggestion that the first item should be deferred until the program is brought in, may I say that the winter works program has been carried on for five years—unless, of course, the hon. gentleman is referring to the municipal program. I do not know exactly what he has in mind. Perhaps he could tell me.

Mr. Chevrier: I was under the impression that we could have a statement from the minister as to what has happened with the winter works program involving assistance to the municipalities. This has been mentioned in the house from time to time, but no complete report has been made bringing us up to date. It seemed fitting, therefore, that between now and the end of the session we should have an opportunity to discuss that program.

Mr. Starr: Is the hon. member referring to a complete report on this incentive program which has gone on during the past winter?

An hon. Member: And next winter.

Mr. Starr: I can readily give the committee a report of what has gone on in the past winter. However, future government policy with respect to the program will have to be planned.

I am very happy about the attitude taken toward this municipal incentive program. It was initiated by the government following conferences we held last July with the municipalities. I remember the attitude of hon. gentlemen opposite who characterized it as being too little and too late. They said it would not work out, and they criticized it month by month. In all modesty I feel I may claim that it is a fine program, and I cannot resist reminding hon. gentlemen opposite that it is a program that was instituted by this government. The government takes the responsibility for the situation. The government will give consideration to the question as to whether or not it will be necessary to continue this program.

If hon. gentlemen opposite have any constructive suggestions to make that they feel would help the situation I would be happy to receive them and bring them to the attention of the government for consideration. Under those circumstances, however, I did not feel I could let that suggestion stand.

Mr. Nesbitt: Mr. Chairman, in opening my brief remarks may I congratulate the minister for his opening remarks on the presentation of his estimates and say that I welcomed the announcement of consideration for older workers. I believe the minister well knows this is a subject of great interest to me as well as to many hon. members on both sides of this chamber. I am sure many were gratified to hear that steps were being taken to find a solution to the problem confronting older workers in Canada. I have spoken on this subject on previous occasions and do not wish to elaborate further on the point at the present time.

I wish to bring to the minister's attention the need for a change in the regulations at some future time. It may be, of course, that the objections I raise to the present regulations could be met by valid arguments, but I would hope the minister and his officials might give the matter some reconsideration. I refer to the regulations under section 172, subsection 3, paragraph (b) of the act. The regulations came into effect last autumn, I believe, and as a result the following notice was distributed through national employment offices to a number of people applying for unemployment insurance. The notice is specifically directed to farmers, and the pertinent part reads:

> All earning must be declared (see paragraph 15 of "Information for Claimants" form 501D). This includes earnings from farm operations.
>
> If you dispose of any farm produce (milk, grain, livestock, etc.) during a week for which you are claiming benefit you must include as earnings for that week one-half of the amount of money that you received or will receive as a result of the transaction.

The notice then goes on to make some reference to penalties. This has no reference to the point I should like to make. Just after the end of the last war we all know that the Department of Veterans Affairs under the Veterans' Land Act encouraged veterans to purchase small holdings of land, up to four, five or six acres or whatever it was, for the purpose of assisting the veteran and his family to become more or less self-sufficient. This was one of the purposes in any event. This policy was to assist those who became unemployed. They were encouraged to get

a few chickens, pigs or cows, and generally one might say veterans were encouraged to put their money into projects of this kind.

Nowadays many people among the farm population work in the cities and there are many persons who because of high tax rates in certain urban areas have bought small holdings out in the country. Their wives may keep a few chickens or they may keep some pigs or possibly even one or two beef cattle or a cow or something of that nature. This trend is becoming increasingly common.

If an individual is able to save some money which he invests in real estate and draws rent from his investment he is in no way affected by the regulations to which I referred. Neither is he penalized if he invests his money in stocks, bonds or securities. However, if an individual invests his money in any kind of farming operation from which he draws income he is penalized under this section of the act. I cannot help but feel this is a form of discrimination against those workers who live in rural areas and have invested their money in small holdings of land from which they draw a little income.

I know that one of the arguments in favour of the present regulations is that investment in real estate or stocks and bonds represents a consolidation of the past labours of the individual, and if they draw income from this source it is not considered as earnings. I realize that it is sometimes difficult to draw a fine line in matters of this kind, but I have difficulty in comprehending the difference between a person who has invested money in real estate which he has to repair and maintain and from which he draws income in the form of rent, and a person who on the other hand has invested in a small holding of land from which he draws some income through keeping a few chickens, pigs or something of that nature which he must feed whether or not he is working elsewhere. In the former case the individual is not affected by this section of the act but in the latter case the individual is penalized.

I believe these regulations would even go so far as to make necessary the declaration of money received by an individual from the sale of a cow, for instance, which he sold in order to purchase another cow. This is clearly capital, but he would have to declare the money he received from the sale and would be penalized as a result. I appreciate that it is difficult to administer some of the provisions in the act but I would hope that the minister and his officials would give some reconsideration to this matter.

My next remarks relate to what I have just said. Because of interrelated activities in our economy today often there is a very fine distinction between city workers, those who are half working in the city and half in rural areas, and farmers. In other words there are no clearly defined black and whites but we have an increasing number of grays somewhere in the middle today. I refer to the distinction between industrial workers and farmers which used to be more clearly defined. Because of this I suggest to the minister that he might give consideration to appointing someone to the unemployment insurance advisory committee who has at least some knowledge of farm problems and can represent the views of people who may have small holdings in rural areas but who may work in a factory in the city. I feel that this is important, and I urge the minister to give consideration to this suggestion.

In conclusion may I say that in my opinion and in the opinion of many people throughout the country with whom I have discussed these matters the present Minister of Labour is probably the best minister of labour this country has ever had. I believe this view must be recognized by hon. gentlemen opposite. In fact the only conclusion to which I can come is that hon. members of the official opposition and the C.C.F. are becoming alarmed at the popularity of the Minister of Labour in the country. I am quite certain of this in view of recent speeches that have been made in this house, which cannot be interpreted in any way other than as attempts to tear down the excellent reputation the minister has acquired for himself, and very justifiably so.

Mr. Herridge: Mr. Chairman, I have been asked to bring certain complaints to the attention of the house and the minister by a good number of trade unionists in my constituency, a number of members of the Canadian Legion and some business people. I have also received considerable correspondence along the same line. In the national employment service we have a very excellent organization that provides an opportunity for employers to register their employment needs and for employees to register for employment. From my contact with the service I would say that generally speaking they are doing a very good job, sometimes under quite difficult circumstances.

As opposed to that we have the immigration department also undertaking the responsibility of seeking employment for immigrants. I am not criticizing the officials of the immigration department. They are undertaking their duties as they are supposed to according to the act and the regulations and their instructions. However, people to whom I have spoken think this creates an unnecessary

duplication of expenditure and a certain unfairness to Canadian citizens, and that the procedures create quite unnecessary ill feeling at certain times.

I have personal knowledge of an immigration officer who in some cases travels two or three hundred miles to find employment for immigrants. I am not blaming the immigrant who naturally wants to get employment. In fact this officer travels even greater distances on occasion. Funds are provided which give him the opportunity of travelling all over the district, visiting small places, quizzing employers and in some cases obtaining employment where the employer did not consider that he really needed an employee for the work in question. They are pretty thorough in that respect in going into every nook and corner of the Kootenays and trying to find employment for immigrants.

One or two managers of small lumber companies have mentioned to me how efficient the immigration officials are in that respect, in that they have suggested that the employer put the man on for a week or two even if he cannot provide work for very long. The immigration official says he has to get jobs for the immigrants somehow and that it will be a great help to him if the employer can give the man a job, and so on and so on.

The officials of the national employment service do not have the same opportunity. I know the local managers do what they can, within close range of the towns in which employment offices are situated, to come in contact with employers quite frequently, but the funds available and their duties are such as to make it impossible for them to travel the district in the same way as the officers of the immigration department. During recent years I have had it repeatedly brought to my attention by the people I have mentioned that there has been a certain unfairness.

I want to cite one case, which could be repeated many times. This man came to see me personally, having been sent to me by the secretary of the Legion branch and the secretary of his trade union. This man was born in a town in my constituency. He served overseas for six years in the second world war and had a very commendable record. He now has four children and had been unemployed for five months when he came to see me. He is an electrician and there was no employment in sight. An immigrant came into the district who was an electrician, was in the town one day and got a job because the immigration official just happened to arrive at a certain place at the right time, when the employer was about to notify the national employment service that they needed an electrician.

The criticisms of these people are quite sound that there is unnecessary duplication, and at times this brings about criticism of the national employment service which is not justified. I have heard people complain about the national employment service officials not getting out and rustling up jobs, and I have had to explain over and over again that they do not have the same opportunity because there is no financial provision and their duties will not permit it.

I could illustrate this complaint with a number of similar cases, but I will only refer to the one case. With respect to my own experience, may I say that after receiving complaints I am in the habit of investigating because I like to get the facts, and as a result of the complaints I have received and my personal experience I suggest that the registration of jobs and the seeking of employment should be the sole responsibility of the national employment service. All this work should come under one branch. In addition, there should be provision for appropriate officials of the offices to travel around the districts in order to visit employers in the same way that immigration officers now do. In that way it would be fairer to Canadian citizens and fairer to immigrants. They would not encounter these unnecessary hostilities which are very easily built up, particularly in small communities.

I have gone to considerable pains on two or three occasions to dampen the fires of resentment which were directed at the time at the national employment service and also at the poor immigrant in question because of the method of doing things at the present time. I have brought these views of my constituents to the attention of the minister, and I hope serious consideration will be given to some consolidation of the services that I have dealt with so briefly.

Mr. Martin (Essex East): Mr. Chairman, it seems to me that the suggestion made by the hon. member for Laurier is extremely important. He has asked the Minister of Labour to allow the first item to stand so we will have some opportunity at a later date to ascertain what is likely to be the government's policy for attacking unemployment next fall and winter. The minister has indicated that he cannot accept the suggestion; consequently we are going to observe the traditional routine of dealing with these estimates. That is the responsibility of the minister, and apart from disagreeing with him for the reasons stated by the hon. member for Laurier I do not quarrel with his decision. But we therefore have an obligation to ask the government at this time what its policy with regard to unemployment is going to be for the ensuing period.

The minister understandably has taken some pride in the achievements under his winter work program. The program I am talking about is not the advertising campaign urging people to provide employment. Without belittling the value of that, though recognizing that it really has not cut very deeply, what I am referring to is the winter work program which involves contributions by the federal government together with the provinces to municipally conceived projects. The minister has said that obviously the remarks of the hon. member for Laurier are to be construed as an approbation of that program, and in understandable modesty the Minister of Labour says he is very glad to know that hon. gentlemen on this side approve the program and share his pride in its achievements.

I think the Minister of Labour is under a great misapprehension. We on this side of the house welcome the program in so far as it goes. Any program designed to assist men and women who are out of work to find gainful employment will receive our support, but the minister does not do justice to the record of debate this session when he suggests that we are satisfied with the program. We are not. This program was announced in the fall of last year but it was ill timed, and as a result was not capable of the productive results which it otherwise would have had. What we are now saying is that while we all hope there will be a real improvement in the unemployment picture, there are indices that suggest it is going to be a serious problem, though we hope however not on the same level as last year. Every indication would appear to support the view that unemployment nevertheless will be present with us next fall and winter.

What we are asking the government to do is not wait until Christmas or late fall to declare its policy, but to tell the country and the house now what its policy is going to be. Is this program going to continue? If it is going to continue, the municipalities ought to be told far enough ahead of time so they can make the necessary preparations through budgetary arrangements, through use of necessary facilities, personnel and the like to cope with the problem. The minister takes credit for this program. I think he is overstating the case when we recognize that as of the last reported period there were some 525,000 people without jobs, and that the number of unplaced applicants had increased by almost 4,000.

This is a picture that does not warrant the suggestion that we can coast along as the government has coasted along, during the past 18 months. Now we would like to know from the minister, has all the money that was voted for this particular project been expended by the government? How many people have been put to work? When we are told how many people have been put to work under this program, we realize its limitations. The fact that 33,000 or 40,000 people have been put to work as a result of this program is in itself commendable, but it is nothing compared to the problem of unemployment that faces the country at the present time. I do not believe the minister is on sound ground when he takes great satisfaction from these figures, in the light of the total unemployment problem and in the light of the very limited achievements of this program of works.

Now, what we want to know is, what is the government now doing—

Mr. Starr: Do you want us to drop this program?

Mr. Martin (Essex East): My hon. friend does not do himself justice. Of course we do not want him to drop this program. What I want him to do is announce this program at a time when the municipalities can prepare for it. Tell us now, are you going to embark on this program next year?

Mr. Starr: The hon. member talks about the preparation of budgets by municipalities. I think I should advise him that the municipalities have already set their budgets for this year, and a new budget will not be set until after the new year, in 1960. Budgets, therefore, have nothing to do with it.

An hon. Member: Oh, no.

Mr. Pickersgill: Ontario is not the whole country.

Mr. Starr: I have had some experience in this connection. Preparation for any plan of this nature at this time would be a little premature. We will have to look at the situation later on to see what the position may be this winter. I realize the plan could have been announced a little earlier last winter, but there was no harm done by the announcement being made when it was. In the first week of this plan we received over 500 applications.

Now, most certainly, if it is found necessary later on this year that this program should be continued for another year, the experience we have gained during this winter will help us in deciding earlier, and the plan will be announced earlier—there is no question about that—if it is decided to go ahead with it.

Mr. Martin (Essex East): I thank the minister for incorporating my remarks in his. I believe he has only confirmed now what I have said. He has said that municipal budgets are already prepared. Of course he knows that is not the case nationally. As

a matter of fact on December 23 last the minister made a statement which confirms what I have just been saying. The minister said that the interest shown to date in this program and the favourable reception to it from municipalities all across the country are very encouraging, and this was particularly true since budgetary restrictions have prevented many municipalities from submitting projects until their 1959 works programs are approved by the newly elected councils.

This is surely an indication of the truth of my statements. My own city of Windsor is a pretty good illustration of the weakness of this program. Shortly after the program was announced last year we met under the capable direction of that devoted public servant Mr. John Sharrer, the director of the unemployment insurance offices in Windsor. The members of parliament, members of the legislature, representatives of the unions and of management met to discuss this particular program and ascertain whether it would be adaptable to the situation in Windsor. The mayor and the council of Windsor indicated that they could not participate in this program because their budgetary plans were already drawn up, and also, to use the language of the former controller, Mrs. Montrose, because the plan was inadequate in that it did not provide financial assistance from the two senior levels of government in connection with supplies.

I am sure my hon. friend knows as well as I do that if he wants to bring in a works program that is really going to put thousands of people to work, the federal share should be extended beyond merely assisting in direct employment. It has to encourage projects, and one way of encouraging projects will be for the federal and provincial governments to do more than merely share the cost of labour involved in those projects. In my own city of Windsor, where there has been heavy unemployment, we have not been able to take advantage of this program. I think the fact that in the province of Ontario this program has not put more than—the minister will correct me if I am wrong—9,000 or 10,000 to work—

Mr. Starr: Over 11,000.

Mr. Martin (Essex East): —over 11,000 people to work, in a province of 6 million people—

Mr. Starr: But this program was not designed to put everybody to work.

Mr. Martin (Essex East): —is a pretty good indication of the failure of this program. We admit that this type of program is valuable. What we are asking the minister to do is to announce, at the earliest possible date, whether or not the program is to be continued; that is what we asked last year.

Mr. Starr: I promised the hon. member that the date would be announced at the earliest possible time.

Mr. Martin (Essex East): Will the minister say that this program to cope with unemployment will be announced before we rise at the end of June or the middle of July? Will the minister promise us that?

Mr. Starr: A decision will have to be made in the light of the situation in the month of August.

Mr. Martin (Essex East): My hon. friend says the month of August, but parliament will not be sitting. We were caught that way last year. The Leader of the Opposition, in the month of June—

Mr. Pickersgill: We asked for it in August last year.

Mr. Starr: You did not know about it in August.

Mr. Martin (Essex East): The Leader of the Opposition, in the months of June and August, asked the Minister of Labour if he did not think that in view of the outlook for the fall and winter the government should take steps to do something about combatting unemployment. That request was supported by members of the opposition. Nothing was done between August and the time when, a week or so before the Prime Minister left the country, he announced the program in Saskatoon.

Mr. Pickersgill: At a provincial convention.

Mr. Martin (Essex East): Yes, at a provincial convention. We do not want to be caught in the same situation, because we have had a very serious level of unemployment this year. Many thousands of people have suffered as a result. Having promised to do something about unemployment, this government owes to the unemployed and to this parliament the obligation to tell us, before we leave, what are its plans to meet unemployment next fall and winter.

Mr. Starr: I just want to repeat to the hon. member what I said earlier, namely that the responsibility for action in this matter rests with the government and we are assuming that responsibility.

Mr. Pickersgill: Parliament does not matter.

Mr. Martin (Essex East): I am sure I understand my hon. friend's difficulty. I know that if he were left alone and were the only minister in the government he would announce today that this program was going to be continued, and that its features would be

refined and liberalized so it could be more effective. But I am not addressing myself only to the minister; I am addressing myself to all the members of the government who have the obligation of sharing with him the responsibility for action. Surely we are entitled to know, before this session closes, whether the municipalities can now start preparing programs that will at least put this same number to work, if not more. But if the hon. gentleman waits, as I am afraid it is his intention, not until August, September or October but until November, we shall have a recurrence of this same situation; and a year from now we shall be arguing in this house, just as we are arguing at this moment, and criticising the government for not having taken in the middle of 1959 preparatory steps to meet a situation in late 1959 and the winter of 1960. That is the reason for the proposal made by the hon. member for Laurier. It was made for the purpose of assisting the minister in the passage of his estimates and at the same time preserving—as the hon. member for Bonavista-Twillingate pointed out a moment ago—the rights of parliament, in its right to ascertain government policy with regard to the most serious problem that confronts us in Canada at this time, namely that of unemployment. This government owes to this parliament and to this country, more than any other government in the history of Canada, action along these lines because this government made a solemn commitment to the unemployed of our nation as no other government has ever done. For that reason the government should not hesitate to give us now a clear indication of its policy.

The hon. member for Trinity the other day outlined a program which, if adopted, would put many thousands of people to work. What is the government's attitude with regard to that program? Does it accept what the hon. member for Trinity suggested? Does it think his suggestion had any merit? This is the opportunity for the Minister of Labour to tell us. If he does not, we can only conclude that this government is going to run a calculated risk and trust that there will be no unemployment of a serious nature next year. In running it, it runs the risk of adding, unwittingly or wittlingly, to the continued discomfort and distress of thousands of people.

Mr. Jung: Mr. Chairman, every time I rise to speak I always seem to be doing so against the clock. However, that may be a good thing. I did not intend to speak at this stage, but this morning I received from one of my constituents a letter which has prompted me to do so. I should like to read a portion of this letter. It reads in part as follows:

[Mr. Martin (Essex East).]

Dear Doug.:

This morning's headlines are "steady workers to pay more employment insurance". Surely you can help to curb this. For 11 years I have worked for my boss and paid employment insurance. If I stop, I will get one year of insurance benefits that will not keep me happy. Why can't we have as the U.S.A. have, the security plan, forced saving that all comes back to the worker? After all, it is my money. I have already paid taxes. Why should the "steady" worker keep the numbers happy who never stay on a job longer than possible?

To me, Mr. Chairman, that letter indicates that there is some feeling of dissatisfaction among these workers who are steadily employed. They understandably feel that the money they have paid into the fund is theirs and that they are being penalized by virtue of being steady employees.

In order to remove this feeling of dissatisfaction may I make the following proposal to the Minister of Labour. Can some consideration be given to protecting the unemployment insurance fund by making the contributions of the employee payable to his estate if the contributor never draws on the fund? The estate created by his contributions might be a very modest one, but I think such a procedure might give some people the incentive to build up their contributions instead of thinking of ways and means of depleting the fund at every opportunity.

If such a plan were adopted the contributor would feel that his contributions would be a sort of savings fund. Even if the estate were a modest one I think it might be of some assistance to those in the lower income brackets who, after all, make up the larger number of people who pay into this fund. It might be of some comfort to the older workers who would know that some extra money is coming to their family if anything happens to them. By limiting the amount payable to the estate of the contributor to the actual contributions paid by him we could emphasize to him that it was his fund and that he is not being—if I may use the word—cheated out of his own money.

The minister may see disadvantages in my proposal. I have not spoken about it at great length because I can appreciate the tremendous administrative problems that would arise from such a scheme. However, I make this proposal because I think some consideration should be given to removing this understandable feeling which some of the people have that they are being unjustly penalized.

The Chairman: Order. It being one o'clock, I do now leave the chair.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Jung: Mr. Chairman, you will recall that prior to the adjournment of this morning's session I had submitted a proposal to the Minister of Labour. This proposal was that in order to remove the feeling prevalent among many that those who are steadily employed subsidize those who are out of work, the contributions paid into the unemployment insurance fund by the steadily employed worker should be made payable to his estate.

I do not intend to repeat the remarks which I made this morning, and I shall conclude by saying that, in my opinion, such a scheme would not only make the contributor feel that he was really protecting his contributions to the extent that he will get all his money back if he has never drawn on the fund, but also I think that such a plan would slow the drain on the unemployment insurance fund because it would encourage people not to use their unemployment insurance benefits unless they really had to. This may be a very difficult plan to implement, and if I may be permitted to say so this is a very ambitious project. However, if the minister does not feel that this project can be implemented at this time, then I would urge that the government consider this plan on a broader basis so it will ultimately tie in with a national program of social security.

(Translation):

Mr. Pigeon: Mr. Chairman, I have no intention of delaying the passing of the estimates of the Minister of Labour (Mr. Starr), but at the request of the Catholic and Canadian trade unions of Joliette, I should like to ask the minister to consider the possibility of amending the Unemployment Insurance Act in view of the fact that certain large categories of workers are not yet receiving the benefits and protection provided by the legislation. The Unemployment Insurance Act should be amended so that the benefits it provides might extend to workers in hospital and religious institutions. All that would be required would be to delete section 27 d and e of the said legislation.

Again at the request of farmers in the federal riding of Joliette-L'Assomption-Montcalm, and more especially cigar and cigarette tobacco growers, I must say it would be of paramount importance that the minister consider the possibility of amending the Unemployment Insurance Act, as soon as possible in order to make its benefits available to farm workers. So far, I have received many delegations of farmers from my riding who are having a hard time finding the farm help they need to operate successfully. I know that the government is looking into the possibility of amending the Unemployment Insurance Act and of making it easier for farmers to hire farm hands by allowing such workers to qualify for the benefits provided by the Unemployment Insurance Act.

I admit that the administration of the legislation would be very difficult and complicated. It might be important, perhaps, to consider as soon as possible the possibility of extending the provisions of the act to farmers who grow special crops, such as producers of cigar or cigarette tobacco.

Mr. Chairman, I am convinced that the Minister of Labour, as usual, will look into the possibility of introducing the necessary amendments so that farm workers may enjoy the benefits of the Unemployment Insurance Act.

(Text):

Mr. Pickersgill: Mr. Chairman, I have several different topics I wish to say something about with regard to the first item of the labour estimates. First of all, I would like to say something about the winter works program following along the line taken the other day by my hon. friend from Burin-Burgeo. In that context I would like to draw some attention again, as has been done once or twice before, to the answer given by the minister to the hon. member for Burin-Burgeo about these municipal winter works projects, which answer is to be found in *Hansard* of April 22 at page 2928.

I am not going over the details of all these figures, but if they are compared, as the hon. member for Burin-Burgeo compared them, with the latest available figures for unemployment in the different provinces and regions of this country, it will be found that this winter works program is effective in almost precisely inverse proportion to unemployment. This 50-50 arrangement has this effect in this field, as it unhappily has in so many others, that it follows the text: To him that hath shall be given, and from him that hath not shall be taken away even that which he hath.

That is particularly true in the case of the province, one constituency of which has done

me the honour of electing me to this parliament. It will be seen that unemployment in that province, according to the latest figures which the minister gave us, was very substantially higher than in any other part of Canada. The reasons for that have been given before and I am not going to go into them in greater detail now, except to say one thing. As the minister knows, there was a disastrous situation in the fisheries of Newfoundland last year, the kind of disaster which I am sure, if it had happened in any other province, would have been relieved by this parliament.

For some reason or other, however, despite the fact that it was brought to the attention of the Prime Minister, the Minister of Labour and the Minister of Fisheries in October before the date on which this winter works program was first announced at a political convention in Saskatchewan, nothing was done about it. That announcement was made, as I said, at a political convention of the provincial Tory party; the program which we were denied in parliament was announced at a Tory political convention with this fine disregard for the rights of parliament which unfortunately has been increasingly conspicuous in recent times. The government had promised to consider the suggestion which we put forward at that time and which was supported by all the members from Newfoundland. They promised to consider it when this question arose in the month of January; the Prime Minister told us on the second day of the session, I believe it was, that it was still under consideration. Two days later, or it may have been slightly longer, the Minister of Labour told us that the matter was not being considered.

At one stage of an earlier debate the minister said it was not considered because the proposal was made too late. That was the excuse he made. I point out that the suggestion was made earlier than the winter works program proposed to the municipalities, and that it would not have involved anybody except the federal government. There would have been no problem whatever about carrying it out had there been the will.

The alternative which the government followed—the alternative of making a start upon the building of community stages for fishing settlements—was a very good one, and I commend the government for undertaking it. It was very good for those settlements in which it was done. However, as my hon. friend from Burin-Burgeo pointed out, of some 1,300 settlements around the coast of Newfoundland, 20 were affected by this plan to build community stages, and many of the individual projects could not be proceeded with last winter because the program was announced so late. Nevertheless, I may say that the people in those communities are grateful for what is being done.

I hope that next winter the scheme will be extended, and I hope the extension will be announced while we are still here. There is no reason why it should not be announced tomorrow. I can give the Minister of Fisheries a list of the settlements where these community stages would be of permanent benefit to the communities. I can provide him with that list any day he asks for it. The timber could be cut in the fall, and though construction cannot go on while there is ice in the sea, the work could be done early in the spring before the fishing season opens. That would be a real help. I know the Minister of Labour, who is genuinely interested in helping to alleviate unemployment, will at least give serious consideration to this suggestion.

With regard to the winter program itself, as the minister knows there are practically no municipalities in Newfoundland, apart from St. John's and Corner Brook, in the sense in which municipalities exist in other parts of the country, and this program in its original form, was not geared to conditions in Newfoundland at all, though this was the province with the greatest proportion of unemployment. It is true that a provision was subsequently made, as the minister pointed out one day in the house, and I want to be completely fair about this matter, enabling the province to act in lieu of a municipality.

Again, I do not intend to weary the committee by going back to the record, but if hon. members care to look at the speeches which were made by the Liberal members for Newfoundland on the last day of the session, or the day before the last day, and one day before that, they will see that we appealed to the government to implement term 29 of the terms of union without delay. I can tell the minister that if this had been done, and if that money had been paid at the time it should have been paid, and at the time the people of Newfoundland had a right to it, the treasury of Newfoundland would have been in a position to have done things under this winter works program which it has not been able to do. The denial by this government of money which rightfully belonged to the province under the constitution has already, I suspect, cost the province at least half a million dollars in unnecessary interest charges. That $500,000, if it had been spent on a winter work program, would have meant that instead of there being only 26 projects on which $49,000 was spent a very considerably greater sum might have been undertaken.

I myself know of many projects which were suggested but which the provincial government felt could not be proceeded with because there was just not enough leeway in the treasury. Why was this? It was because this government was not sufficiently interested to do something which would have caused very little debate in this house at that time. It was because the government failed to act upon a unanimous request of the house of assembly in Newfoundland asking that they should receive money to which they were entitled under the confederation agreement.

As the text said, to him that hath shall be given. And now we have insult added to injury, and a member of the present government goes to Newfoundland and claims, first of all, that the treasury has received money which has certainly not been paid. Even worse, he claims that the treasury has received funds whose payment has not yet even been authorized by parliament. The Minister of Justice told us this morning that $55 million had been paid into the treasury of Newfoundland last year. He told the board of trade last night that it was $100 million; then he found his arithmetic was all wrong, and changed it to $55 million. His arithmetic is still wrong, because as nearly as one can judge from the budget papers which I have in front of me the figures in respect of payments to Newfoundland including transitional and additional grants amount to $14.7 million. Of that $14.7 million, $13.5 million is called a special grant under the terms of union. Not only has that grant not been paid, but it has not even been voted.

Mr. Hamilton (Notre Dame de Grace): What has that got to do with the winter works program?

Mr. Pickersgill: One of the reasons why the winter works program was almost a complete failure in Newfoundland was the neglect by this government of its duty to treat Newfoundland as the province has the right to be treated under the constitution, and if that is not related a great deal more to the minister's estimates than the debates about provincial matters we heard at earlier stages in this committee, I cannot think what would be.

Having made that point, I do not intend to continue on the subject because there will be another occasion on which to do so. I hope that occasion will not be long delayed, because this money has still not been voted. Until it is, and until it is made available, necessary services which would provide employment cannot be proceeded with.

I return to this 50-50 formula. The 50-50 formula makes it very easy for relatively prosperous municipalities where the tax base is high and where unemployment is relatively low to embark on schemes for providing employment. But these projects do cause an additional strain upon areas which need help most, the areas where unemployment is highest. I say that this 50-50 method of dealing with this matter is utterly inadequate. It is not only inadequate in relation to the total number of unemployed in the country, but it is inadequate by reason of its method of application. I agree with the minister that we cannot expect this winter works program to provide for all the unemployed in this country. Nobody would be so foolish, I hope, as to suggest that. But to the extent that some employment can be provided in the winter time under this plan, the idea is a good one.

I believe that if an equitable provision is to be made for all Canadians, and if all are to be treated alike, a formula different from the 50-50 formula has to be provided. Indeed, it seems to me that particularly in the Atlantic provinces where unemployment has been regrettably at a much higher level than it has in any other part of the country and where there are in addition a good many very urgently needed federal works that, in some cases, could be timed a bit better—and I shall have something more to say about that when we are discussing the estimates of the Minister of Public Works, statements that have been made before in these debates—a greater effort should be made by the government to accelerate these works. The government should go on to provide a larger share of winter works directly in the form of federal works than has been done up to now.

I believe it was the hon. member for Burnaby-Coquitlam who said he felt sorry for the minister because his colleagues in the cabinet who are responsible for economic policy were not here during the consideration of the minister's estimates. These hon. gentlemen have a much larger share of the responsibility for the level of employment and the consequent level of unemployment than has the minister. I quite agree with what was said in this respect. I agree that it is the policies above of all of the Minister of Finance and to some degree of the Minister of Trade and Commerce and certain other ministers that have a much larger effect on determining the level of employment. The Minister of Labour because he happens to have the responsibility of the unemployment insurance commission must bear the brunt of criticisms that most of us direct not against the Minister of Labour but against the government as a whole with respect to the question of unemployment.

In spite of the recovery that is very marked and, which we on this side hope is going to

be very much more marked as the year goes on, we are going to have from this recent recession, as we have had from every recession since the war, an increasing number of people who are left stranded by the recession and the technological changes that follow a recession. In my opinion, one of the most useful suggestions made in this parliament for some time was the suggestion made a week ago by the hon. member for Trinity that a massive retraining program should be undertaken and this problem should not just be tossed off on the provincial governments or local authorities.

This is something for which a good foundation has been laid over the years by vocational grants, the progressive improvement of vocational schools and the progressive training of competent instructors in these schools. While everything cannot be done at once it is perfectly obvious that a very great deal more could be done. If we are going to meet the problems of change, instead of trying to bolster up uneconomic industries in the places where they are, a great deal along this line is going to have to be done and in a big way.

There is another problem that is relatively new. I am not criticizing the minister for this because it is not his responsibility at the present time. I am suggesting in some way or other it ought to be a responsibility of the unemployment insurance commission to see that the names of those who are unemployed for lengthy periods are kept in mind for employment opportunities as they arise.

We have the regrettable situation now that once a man or a woman has exhausted his stamps and ceases to get unemployment insurance there is a progressive tendency for that person to be forgotten and I am not blaming the commission for this because it is just in the nature of things. Such persons then have to go on provincial or local relief and while, if they are insistent enough, their names are kept on the rolls of the employment service, after a time they may be forgotten. I know there are many instances where this has happened and I know of experiences of this kind in the case of my own constituents whose names are dropped as dormant because these people having no income to live on except relief do not like to spend what little they have on 5 cent stamps to keep writing in to tell the offices to keep their names on the rolls. The result is that the people who have been out of work longest and need employment most and who should get first consideration receive last consideration. This was pointed out by several other hon. members and it is a particularly serious problem in Newfoundland with the difficulties of communication we have there. In some way or other a radical new departure has to be made in this field.

I think the minister's department should give serious consideration to establishing some machinery for making sure that they keep track of those people and that an effort is made to see that they get a fair share of the employment that turns up. When a job comes along I do not blame the officials for saying, "Here is someone in St. John's who can do it," and forgetting that there are people in Bonavista who are equally competent to handle it. I do not blame them at all. However, we in parliament and especially those in the government should see that there is established machinery to prevent that happening. That is the point I am seeking to make and it is a highly important one.

Just as the St. Laurent government during the little recession of 1954-55 provided unemployment assistance on a 50-50 basis with the provinces, so a new step forward is going to have to be taken if we are going to have any considerable amount of continuing unemployment. I do not think a 50-50 contribution to relief is going to be adequate if the numbers are going to continue on unemployment relief that in some provinces were on unemployment relief in the past winter. I think we will have to go back and take another look at these proposals made by the government of which the hon. member for Essex East was a member in 1945. Those proposals were not put into effect, as everyone knows, because in the first place some of the provinces would not agree on them and in the second place because over a long period we had enjoyed virtually full employment or even more than full employment and the unemployment assistance problem was of a minor character, even in the winter time, until about 1954-55.

If this problem is going to drag on, even with a considerable measure of recovery, steps will have to be taken to solve it. In part because of the nature of the thing and in part because of the fact that an increasing number of people who are now unemployed are older people who experience difficulty in obtaining employment, a number are unskilled people and a number are people whose mobility is very limited; in view of all these circumstances the whole problem has to be looked at anew and in a different way.

A serious problem exists in Newfoundland despite what the Prime Minister said just a little over a year ago at Brantford. I just happen to have that reference before me and I have lots more like it. This appears in quotation marks and was reported in the Toronto *Star* of February 18, 1958, and is

an extract from a speech made the day before by the Prime Minister:

"The humblest of our people will not be forgotten," he promised. "The people who are unemployed will not be put in the false position of being put on relief."

There were no if's, and's or but's attached to that statement. It was unequivocal:

The people who are unemployed will not be put in the false position of being put on relief.

That was the promise upon which a good many of the 207 followers of the Prime Minister were elected to this house. That was the promissory note given on their behalf.

What do we find in the province of Newfoundland? In the month of March this year 7,018 families involving 37,321 persons received assistance in kind. Of these, 6,078 heads of families are employable. They and their dependants total 34,359 persons. I admit at once that, because of unemployment insurance for fishermen, that does include a considerable number of fishermen who were not able to qualify last year for unemployment insurance because of the failure of the fishery and that it was abnormally inflated on that account. But regardless of whether or not that is taken into account, it is a very different picture from this promise. It so happens that that is the state of affairs in a province with, unhappily, the lowest per capita income in the country, a province which by this government was denied its just due, denied the means that it was entitled to to help cope with this problem, a province which was left with this problem despite that promise of the Prime Minister.

I do think the people of Canada are going to hold the Prime Minister to account for that promise on every occasion on which they have the opportunity to hold him to account, and I think he should be held to account because the people should not be encouraged with that kind of promise if there is no intention whatever to implement it. It is simply playing ducks and drakes with human lives.

In view of the financial position of the country after two years of Tory government I do not expect that we are going to have the government assuming the whole responsibility for unemployment assistance but I do think that in some fashion or other the government has got to find a way to implement that pledge at least in spirit if they cannot do it in letter, and I do not believe, of course, that they ever will do it in letter. I am not going to say that I do not believe they ever intended to but I say I do not believe they will in fact do it in letter.

Mr. Henderson: Oh, they likely will.

Mr. Pickersgill: You mean after the unemployed are all dead. Perhaps the hon. member might listen to this quotation from the Prime Minister. I had not intended to read it again. It has been read into the record a good many times but it bears repetition. It is from his Charlottetown speech and the report appeared in the Toronto *Star* of February 28, 1958, a promise in quotation marks which has never been denied.

An hon. Member: It would be the authority.

Mr. Pickersgill: Well, it has been read over and over again and it has never been denied by the Prime Minister although he has had plenty of opportunities to deny it. The Prime Minister is pretty good at denying things. He denied the 15 per cent diversion of trade but he has never denied this. The report reads:

"I will make one more promise," the Prime Minister asserted.

"I have had experience, I know the lot of the average Canadian, I've gone through it," he said, dropping his voice and speaking in solemn tones.

An hon. Member: Is that in there?

Mr. Pickersgill: Yes, that is right, "dropping his voice and speaking in solemn tones."

An hon. Member: He did not say that.

Mr. Pickersgill: No, but this is a report by a very competent and reliable newspaperman.

Mr. MacInnis: There are reliable newspapers in Fredericton, too, Jack.

Mr. Pickersgill: I know there are a lot of members, especially from Cape Breton island, who do not like to be reminded about this pledge of the Prime Minister.

Mr. MacInnis: The hon. member for Bonavista-Twillingate does not want to be reminded of the affair in Fredericton either.

Mr. Pickersgill: I will deal with the hon. gentleman and his affair in Fredericton any time it is relevant to the rules and I will just tell the hon. gentleman right now—

Some hon. Members: Order.

Mr. Pickersgill: Oh, this is relevant. I am not going to deal with anything that is irrelevant. What did his leader and the maritime candidates promise at that great Atlantic assembly in Moncton in 1957? What did they promise? They promised that coal production would be increased in the maritime provinces and more employment would be given.

Mr. MacInnis: No, they did not; that is not so.

Mr. Pickersgill: What has happened? They are now paying the fares of miners to go to northern Ontario. That is what is happening.

An hon. Member: Talk about Manitoba.

Mr. Pickersgill: Oh, I do not mind talking about Manitoba either. I will say this about Manitoba. Manitoba has suffered less from the recession than any other part of Canada because for years and years it had a good Liberal government running its affairs, a prudent government, and the lowest provincial taxation level in the country.

Mr. Nesbitt: Why did they vote Tory then?

The Chairman: Order.

Mr. Pickersgill: Mr. Chairman, I am going to come back—

The Chairman: Order. I must remind hon. members that one speaker has the floor at the present time and I would ask them to kindly refrain from interrupting too frequently. May I also remind the hon. member that we are discussing labour estimates and will he please relate his comments to the same.

Mr. Pickersgill: I will be delighted to come back to this "let no one suffer" pledge. If hon. members have forgotten the beginning of it I can read it again but perhaps that would be trespassing unduly on the patience of the Minister of Labour. I continue with the quotation:

"I am not here for the purpose of telling of my experience in my early days until well into my late teens"—

An hon. Member: What has that got to do with labour?

Mr. Pickersgill: If the hon. gentleman would like to listen he would learn that this is in 1958 when the Prime Minister was really concerned about the plight of the unemployed. I continue:

"I know, I know . . . a man who is unemployed is a human being, not a statistic.

That knowledge is not peculiar or special to the Prime Minister. The rest of us know it too.

"I make this promise. We acted."

I do not know in what sense he used the word "acted" but I leave it to hon. members to imagine. Certainly it was not in the sense of doing anything about the matter. The way they acted was to send parliament packing before we could see what a financial mess there was in the country brought about by their policies. They acted to have an election in order to make promises like this that have not been kept. That is the way they acted.

"We acted. My pledge is to every man and woman in this nation who is unemployed"—

[Mr. MacInnis.]

To every man and woman in this nation who is unemployed.

—"so long as I am Prime Minister no one will be allowed to suffer in this nation."

There is lots more like this.

The Chairman: I regret to interrupt the hon. member but his time has expired.

(Translation):

Mr. Martel: Mr. Chairman, after all those long speeches by hon. members in the opposition, there is, of course, not much more to say. I thought that, somehow, there would be an end to the spate of words we have been hearing the last few days, first on the amendments to the Unemployment Insurance Act and now on the estimates of the hon. Minister of Labour (Mr. Starr).

Mr. Chairman, I have little to add. I just want to make a few remarks of general interest, and more particularly with regard to the people in my riding.

Before tackling the main neglect, I would like to point out that, after listening to several hon. members who spoke about these matters, and especially hon. members for Oxford (Mr. Nesbitt) and Joliette-L'Assomption-Montcalm (Mr. Pigeon) who took part in this morning's debate, I fully endorse their remarks as to the special attention that should be given to the rural areas. It is a recognized fact that farming areas are faced with a very special problem, and I am convinced that the hon. Minister of Labour will seriously consider any suggestion that has been made to solve that problem.

Mr. Chairman, I know that there has been some improvement in the Unemployment Insurance Act, but I trust that future amendments will further improve it.

Mr. Chairman, I would also refer to the speech made by the hon. member for Lapointe (Mr. Brassard) last week, i.e. on May 8, which is to be found on pages 3476 to 3479 of the official record. I do not fully approve what he has said, but he nevertheless made certain statements with which I agree. They mainly concern seasonal unemployment which, as the hon. member said, is due to the climate of this country.

I also agree with the hon. member's remarks about the letter of His Eminence Cardinal Leger on the unemployment insurance problem. I believe that this distinguished figure of the Catholic church has set an example in that field, by asking the authorities to intervene and by personally organizing a works program, last winter, to help relieve the unemployment problem in the city of Montreal.

Many members of the opposition, including the hon. member for Humber-St. George's (Mr. Batten) and the one who just

resumed his seat, the hon. member for Bonavista-Twillingate (Mr. Pickersgill), have stated that the winter works program of the federal government had not yielded favourable results; I believe those hon. members are ill-informed and do not want to admit the good results achieved by the Conservative government's initiative. In my area, at any rate, the winter works program has been fairly substantial and has given very interesting results. In many cities, the program helped reduce the number of unemployed and, in this connection, and for the record, I should like, Mr. Chairman, to refer to certain articles published in the newspapers of my area, particularly in the Val d'Or *Star* of April 15 last, page 4, or again to a more recent issue of that same paper, that is the one of May 7, as well as to the May 7, issue of the *Écho Abitibien*. In their summary of the work done by the employment office last winter, those newspapers report that in each of the winter months, the number of unemployed in my area has been less than it was the previous year.

Of course, there are still difficulties because of seasonal unemployment, when workers are without jobs in the wintertime. Of course, things would be the same every winter. However, in March and April, just to take those two as illustrations, the Val d'Or employment office reported a drop of close to 1,000 in the number of unemployed as compared with a year before, and things are much the same at the Rouyn office, whose territory covers a large section of my constituency, both for purposes of unemployment insurance and as an employment bureau. The Rouyn office is also responsible for the area north of the Pontiac-Temiscamingue constituency, and the western section of the Chapleau constituency.

In the light of statistics issued by the local office of the national employment service, it is found that unemployment has markedly decreased during the winter. There are still problems, of course, but I am sure the Conservative government will not evade them.

Mr. Martin (Essex East): What is the number of unemployed in your constituency at this time?

Mr. Martel: At the present time, according to the local N.E.S. office, figures for the month of April show that there were 3,446 applications for employment, as compared to 4,390 a year ago.

Mr. Martin (Essex East): That is serious.

Mr. Martel: It is serious enough, but at this time of the year, you have to realize that as in past years, construction work has not yet started, though things should be picking up any day now. It must also be realized that road, housing and public building construction jobs should be starting soon. According to a report which appeared in the Thursday, May 7 issue of *l'Echo Abitibien*, the local N.E.S. office has made the following statement in this regard, and I quote:

> Resumption of logging operations, together with the various construction projects scheduled to start soon in the district, will certainly provide employment for many jobless workers.

Now, Mr. Chairman, I would like to call the attention of the Minister of Labour —I have already submitted the matter to him in a letter I sent him—to a brief which was submitted in January 1955 to the former government, about a relief program for employable unemployed. May I put on record the following findings of the brief.

> The Canadian Council of Social Welfare urges all governments in Canada, that is the federal, provincial and municipal governments, to take all necessary steps to bring about a conference on the matter of relief for employable unemployed, in order to best determine the sharing of government responsibilities in meeting the needs of the unemployed who are not covered by the Unemployment Insurance Act, and to guarantee the establishment of a program for the above mentioned group, as soon as possible.

Mr. Chairman, I realize that the Unemployment Insurance Act covers the cases mentioned in the findings of the Canadian Council of Social Welfare, but I would like to call the attention of the minister to the conditions which exist in areas like mine, where many communities are not incorporated and where family heads must, occasionally, turn to this form of assistance because they are unemployed. Under this act, provincial and municipal authorities must co-operate, but in the case of unorganized communities, or communities without a municipal council, I believe that the federal government should consider the matter with a view to bringing about a solution and to help alleviate in these most difficult times the hardship suffered by the unemployed in those communities.

Before closing my remarks, Mr. Chairman, I would like to refer to the statement made a few days ago by the hon. member

for Bonavista-Twillingate, a statement that rather surprised me. When the discussion was concluded after many interruptions, I did not want to mention it, but I did make note of it and I merely wish to set the record straight. To avoid any misunderstanding, I shall quote from the official record—not, of course, the whole statement—because a lot has been said on this subject these last few days—and I do not wish to take up too much of the time of the house, but the hon. member said, as reported on page 3598 of *Hansard* of May 12:

(Text):

. . . I recall to the minds of hon. members that this measure would not be on the statute books but for the fortunate circumstance that Mr. Mackenzie King was undiscouraged by the refusal of the present premier of Quebec to agree to an amendment to the constitution to make it possible. As soon as the Liberals won the election in Quebec in 1939 and agreed to a constitutional amendment this legislation was possible and was put on the statute books by a Liberal government.

(Translation):

Well, sir, what the hon. member for Bonavista-Twillingate forgot to add is the manner in which Mr. Mackenzie King and the Liberal government had amended the constitution. That amendment was made by means of a telegram. He did not choose to mention that. And I am sure that if he checks on it, he will find that this amendment was made by the federal government by means of a telegram and that the provincial government's reply came the same way.

I believe it is unconstitutional to make an amendment in such a way.

(Text):

Mr. Howard: Mr. Chairman, I should like to make a comment or two upon some of the remarks made by the hon. member for Oxford, who felt that the Minister of Labour was losing some of his popularity and who attempted to suggest that the reason for this was the critical comments of opposition members about governmental policy. If the minister's popularity is slipping, I submit it is only because of the people with whom he is associated in the cabinet. It is the entire Conservative cabinet attitude which is getting more unsavoury all the time. If the minister agrees with what was said by the hon. member for Oxford, he merely has to look around him and try to perk up the ideas and policies of his deskmates. Maybe then he too will be getting back on the pedestal to which he was climbing up a while ago.

I was interested in one thing that was said by my friend the hon. member for Bonavista-Twillingate in an off-handed remark in reference to something which happened in Manitoba yesterday. He said that the reason that they did not suffer in Manitoba to the degree that they had suffered in other provinces was that they had had a Liberal government out there for so many years, which government had some rather progressive policies and thereby had protected Manitobans against the policies of this particular government. Then in the next breath he turns around and complains about the poor economic conditions and the suffering that takes place in Newfoundland. I wonder whether he would associate his remarks with the Liberal government in Newfoundland as he did with the Liberal government in Manitoba? I am quite sure he would not say some things and say that Premier Smallwood is to blame for the suffering that takes place in Newfoundland. But nevertheless that rather paradoxical situation in which he finds himself is indicative of the general Liberal quandary that they have been in for quite some time.

I should like to give one indication of support to a suggestion made initially, I believe, by the hon. member for Laurier, and the request was supported by other Liberal members. I refer to the possibility of holding over the administration item until other matters in the department had been dealt with. I support that suggestion and I have done so for a long period of time. My support is not restricted to the request in so far as it applies to the Department of Labour but I think it could be also applied to other departments. Often times we find—and it may even be so in the consideration of the estimates of the Department of Labour now —that once you get past the administration item and get into some of the other items that follow and some of the details, questions arise either by answers of the minister in which he includes matters not specifically connected with that particular item that might be under discussion at that time and we find the desire arising in many members to speak about something that should have been dealt with on the administration item but they were not familiar with it because the information was not available or had not been given by the particular minister at that time. I believe this process was followed, if I am not mistaken, when we considered the estimates of the Department of Citizenship and Immigration. I believe we left the first item over and took it as the last item

for consideration in that department's estimates and it worked out very well.

Mr. Starr: The suggestion was that the first item be left over until the end of the session.

Mr. Pickersgill: That is right.

Mr. Howard: I misunderstood. I thought it was until the estimates of the Department of Labour had been concluded. Then I must qualify the support I gave to the suggestion and say that I support that suggestion only in so far as putting it at the end of the estimates of that particular department in order to pick up the tag ends of questions that could be dealt with under general administration.

In so far as the winter works program is concerned, I have a comment or two to make about that matter. However, I should like to mention a series of things on the general matter. Some of them apply specifically to the constituency of Skeena. Others are of more general application. The suggestion has been made to the minister that when contracts are let for federal government public works projects a provision should be contained in those contracts to the effect that people from the locality where the work is being done be used to the greatest possible extent.

At the present time and during the last winter they were working in Prince Rupert on an airport. Because of conditions which were not specifically provided for in the contract or may not even have been under the jurisdiction of the minister we found employees being hired to work on that particular airport project coming out of Vancouver and coming up to Prince Rupert, while people who had lived in Prince Rupert a great deal of their lives were unemployed and were unable to get work on the airport job because of this situation that existed so far as the relationships were concerned between the contractor doing the work and the unions with whom he had collective agreements.

I realize that this matter could invade the jurisdiction of provincial governments in so far as their certification and bargaining processes are concerned. I certainly think the minister, wherever he possibly can arrange it, should ensure that local people are given the first consideration in jobs on projects that come under the federal government. If to another one of the promises which the Tories made when they were elected the minister had applied himself as assiduously as he applies himself to some other things, maybe we would have been moving in the direction where this situation could have been overcome with more ease than is possible at the present time.

We have a problem also with respect to the operation of the national employment service in keeping a record of jobs available and so on, in that this service does not seem to operate too effectively when it comes to attempting to provide employment for native Indian people. The attitude of some of the officials—I would not say a great number of them—in the N.E.S. offices that I have spoken of appear to look upon the Indian as being outside of their jurisdiction and they do not give the Indian the consideration that should be given to that person in seeking employment. I do not suggest that this is a matter of conscious discrimination on the part of N.E.S. officials against Indians. It may be part of our whole attitude toward Indians in that they may not even come to the N.E.S. offices as much as would non-Indian persons. But this attitude exists and I do not think the fullest possible consideration is being given by the N.E.S. offices in attempting to find employment for native Indian people. This means a great deal, of course, in the northern part of the country. It means a great deal in the constituencies of Skeena and Cariboo where there are a great number of native Indian people. When you get farther away from areas that are populated to any degree by native Indians the problem becomes less difficult. But I certainly think that some consideration should be given to that particular aspect of it.

I certainly endorse the suggestion that the too little, too late approach to the winter works program of last winter could easily exist again this coming winter. I am not sure whether the minister dealt fully with the argument from the Liberal members as to the preparation by municipalities, and the planning that is necessary in order to enter into certain types of projects. The minister mentioned the budgetary and fiscal arrangements which the municipalities must make and suggested that he had had some experience in this field, as I understand he has. I do not think it is a question of preparation of the municipal budgets and the levying of taxes and so on necessary to carry out certain types of work as much as it is a question of attempting—

Mr. Starr: Mr. Chairman, I did not mention that.

Mr. Howard: The minister mentioned the question of budgets and that these budgets had already been prepared this year.

Mr. Starr: Because it was brought to my attention that budgets had to be taken into consideration.

Mr. Howard: That is precisely what I am saying. This argument, I think, should not be given so much weight. You should not give as much consideration to budgets being an important factor in the preparation of winter works as you should to the planning of the work itself, the drawing of the plans, the survey work which has to be done, the contracts which have to be let, the bidding, searching around for materials, and so on. That type of planning is what I am talking about.

The municipalities should have as much notice as they can possibly get in advance, and today is not too soon for the government to indicate to them that next winter they will be participating in certain types of winter works cost-sharing programs so that the municipalities can start to prepare the necessary plans and draw up the sketches and see how much they can do and how much money they can allocate, and that sort of thing, rather than waking up in the middle of a November morning and saying, "We will go over the whole rat race again", merely because the government did not make this announcement sooner.

The minister mentioned something about August or September, and he said that at that time the government may be in a position to announce what things the winter works program might include for the coming year. That to me is not sufficient. Surely the government should have some opinion now, based on this experience which it has gone through in the last few months, as to whether or not it is possible to go into the question in the next winter. It does not appear to be too complicated unless—and this is the reason for the refusal of the minister to make any comment or any announcement so far as next year's work is concerned—the government is planning to greatly expand the field of types of works which the municipalities can go into within which the federal government will participate. If that is the reason and the government is going to expand it to include such things as municipal buildings and so on, then I wish the minister would say that so that the municipalities may have an idea where they might be able to expand the type of projects they are going to go into.

I would now like to comment about the attitude of the government and of the minister toward this question of the numbers of unemployed. Invariably during this session we find references are made to the comparison between the numbers of unemployed this year and those last year at a similar time. I understand that in some cases it has been lower; the number of unemployed has been lower than what it was, say, a year ago. This is in effect saying that the government has accepted the principle that there should be twice as many unemployed as there were before they took office, and they are trying to create the impression, even by their own statistics—the ones they use which are most beneficial to the government—that half a million people unemployed across Canada is normal and that we should not worry too much about it, when they should know full well that it is something they should concern themselves with.

For two years we have been running at double, and more than double in some cases, the number of unemployed people which we had before the government took office. In all fairness to the people and to this parliament, the government and the minister should make references to or comparisons between the time before they took office and the start of the high level of unemployment after they took office, instead of trying to cover up and leave the impression with the general public that things are not quite so bad as last year and leave the impression that this government accepts the fact that half a million people unemployed is something which is normal and we should not worry too much about it. As long as we keep below the figure or not too much above it they think our economy is running along pretty smoothly. That is a pretty callous attitude to take toward these people who are unemployed and have been unemployed for many months, and who have not much to look forward to except unemployment again this coming winter.

I had a note to make a comment about automation and the necessity of a retraining program and a channelling of the services, abilities and skills of people lost to a given industry and moving into some other type of service or program. My friend from Bonavista-Twillingate mentioned this and made reference to the hon. member for Trinity having been the first to espouse or propound the idea—this is absolute nonsense and my friends from Bonavista-Twillingate and Trinity know it—that the Liberal party came up with this suggestion first in the land, and so on. That is not so and they know it. All they have been doing in the opposition is carrying on the practice of thievery of other people's ideas, taking them as their own and saying, "We thought of this first." I do not mind. I have said many times when the Liberals were in office, and I say it now when the Tories are in office, that if you want to steal part of our program that is all right with us. But why do you not take the whole thing? We do not mind. All we are concerned with is putting these ideas into effect, and I do not care whether a Liberal government puts them

into effect or whether a Conservative government puts them into effect, or even a C.C.F. government. The only slight difference is that if a C.C.F. government put them into effect they would be done properly and not in a half-hearted fashion.

I want to make a comment about uniformity of legislation in so far as the labour field is concerned, and in particular as far as employing local people. At the present time, as the minister knows, and as I am sure every hon. member knows, we have eleven sets of varying types of labour legislation in Canada. We have those under the jurisdiction of the Minister of Labour. Then we have each of the ten provinces with the authority by constitution to develop and pass their own particular legislation. This allows a very unwise, and I think unfortunate, situation to develop where we have eleven different sets of laws applying to people all across Canada, and applying to employers and to the working class people who deal through unions with their employers. We have industries which cross provincial boundaries. The meat packing industry is a prime example. The steel industry is another, the lumber industry and the pulp and paper industry in Newfoundland, for example the Bowater company; and the employees in those other provinces are treated more fairly than they are in Newfoundland when it comes to legislation. The point I am getting at is that the great necessity exists for the minister to concern himself less with going to Geneva and more with concentrating upon uniformity of legislation in the provinces in an attempt to—

Mr. Starr: I am not concerned with going to Geneva. I think that is uncalled for.

Mr. Howard: I beg your pardon?

Mr. Starr: I say, I am not so concerned about going to Geneva. I think that is most uncalled for.

Mr. Howard: The minister says, "I think that is most uncalled for."

Mr. Starr: If my work requires me to be here I will be here, and I do not think it is up to the hon. member to determine whether I should or should not be here anyway.

Some hon. Members: Hear, hear.

Mr. Howard: It might not be up to me to determine whether the minister should be here or not; that is entirely his business. I made no reference to whether he should be here or not, or whether he has decided, rightly or wrongly, to be here at the moment. He is here at the moment and we are considering his estimates. If he likes to go some place else, that is his business. I do not know why he is getting so excited or uppity about it, unless I touched on a sore point.

I will put it in a more delicate fashion as the minister seems so sensitive about it. If the minister would apply himself to some of these problems under his jurisdiction, such as the question of uniformity of legislation, more so than he has in the past, we might have some sensible type of legislation throughout Canada. We might see more desire on the part of the people who have to work under the act to operate in a more sensible fashion.

The minister was very concerned about this when he sat on the opposition side of the house and when he was campaigning around the country. It is well known that one of the subjects on which he and his friends campaigned was the uniformity of legislation. They said they would bend every effort in the direction of establishing uniform legislation in Canada. So far, nothing has been accomplished and we would appreciate an answer from the minister telling the committee exactly what he proposes should happen in the future with regard to uniformity of legislation. We hope he can do this before the present debate concludes, and before he leaves to attend whatever function he has in mind.

(Translation):

Mr. Caron: Mr. Chairman, like many other members, I was very much surprised and disappointed that the hon. Minister of Labour (Mr. Starr) refused to let the first item of his budget stand so that we could come back to it later; while in the meantime we could examine any necessary legislation.

The minister told us that the 50 per cent share of the salaries paid to employees working on municipal winter projects has been of very great help. We readily agree. According to the figures supplied by the minister, winter work projects provided employment for 37,000 unemployed but that is out of a total of more than 550,000 people, which indicates that it is entirely inadequate and that we are right in asking the government to introduce a legislation capable of solving the biggest part of the problem. Whether there be 550,000 or 600,000 or 700,000 or 450,000 unemployed in Canada in the wintertime, that is too many. It is a situation which is abnormal for Canada, a young, productive and growing country. Therefore, we have the right to ask the government and the hon. minister to introduce some adequate legislation before the end of this session.

The minister tells us that he will wait until August or September to see how much unemployment there will be at that time.

I remember, that ever since they came to power, the Conservatives have never wanted to face facts. I also recall that, in the beginning, when we were speaking of the extent of unemployment, when we were saying that our position was serious, we were told that we were crepe hangers and that all we wanted was to create an impression of hardship in Canada. Yet, though they wanted to ignore it, unemployment has shown its real face and, at this time, even if we accept the statement of the Prime Minister (Mr. Diefenbaker) and the Minister of Finance (Mr Fleming) to the effect that there is a general recovery of business in this country, we cannot say that unemployment is going to vanish overnight. We are certain that, next winter, unemployment will be on a much larger scale than in the winters which preceded the coming into power of the Conservative party. The latter may not be entirely responsible for those conditions. But those conditions are here. We are facing a problem. There are more unemployed in Canada than there should be. At this time, official statistics give us a figure of about 500,000 unemployed, which does not illustrate the actual situation, because those figures do not take into account the many thousands of people without jobs, who, for the past year, have not been working enough to be entitled to benefits, and who, at this time, are falling back on the municipalities.

What is the government doing? What legislation has it enacted to help municipalities in that field? It is not sufficient to have some winter works done in order to help municipalities to get out of the situation that forces them, in the matter of relief, to spend the huge amounts that they did not use to spend.

To quote but one case, in the city of Hull, in 1955, the amount provided by the provincial government and by the municipality for public relief was $188,000. In 1959 the amount, including the provincial government contribution that the municipality will spend, will reach $588,000. The difference is extraordinary. We cannot ask the municipalities to assume responsibility for the present unfavourable conditions which are not their doing. Yet, the burden falls heaviest on them.

Can we blame the municipalities if Canada's foreign trade has substantially decreased? Can we blame municipalities for our production surpluses? Can we blame them if the cost of certain commodities is too high to compete with foreign products? Can we blame municipalities if the Prime Minister, when he came to power, announced that famous 15 per cent decrease of Canada's trade with the United States, a step which vexed our neighbours and made them take steps that are detrimental to Canadian trade? The municipalities cannot be held responsible for all those things. It is the federal government which is responsible for all the steps it has taken. Why does not the federal government admit today that there is a problem, one for the government to solve? Besides, the provincial governments admit there is a problem, but a problem which goes beyond normal winter unemployment.

A law has been enacted to increase certain taxes, or to impose new ones; but that will not solve the problem. The Unemployment Insurance Act was introduced to help those who are suffering from unemployment, on a temporary or seasonal basis. It was not drafted in such a way as to provide for an extraordinary situation like the one which we are now facing. A new law should be enacted, which would protect the unemployed who have not enough stamps to get their benefits, protect those who have not worked long enough to be entitled to those benefits, and protect the municipalities which are now in a deplorable situation, lacking the sources of revenue available to the federal government or its powers of taxation. And we have seen, this year, that the federal government indeed has powers of taxation.

The federal government should introduce adequate legislation which could alleviate the hardships suffered by the municipalities, and cure the prevailing disorder.

A moment ago, I heard the hon. member for Joliette-l'Assomption-Montcalm (Mr. Pigeon) ask the minister to extend the Unemployment Insurance Act to hospital employees, to those who work in religious institutions, and to farm hands. If it is the minister's intention to suggest such changes, assuming they are needed—I am not as familiar as the member for Joliette-L'Assomption-Montcalm with the problem of farm labour—the Minister of Labour should be in a position, before the end of this session, to put forward new legislation to try to remedy the problem. However, we ask him to let the first item stand until the end of the session, on the understanding that we will pass the other items as quickly as possible, though giving them fairly close attention. Then we might hope that the government would come forward with legislation which

would help settle present conditions. But how does the minister react to our suggestion? He tells us to wait and see, and that there is no need to let the first item stand. Yet there is nothing extraordinary in such a request. It was granted in several cases when the Liberals were in office, particularly where Mr. Abbott, agreed to postpone consideration of a budget item to allow for its consideration at a later date.

I also recall that when I was a member of the Quebec legislature—again, it is true, this was under a Liberal administration—it was customary, though I am told this is no longer the case, to postpone consideration of the first item of every department until the last day of the session. So if anything came up before the end of a session, we were thus able to come back and explain to the minister why we were calling upon him to settle this or that problem. Today, however, the government is apparently afraid that the Liberal party, or the socialist party, may rise and bring up points which might cause embarrassment to the government.

But all we are asking for, all that we want, is an improvement of the situation for those who are in need. That is all we ask. We ask the government to introduce legislation, and if we find it sound and capable of curing the existing ills, we will help put it through.

Mr. Chairman, I can assure you that if the minister would let the first item of his department stand, we could certainly adopt it quickly at the end of the session.

If only the government would care to solve the existing problems. But far from it. The government wants to ignore the problem. They believe that the situation will solve itself, that those problems have cropped up by themselves and will disappear in the same way. Well, Mr. Chairman, we do not see it that way. We believe the government has a very great responsibility in regard to the situation prevailing at the present time, and that it must introduce legislation which would, first of all, help the department of public welfare and the municipalities to solve that problem. In fact, municipalities are now spending thousands of dollars which they would not have to spend were the government to adopt some legislative measure allowing the seasonal unemployed, and those who do not qualify for unemployment insurance benefits because they have not enough hours of work to their credit for the year, to get help from the present government.

Direct assistance to the unemployed is the federal government's business. The present situation looks very much like the one which prevailed from 1930 to 1935. We are of the opinion that we cannot afford to wait until this plague kills the population. The government must act at once. That is what we are asking. And yet, the minister is there lulling himself into the belief that everything will turn out all right. He seems to believe, indeed naively, that the statements made by the Prime Minister or the Minister of Finance outside the house are gospel truth and that everything will turn out all right, as by magic.

Well, Mr. Chairman, "to govern is to foresee": a government that does not foresee is remiss in its duty, and if the government is not remiss in its duty, then it is simply lacking in the necessary intelligence to govern the country at the present time, according to its needs. I believe it is rather that latter quality which is lacking in the government, since it does not seem to grasp the importance of the situation.

Mr. Chairman, once again, I urge the minister to kindly agree to let that first item of his department stand; the other items could then be adopted rapidly. If he agrees to postpone the consideration of that first item, I can assure you that we will not take advantage of that to press on our demands constantly, but merely to ask him to introduce the proper and necessary legislation.

If the government refuses to recognize the evil when it exists, they must expect us to ask them to assume their responsibilities, something they should have done, in any case, in the two years during which they have been running the country.

It is my contention that the government has neglected the situation. It has made some efforts towards solving the unemployment problem, finding jobs for 37,000 workers when there were over 550,000 unemployed across the country. That is just a drop of water in an ocean. Surely, the government must do more than that, because the figure of 550,000 unemployed does not represent the true situation; the number of unemployed was greater, because statistics provided by unemployment insurance offices included only people who qualified for unemployment insurance. However, the thousands of workers who do not qualify require special attention from the government, yet they are being overlooked.

Municipalities are being driven almost to bankruptcy as a result of such conditions. Can you imagine a city such as Hull, with a population of about 50,000, spending $588,000 on winter works? It would be doing more, proportionately, than the federal government has done across the country last winter. The result is that municipalities are forced to help the unemployed, because as human beings, we cannot allow people to starve in a country enjoying prosperity. Besides, those people would not be suffering hardship, and municipalities would not be driven to bankruptcy or very near it, if the federal government would just assume its responsibility and work out a solution to such problems.

We urge the government to introduce and adopt the legislation needed to solve this problem. We, in the opposition, have only one method open to us to protect our ability to carry out our duties, and that is to ask the Minister of Labour to allow the first item of his estimates to stand, so that we may renew our demands at some future date. However, if he refuses to grant this, if he is satisfied just to sit there and what for problems to settle themselves, let him take that responsibility before the people and the municipal governments.

(Text):

Mr. Kindt: Mr. Chairman, I rise to say a few words in support of the minister's program of winter work. We have listened to three speakers who have participated in this debate, the hon. member for Bonavista-Twillingate, the hon. member for Skeena and to some extent the hon. member for Hull who said just about everything that could be said by one who had little or no appreciation of this program. But in the same breath they said, "We want more".

Mr. Caron: Yes, we do.

Mr. Howard: The hon. member misinterprets what I said.

Mr. Kindt: Mr. Chairman, I take the position that this is one of the finest programs that has been put into effect by this government and I rise at this time to express my commendation of it.

Mr. Caron: It is good but it should be expanded.

Mr. Kindt: This program was introduced at the request of the common people and of the municipalities throughout this great dominion. They asked to be given the opportunity to suggest projects which would give employment to people in their communities. The municipalities of Canada asked for this winter works program and they were given it. They suggested various winter works projects, 50 per cent of the labour cost being borne by the federal government. In the province of Alberta the provincial government bore 25 per cent of the cost of the program and the local communities bore the other 25 per cent.

This is a good working arrangement which ensures that only those projects chosen are those in the best interests of the community, the taxpayer and above all the worker. In other words, by permitting these municipalities to choose these works projects they are able to get certain work done which otherwise would be left undone and at the same time give employment to those two or three or half a dozen people you so often find in small communities who, through no fault of their own, are unemployed. In my constituency of Macleod this program has been very well received. Wherever there have been unemployed people the local communities have requested approval of such projects as stockpiling gravel, clearing roadways of brush and trees so that road work could be carried on in the following summer, and many other projects.

I should like to suggest to the minister that in so far as it is possible to increase the number and types of projects which will qualify under the program it would be greatly appreciated by the towns and municipalities of my constituency. In other words, in a cold climate where you cannot dig sewers in the winter and where it is not possible to do many of those things which would be done in the constituency of the hon. member for Bonavista-Twillingate or those of others who live in areas where the climate is modified by the influence of the sea, we must have recognition for certain projects which we can do in order to provide winter work.

I may say that the preparation of historic sites and the building of roadways in connection with such sites are among some of the projects which I believe will be undertaken in my constituency in the coming winter. I hope that if and when the local people and historical associations enter upon this work that these projects will be given every consideration from the point of view of support under the winter works program.

In closing I want to compliment the Minister of Labour again for the work he has done and the excellent program he has brought forward. On behalf of those I have been working with in my constituency may I say that I have yet to find one municipal organization that has said that the program is not one of the finest that has been brought forward by this or any other government.

Mr. Caron: Would the hon. member for Macleod permit a question?

Mr. Kindt: Yes.

Mr. Caron: Does he believe that the winter works program is sufficient in the face of the unemployment situation? We admit it is good but does he believe it is sufficient?

Mr. Kindt: The winter program is meant to take up the slack in certain areas where there are one, two, three or half a dozen people unemployed. The hon. member for Hull is talking about industrial development. I will grant that there are communities where there has been a slackening of activity. In my area we have been faced with serious unemployment because of the closing down of the coal mines in the Crowsnest pass and we have been doing everything possible to create employment. It is a complicated problem which you cannot solve by any one particular measure. You have got to approach it from a number of angles. One way of approaching it, although it is not a complete solution, is the winter works program. It has helped to take up the slack. It has not met the whole problem by any means nor is it a long term solution. We have got to look to industrial development to correct the unemployment situation and give continuity to the employment of labour. But we must have these stopgap programs to take care of unemployment until such time as long term industrial development comes into being.

Mr. Caron: When there are so many unemployed who are not benefiting from the winter works program does the hon. member suggest that the government should try to settle the question in some other way or does he claim that the government should sit down and be satisfied with that legislation alone?

The Acting Chairman (Mr. McGee): Order. I think that this exchange between the two hon. members has perhaps gone about as far as it should go.

Mr. Caron: May I be permitted to remind you, Mr. Chairman, that we are in committee and once there is another speech I can rise and take another 30 minutes if I wish to. Even if the remarks are in the form of a question I am entitled to speak again.

The Acting Chairman (Mr. McGee): I recognize that. I am not questioning the right of the hon. member to question another hon. member. I am wondering whether the discussion between the two hon. members concerned has not reached the point that we might pass on to the next hon. member.

Mr. Caron: I think we are satisfied.

Mr. Carter: Mr. Chairman, I really rise to ask one or two questions following up the questions I asked the minister last night about prevailing rates, but before I come to those questions I should like to make one observation about the remarks of the hon. member for Macleod. The hon. member for Macleod has said that the winter works program is a very fine one. We all agree that the idea behind the program is good but I think the hon. member has missed the point that we on this side are trying to make, that it is a better program for some provinces than it is for others.

It is a particularly good program for Alberta and I can understand the hon. member for Macleod being enthusiastic about all the work that was done, the projects that were started and the jobs that were created. But that happened in Alberta because Alberta is a rich province, and that is the burden of our complaint. On April 22 the minister gave me the information that for all Canada the cost of work under the program amounted to a little under $10 million, but out of that $10 million Alberta got $1,494,000. The hon. member, who is good at arithmetic, will realize that nearly 15 per cent of all the money was spent in Alberta. Compare that with what the maritime provinces got. All four maritime provinces, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland, together only got $736,000 or 7 per cent. All the maritime provinces together got less than half what the province of Alberta got.

I think that points up more than anything else the injustice of awarding grants on a 50-50 basis because it makes the rich richer and the poor poorer. In addition, some provinces are rich because of the industrial development taking place to which the hon. member has referred. That is the source of their richness and because of that unemployment in those provinces is likely to be much less than in the maritime provinces where development is not taking place at such a rapid rate. That being the case, the least money is being spent where unemployment is the highest with more people out of jobs.

Mr. Kindt: Would the hon. member say that the provinces he has mentioned were unable to obtain the 25 per cent, or the usual portion the provinces were required to put up, in order to co-operate in the plan, and that that was what made them unable to qualify?

Mr. Carter: Exactly, because their treasuries would not permit them to match the grants. Do not forget that every province put up every dollar it could spare to match the dollar from the federal treasury. Together they could put up only $736,000. The province of Alberta alone, out of its riches, could put up nearly a million and a half dollars. There is

the difficulty, and there is the point we are trying to drive home. This type of proportion, this 50-50 proportion, is impossible for the maritimes. This formula reminds one of what the bible says in that it gives to him who hath and takes from him who hath not even the little which he has. Provinces like Newfoundland can be ruined by this 50-50 formula, and we think another formula must be developed if all Canadians are going to be treated alike.

Now, Mr. Chairman, that is all I intend to say. These few remarks were inspired by the words of the hon. member for Macleod. I should like now to get back to the two questions which I want to ask of the minister. I quite understand that the minister may not have the information in front of him at the moment to enable him to give me an immediate answer. If that is the case, I will be happy if he will give the answer before the last item of his estimates is carried.

Last night the minister made a statement that his department recommends to other departments the prevailing rates for casual employees. The question I want to ask the minister is this: Has his department recently recommended a set of prevailing rates to the Department of Transport for the crew of the new icebreaker, I think she is going to be called the *Sir Humphrey Gilbert*, which is to be assigned to Newfoundland waters? If this is the case, would he also inform the house what those rates are for the different categories of men employed on the ship, and also if those rates were based on Newfoundland rates or if they were based on maritime rates generally?

Mr. Pickersgill: Mr. Chairman, there are one or two observations I did not get an opportunity to make before my time expired. I can assure the minister that, unlike some members of the committee, I do not intend to take three half-hour periods on the first item. No doubt this information will be a relief to some hon. members.

I cannot forbear, however, to take a little notice of one or two observations that were made by the hon. member for Skeena. He purported to contrast the situation in the province where I was brought up with that of the province from which I was elected. He suggested that if I attributed the comparatively mild effects of the recession in Manitoba to a Liberal government, then I should impute blame for the greater effects of the recession in Newfoundland. In the first place, I would not give full credit to the Liberal government. We know that there were very great developments which came about in northern Manitoba which were partly responsible for this situation. What I said was that the extraordinarily good administration, the low tax rates and general prudence with which affairs of that province had been administered, were in part responsible for the good economic climate.

In so far as the suffering in Newfoundland is concerned, of which there has been a great deal, unhappily, in this past year, I would say that I would hate to think what it would have been if it had not been for what the present premier of Newfoundland and some others were able to accomplish 10 years ago. In Newfoundland, right up until 10 years ago, there was a situation which did not exist, so far as I know, anywhere on the mainland of Canada. Up until the time of confederation the people who were unfortunate enough to be in need went on relief at six cents a day. This situation was all changed by confederation. The hon. member does not need to think that there is not a vast majority of the people in Newfoundland who know quite well who it was who took the Newfoundlanders, who unhappily were on the dole at six cents, off the dole.

I may say that the welfare system in Newfoundland, because there are no municipalities in the sense in which they exist in the rest of the country—except St. John's and Corner Brook—is entirely provincial. I believe it is operated, so far as I have been able to discover, quite efficiently. I am glad to say I have never had to get relief myself, but I have had a lot to do with people who have had misfortune and have had to get help. I think this welfare is administered with less red tape and just as humanely as anywhere in Canada because it is uniform all over the province. There are none of these residence requirements that are sometimes so vexing in the other provinces.

I can see the chairman getting restive and wondering what all this has to do with unemployment. Of course, you do not go on welfare unless you are unemployed, and you do not go on welfare if you are covered by unemployment insurance, or generally you do not unless there are some very special circumstances. It was precisely because the situation in Newfoundland, from a financial standpoint, was so much more unfavourable than even that of the maritime provinces—where it certainly has not been very good—that I ventured to say something about it before, and I intend to say a little more about it. I am sorry the hon. member for Macleod is not here at the moment. I do not want to cast reflections on him, because I know he attends the session assiduously. However, I do want to comment on one or two things he said.

As my hon. friend from Burin-Burgeo has pointed out, the province of Alberta, where

unemployment in March was at least the average for the prairies—I do not suppose it was higher in Alberta than it was in Saskatchewan and Manitoba, probably about the same—was 4.4 per cent.

Mr. Speakman: It is less now.

Mr. Pickersgill: No doubt, it is considerably less now, and yet they got the lion's share of help under the winter works program.

Mr. Speakman: It was because the municipalities took advantage of it.

Mr. Pickersgill: It was because they had a wealthier government that they were able to take advantage of it. The hon. gentleman can make his own speech on his own time, and I shall be glad to shorten mine to give him the opportunity. I am not criticizing the government of Alberta or the municipalities of Alberta for taking advantage of this program, nor am I criticizing anybody else for taking advantage of it. What I am seeking to point out is that it does, in fact, as the hon. member for Burin-Burgeo pointed out so well the other day and again today, provide most help where it is least needed and the least help where it is most needed. These figures bear that out. I should like to compare the two sets of figures because I say this is an entirely unsatisfactory way of dealing with this problem.

During the month of March in the province of Newfoundland, relief costs were $324,884, over twice as much as they were in March, 1958. This situation exists in this year of recovery as compared with the year in the deepest depression, when they were half as much. Now, that is the actual situation. I venture to say that if the level of unemployment west of the Ottawa river, and particularly west of the city of Three Rivers, were on the level it is east of that area, there would be a very different attitude to this problem in this house from what there is at the moment. That is why perhaps some of us who represent that area are taking more of the time of the committee on the minister's estimates than are some other members from some provinces that are somewhat better endowed with resources, perhaps somewhat more favoured by nature, and perhaps somewhat more influential in the councils of the nation.

I must say that I was rather disappointed that the hon. member for Skeena did not see fit to support fully the appeal of the hon. member for Laurier which was so ably seconded by the hon. member for Essex East and the hon. member for Hull, and to which I am going to come back in a moment. Last year I am glad to say that his leader supported that appeal. But before I come to that matter—and I am coming to it fairly quickly—I want to say something about another aspect of this problem. We were told this a couple of years ago. They did not say quite so much about it last March, I admit, a year ago, but a couple of years ago, in that great election of 1957, when the Tories discovered the maritimes, we were told that they were going to do great things. They were going to bring defence contracts there. They were going to bring new industries there. They were going to create two jobs where there was one before. More coal was going to be mined. The situation was going to be altogether different from what it was in the sad days when the Liberal government was in office.

What has been the consequence? I have here an editorial which appeared in the Halifax *Chronicle-Herald* of May 2, 1959. It is entitled "Mr. Gordon Vindicated". I think perhaps hon. members should be reminded, particularly those on the other side of the house who have been fairly silent in this debate, of what really has happened.

Mr. Cardiff: They do not get a chance to talk.

Mr. Pickersgill: They get recognized every second time if they get up on their feet as the hon. gentleman does. But if they do not do that, of course they are not recognized. The editorial to which I have made reference reads as follows:

> In the reports on its studies into Canada's economic prospects the Gordon royal commission suggested, as a sort of last resort for the adversity-stricken of the Atlantic provinces, the provision of federal aid for transplanting the affected families to other parts of Canada. The recommendation got such a bitter denunciation in political and other circles—

And especially by the Tory candidates in 1957. That is not in the editorial. That is an addition by me.

> —that Mr. Gordon, himself, had to come back for a public appearance to try to explain his reasoning and cool the anger.
>
> Three years later, however, the proposal seems to be in full implementation.

Under a Tory government. That is also an interpolation of mine.

> Ottawa has just offered to unemployed iron ore miners and their families at Bell island, Newfoundland, the necessary funds for relocating elsewhere in the country. And this is not the first time such financial help has been extended. In fact, it now is a general policy that applies to any community or region officially declared by the government to be a "surplus labour area." It was brought into effect for Springhill after the closing down of the last colliery following the disaster of last fall.

And so on. It gives further examples but I will not weary the committee with the rest of the editorial because I have illustrated the point.

I am criticizing the government for doing this. If there is no other place for these people to earn their living, it is better that they should go somewhere else. But it is a much different realization from the glowing picture that hon. gentlemen and their leader painted in the Atlantic provinces two short years ago.

Mr. Hicks: Short?

Mr. Pickersgill: May I say, Mr. Chairman, that it may seem long to hon. gentlemen who sit here and who are gagged and not allowed to speak because the session may last a little bit longer if they do so. I am sure they may seem very long years to them but to me it seems but yesterday. Lest the Chairman think that I was getting away—

An hon. Member: And getting nowhere.

The Acting Chairman (Mr. McGee): Order.

Mr. Pickersgill: —from the point, I should like to say that there is one other point I wish to make before I come to my main point.

Some hon. Members: Oh, oh.

Mr. Pickersgill: It is this. The hon. member for Skeena, in one of those essays into fiction for which he and his colleagues have a certain penchant, told us that the Liberals, when they were in office, were fond of stealing the ideas of his party.

Mr. Howard: Mr. Harris told us that.

Mr. Pickersgill: I did not understand the hon. gentleman to say that Mr. Harris had told them that. I had never realized that the so-called ideas of the hon. gentleman's party were copyrighted or patented or that they were not in the public domain.

Mr. Howard: We never said they were.

Mr. Pickersgill: As a matter of fact, there have been very few of them, in my experience, except one or two socialist notions that nobody has stolen, that were not common coin of all progressive people and that were not in Liberal programs long before they were in C.C.F. programs. But there is this difference with regard to where these ideas come from. When the Liberals were in office ideas were translated into action. Now they are just words. That is the essential difference.

I now come to the point that I mainly rose to make. It will be recalled that last year in the month of August the minister's estimates were before the committee. They are earlier this year. Last year in the month of August we on this side of the house, both in the Liberal party and in the C.C.F. group, appealed to the minister to let item No. 1 of his estimates stand until he was in a position to tell us what the government's winter works program was for the winter coming forward. The minister refused. We appealed to the leader of the house. He refused. The Prime Minister came into the house and an appeal was made to him. This was done on every occasion in my recollection when it was ever asked of the Liberal government when they were in office. It was done automatically as parts of the rights of parliament. But it was categorically refused by the government that is now in power, these champions of the greater rights of parliament. We are asking it again this year and we are asking it for this reason.

The winter works program did not appear until October—that is, the first announcement of it—until parliament had been away for nearly two months, when there was no opportunity to criticize it; no opportunity to point out how lopsided it was; how relatively good it was for Alberta as compared with the Atlantic provinces, not because of anything except the inherent better fortune of Alberta; and the other deficiencies. We think that parliament should have the right to discuss these things. We think that this problem is important enough to be brought before parliament, and we do not see that it is interfering with the proper carrying on of the business of parliament. In our opinion, the situation is quite the contrary. If the minister were to allow this item to stand until towards the end of the session the minister could come in and tell us what the government proposes to do about this problem in the forthcoming year as far as he knows it up to that time.

I suggest that anyone can predict, no matter how great the recovery is, that we are going to have a substantial seasonal unemployment problem next winter. There is no doubt about that matter now. There is no need to wait until August, September or October to find that out. Even if we get full employment during the summer time, as I hope we shall, there is still predictably going to be a problem next winter, and parliament ought to be told —parliament has the right to be told—what the government's plans are for dealing with that problem. I say that the minister should accede to this very reasonable request if parliament is to mean anything.

There is another reason. We not only have the precedent of last year. We have the precedent of this year. We have the adoption of the estimates of one department. What happened? The very day after those estimates were adopted an order in council was passed doing the exact opposite to what everybody on both sides of the house who had spoken suggested ought to be done about a particular matter, and parliament was deprived of the

normal opportunity to debate that action in the knowledge of the facts. I say to the minister that this government, which is supposed to have a great regard for parliament, whose leader professes to have a great love for parliament, should accede to this request.

I am going to resume my seat now and ask the minister to agree to this, and I think so far as our party is concerned I can assure him there will not be a great deal of time taken with the rest of his estimates if he is willing to do that.

Mr. Starr: Mr. Chairman, the Department of Labour estimates are estimates pertaining to the function of the Department of Labour. They have nothing to do with government policy with regard to unemployment. When the government is prepared to announce what it intends to do with respect to what I term actions of responsibility, then that information will be conveyed to the house, as it has been in the past. Most certainly the policy of the government with respect to unemployment has nothing to do with the estimates or the function or administration of the Deparment of Labour. I cannot see why the first item should be held under this pressure, and I would ask that we proceed.

Mr. Howard: Mr. Chairman, my friend from Bonavista-Twillingate mentioned in two or three ways some of the remarks I made, and I hope he is not trying to misconstrue my position or misinterpret my position in so far as the winter works program applies in this case to the province of Newfoundland, or to the maritime provinces or any other province, and attempt to leave the impression that I might be partial to policies which are opposed to those which he has just enunciated, namely the question of taking into account the financial and economic conditions of the province if the federal government participates in any cost-sharing scheme. That is not so, and I am sure the hon. member for Bonavista-Twillingate and other members will recall—

Mr. Pickersgill: Would the hon. gentleman permit me? If I seemed to imply any such thing, I never intended to. I would not suggest for a moment that the hon. gentleman had said that or thought that, and I did not think he did.

Mr. Howard: I am just saying how this misinterpretation of my attitude could result, and I do not want that to happen because I am sure hon. members will recall that one of the first things I dealt with in this house in so far as federal participation in the cost of municipal projects was concerned had to do with the trans-Canada highway. One of the first things I think was a proposal that the geographic and economic conditions of provinces should be taken into account, and any program of the federal government based on a 50-50 basis is inequitable to some and beneficial to others at the expense of somebody else.

In so far as the application of the winter works program to the maritimes is concerned, I have no ideas about the division of cost, whether it should be 25-75 or whatever the proportion may be. But there is certainly a good case, not only in the winter works program but in other types of programs as well, for treating provinces differently so far as economic ability today is concerned. I do want to make that perfectly clear.

Mr. Pickersgill: Mr. Chairman—

Mr. Howard: If the hon. member for Bonavista-Twillingate will permit me, we have raised quite a number of questions for the minister to comment upon, and I am sure he would not want to let this general administration vote go without answering the questions raised from both sides of the house.

Mr. Pickersgill: Mr. Chairman, I was only going to raise the point that the Leader of the Opposition began the discussion by raising a number of specific questions, as did the hon. member for Assiniboia, and I am sure the minister will recall that it has always been the custom on the first item to reply.

Mr. Starr: I will go ahead now if you will permit me.

Mr. Pickersgill: Very well, I will stop.

Mr. Starr: Mr. Chairman, I want to express my appreciation for what I consider to be some worth-while discussion on the first item. There have been some very good constructive suggestions put forward, and my officials and I have made note of them and some of them are reasonable enough to be given very serious consideration.

Before I go on with that I would like to give the information requested by the hon. member for Burin-Burgeo regarding the rates on the new *Sir Humphrey Gilbert* icebreaker. This icebreaker has been operated, or will be operated, by the Department of Transport, and we recommended the rates to the treasury board. When they are approved by the treasury board then they are applied by the Department of Transport. It is not our policy to reveal the rates which we have recommended to the treasury board, but they will be announced by the department under which that operation is carried out; in this case, the Department of Transport. I hope that is the information the hon. member desired.

I was struck by the approach taken by the Leader of the Opposition in this debate in dealing with conciliation procedures, and he wanted to know whether I was satisfied with them. Whether I am satisfied or not, Mr. Chairman, is hardly the issue, but I would like to tell him right away that in this world there is nothing perfect, and certainly we would want to evolve more effective procedures. The accent is on the word "evolve", and in dealing with conciliation procedures you are dealing with economic situations and economic factors. But above all you are dealing with people, and I do not think you can solve all these problems by statute. I am just wondering whether those who have been discussing this particular aspect feel that the present procedures leave something to be desired. Some of them no doubt do, and I can assure them that any suggestions that anyone would wish to make will be treated with great respect.

I would also add that the Leader of the Opposition asked a great number of questions dealing mostly with the theoretical and academic aspects of labour. I would like to tell him that in the time I have been in office I have not had much opportunity to bother with theory; I have been more interested in facts. The important thing is that I have not had time to bother with the intricate little things.

With regard to the amendments to the Industrial Relations and Disputes Investigation Act, it was pointed out by the Leader of the Opposition that some ten months have now elapsed since this matter has been before us. It is hardly that long because when I asked all the various organizations and labour bodies to submit their recommendations, in most cases it took up to about 14 months to submit them. This presents quite a great deal of work in sifting out the various amendments and putting them into some form. Unfortunately it would be impossible for me to bring in amendments to the Industrial Relations and Disputes Investigation Act this session, but most certainly it will be up for discussion during the next session of parliament.

As I say, I did note the remarks of the hon. Leader of the Opposition regarding conciliation procedures. I am certainly amenable to any suggestions which could be put forward to streamline these procedures, but I feel that the conciliation procedures we have now are procedures which have been worked out over the years and are working pretty well. They certainly are not perfect, but the fact is that out of hundreds of cases the great majority of those cases have been settled at the conciliation board stage, and in the last fiscal year out of 106 disputes only six resulted in strike action. I think this in itself is an indication of the way in which these procedures are working out. I want to point out, however, that they are not perfect. There are anomalies, and the department is trying at all times to work out better procedures.

Mr. Howard: After amendments have been prepared to the Industrial Relations and Disputes Investigation Act by the minister and his departmental officials, I wonder if the hon. gentleman could indicate whether he is willing to consult with representatives of both labour and management in order to obtain their views so that any differences may be resolved, and so that the act may be drafted to comply so far as possible with the ideas of the two groups who will be most affected by its operation.

Mr. Starr: As the hon. member may know, we have already received all the suggestions, but I will consider what he has just said. We have not thought about that aspect of the question. I should like to add that with regard to these suggestions concerning the amendment of the act, very few proposals have been received as to the conciliation procedure—only two, in fact. I should have thought there would have been more.

I might say at this point that in common with the Leader of the Opposition, and in common with every responsible labour leader in Canada, I abhor violence and regret that the necessity arises from time to time for strike action, because we all know that a strike is very often a bitter and regrettable business. I feel that any action taken by any individual or group to bring about strike action until all other means have been exhausted is reprehensible, but as to changing the procedure in any radical way, let me tell this committee that labour in Canada guards jealously the collective bargaining privilege which it has fought so hard to obtain. However, I can assure hon. members and the Leader of the Opposition that in my brief tenure of office I have found that there is a great reservoir of goodwill and honest responsibility among our labour leaders in Canada. I agree with the hon. member for Assiniboia, for example, that there is a growing tendency to be critical of labour. I have been dealing with men in the labour movement who are honest, decent and sincere. They are doing their best to get a square deal for their members. I have also met with the same kind of people in management. With men such as this at the helm in this country I do not feel we need have too many misgivings.

As I mentioned, settlements were effectively reached in a number of the disputes which arose during the year. I cite as an example the recent dispute between the firemen and the Canadian National Railways, and also the Pacific coast seamen's dispute. I think the record stands up well. Although the Leader of the Opposition is not here for the moment, I know that as an old baseball player and fan he would subscribe to the statement that you can't win them all.

Mr. Howard: How much did you pay the mediator in the C.P.R. firemen's dispute?

Mr. Starr: He has not yet sent in his bill. But we have won quite a few, by which I mean that the people of Canada were winners inasmuch as settlements were reached in so many cases.

On the subject of the winter works program, may I say that I think the program was a good one. It succeeded in providing jobs for over 40,000 people. Unfortunately, as has been pointed out, some of the provinces were not able to take advantage of it, it may be for financial reasons. The same comment applies to the municipalities. We did try to help in these circumstances by designating the Department of Public Works as a contractor, and this worked out well in Nova Scotia and New Brunswick.

We are endeavouring to make our program for the training of manpower more effective, and are keeping in close contact with the provinces who must, under our plan, take the initiative in retraining unemployed persons. There has been a noteworthy increase in activity in this direction during the past year, and we must keep this up so that more and more people may be trained, rehabilitated and equipped to take other employment.

Automation is, perhaps, the factor which dominates our industrial development at the present time. I do not intend at this moment to attempt an exposition of this whole problem, but let me assure the committee that my department is well aware of this process. There are ten or eleven studies on automation proceeding in this country at the present time, and six of those studies are being undertaken by the Department of Labour. Some of them are now available and I will be glad to send copies to hon. members who request them. An advisory committee on automation has been established. I think it will be appreciated that the primary need at the moment is information on how automation will affect industry. This we are endeavouring to obtain. I think this is a very important subject and one which needs every consideration.

A number of hon. members have expressed concern about the position of older workers, and concern has also been expressed with regard to other forms of discrimination. We are working on this problem to the end that it may eventually cease to exist. We are watching some of the legislation which has been introduced recently into the United States in order to see how legislation affects this question; whether it is likely to bring about the desired result or not. In any event, I am having a survey made throughout Canada through the medium of our employment offices to ascertain which employers are discriminating against, or requesting labour on the basis of a certain age or height or weight. Thus we should gather enough information to enable an accurate picture to be formed of what is taking place. We hope, then, to be able to bring to the attention of employers the value of older workers. I think something in the nature of an educational campaign is needed to prove to these employers the worth, the ability and the dependability of the older worker. By this means I feel sure a great deal can be accomplished.

I was, of course, interested in the remarks made by the hon. member for Assiniboia who has once again shown himself to be a fiery defender of the labour movement. With much of what he said, everyone can agree. In this connection I would say that most of the gains which have accrued to the working men and women on this continent and indeed in the whole free world, have come from the activities of organized labour. Anyone in the twentieth century who does not feel that we need unions has got an eighteenth century mind. In trade unionism there has been shown western man's genius for organizing, and his genius for using the collective principle for obtaining his objectives; while at the same time preserving freedom of individual action. It is this freedom and independence which must be preserved.

The hon. member for Trinity has commented on our program. Without going into great detail I have outlined some of the work carried on in our department and through our advisory committees more will be carried on. This matter is of great importance to us and I wish to assure hon. members of this committee that no stone will be left unturned in the course of bringing about the most desirable results.

Mr. Carter: Mr. Chairman, the minister was good enough to answer the first part of my question but he did not answer the second part. Can the minister say if the rates he recommended to the treasury were based on the rates in Newfoundland or in the Maritime provinces?

Mr. Starr: Mr. Chairman, I do not know whether they were based on the maritimes or

Newfoundland rates. I do not have that information but I shall be glad to obtain it and give it to the hon. member at another time.

Mr. Howard: Mr. Chairman, under the proper item I should like to make some comments and ask some questions about the statistical press releases that are issued from time to time concerning the unemployed. The one in my hand is headed, "Unemployment Situation" and apparently was issued jointly by the dominion bureau of statistics and the Department of Labour.

Mr. Starr: That release is a joint release but the field work is done by the bureau of statistics and comes properly under the Department of Trade and Commerce.

Mr. Howard: I am interested in the section concerning registrations at the national employment services. Is that a concern of the Department of Trade and Commerce?

Mr. Starr: No, Mr. Chairman, that comes under the national unemployment insurance commission and I shall be glad to deal with it under the appropriate item.

Mr. Howard: I will leave it until then. In the latter part of my remarks I made mention of uniformity of legislation as between the various acts under the minister's jurisdiction and similar types of legislation under provincial authorities. I wonder if any consultations have been held and if any steps have been taken toward meeting the question of uniformity of labour codes and labour legislation especially as they apply to corporations that have plants that are organized and consequently the same union is involved in more than one province. What have you been doing in that direction?

Mr. Starr: Mr. Chairman, I have given this matter quite a bit of thought. I am informed that in the past consultations did take place between the departments of labour of the federal and provincial governments. It is difficult to evolve a plan although I have been thinking about it and that is the stage at which it is now. I hope to be able to evolve a plan whereby it may be possible to achieve some uniformity with respect to vacations with pay and other labour legislation which is, I assume, what the hon. member has in mind.

Mr. Howard: When the minister says he is getting around to thinking about these matters I feel he should be reminded of the election promises made in this regard in the last two election campaigns.

Mr. Starr: Mr. Chairman, as a matter of fact I keep a list on my desk and I am continually crossing out these promises as they are fulfilled.

[Mr. Starr.]

Mr. Howard: Apparently the party did not keep you informed, Mr. Minister, of what they were letting you in for when they conducted the election campaigns because this was one of the promises made by the national Tory party and you as a candidate should have been advised as to what was happening. Perhaps they did not have you in mind as Minister of Labour at the time they developed this program. I wish to mention two points and while the opportunity presents itself I might as well mention some others. One promise made was that there would be co-operation with the provinces in an effort to achieve uniformity of labour legislation. That cannot be done just by thinking about it and there must be action.

Mr. Starr: It takes time, too.

Mr. Howard: Yes, I realize that, but this was two years ago in 1957. Two years have elapsed since then. I appreciate that the minister has been extremely busy.

Another thing the national Tory party failed to tell the minister about was the question of industries that cut across provincial boundaries. They were to pay special attention to the meat packing and steel industries to promote uniformity of labour legislation. I wonder if the party advised the minister prior to his appointment that they also promised to extend the provisions of the Fair Wages and Hours of Labour Act to cover all federal government contracts and projects? I wonder if this has been done and if they have been able to accomplish their promise of eliminating delays in conciliation procedures? I also wonder what steps have been taken toward introducing new amendments to the Minimum Wages Act? The question of vacations with pay has been dealt with. While we are at it, I wonder if in fulfillment of the promises the Tories made they have been able to move toward eliminating the waiting period under the provisions of the Unemployment Insurance Act and extending coverage to the greatest possible number of wage earners or whether they are still just thinking about that one?

I bring these points to the attention of the minister because it is obvious he was not kept up to date concerning what the national Tory party was getting him into when conducting the election campaign of 1957.

Mr. Pickersgill: Mr. Chairman, before the item is carried I want to renew my appeal to the government—I see that the leader of the house is here now—to do what was invariably done by all other governments, to accede to the reasonable request of the opposition to let this item stand until the end of the session or until the government is in a

position to announce its winter works program for next year. This is a request that anyone, having any regard at all for the rights of parliament, would not hesitate one second to accede to and I might remind hon. gentlemen opposite that we heard a great deal about regard for the rights of parliament when we were in office. On no occasion in my recollection when such a request was made of the former government was it refused and on many occasions such requests were granted.

Mr. Green: Mr. Chairman—

Mr. Pickersgill: Mr. Chairman, I believe I have the floor.

The Chairman: Order. It being five o'clock it is my duty pursuant—

Mr. Green: Mr. Chairman, I rise on a question of privilege. I think this is a most outlandish action the hon. member for Bonavista-Twillingate is now taking. He has made these charges just at five o'clock when there is no opportunity for me to reply. They are absolutely without foundation. I was house leader for the Conservatives when in opposition for several years and at no time did we ever ask to have the first item stand as he has done this afternoon. He has already delayed this first item for four days, I believe. I do not mind what he does and he could keep it going until the first of December if he wishes to, but to get up and intimate that we are interfering with the rights of parliament and all that sort of thing is to speak completely without foundation. It is absolutely unfair to speak in this way and I am most amazed that my hon. friend should have seen fit to do so.

Mr. Smith (Calgary South): I am not amazed; he did it yesterday in our committee, following the same principle.

The Chairman: Shall the item carry?

Mr. Pickersgill: No, Mr. Chairman.

Mr. Starr: All right, sit down. You have made your point. It will not carry now.

Mr. Green: Five o'clock.

The Chairman: With respect to the question of privilege that has been raised I must remind hon. members that although they can carry on a debate at length and at will on particular items there is also such a thing as undue repetition. When I have been in the chair in the last few days I have listened quite attentively to many of these debates and they have been repetitious. Whether there is a purpose in the constant repetition of things is not for me to judge but it would be appreciated by the Chair if hon. members did not delay the proceedings of the house unduly by constantly coming back to the same themes and repeating the same sentences.

Mr. Pickersgill: Mr. Chairman, I rise on a question of privilege. The Minister of Public Works has suggested that I have kept these estimates going. I took no part whatever in the debate on these estimates until this afternoon and I took a very limited part. I addressed myself strictly to the estimates and I think that the remark of the Minister of Public Works is entirely and utterly uncalled for.

Some hon. Members: Oh, oh.

Mr. Pickersgill: These lectures about the rights of parliament are getting very repetitious.

The Chairman: I must remind the hon. member for Bonavista-Twillingate that my remarks were not addressed to him so his remarks were quite out of order.

Mr. Pickersgill: But the Minister of Public Works referred to me.

The Chairman: It being five o'clock, it is my duty, pursuant to standing order 15, section 3, to rise, report progress and request leave to sit again later this day or at the next sitting of the house as the case may be.

Progress reported.

Mr. Speaker: It being five o'clock the house will now proceed to private and public bills, the former having precedence, pursuant to section 3 of standing order 15.

PRIVATE BILLS

Mr. Speaker: As there are a number of divorce bills standing for second reading, is it the pleasure of the house to have these bills taken in one motion?

Some hon. Members: Agreed.

SECOND READINGS—SENATE BILLS

Mr. R. J. McCleave (Halifax) moved that the following bills be read the second time:

Bill SD-234, for the relief of Marcelle Flore Terreault Wright.—Mr. McCleave.

Bill SD-235, for the relief of Daisy Naydia Pretula Link.—Mr. McCleave.

Bill SD-236, for the relief of Alexander Hill Forbes.—Mr. McCleave.

Bill SD-237, for the relief of Barbara Ann Mary Curran Albrechtson.—Mr. McCleave.

Bill SD-238, for the relief of Dorothy Vera Doyle Trudel.—Mr. McCleave.

Bill SD-239, for the relief of Mary May Helen McCormick Moran.—Mr. McCleave.

Bill SD-240, for the relief of Ethel Marguerite Nimick Hemmings.—Mr. McCleave.

Bill SD-241, for the relief of James Donald McAllister.—Mr. McCleave.

Bill SD-242, for the relief of Heather Joan Maxwell Firth.—Mr. McCleave.

Bill SD-243, for the relief of Suzanne Mary Florence Peyton Young.—Mr. McCleave.

Bill SD-244, for the relief of Elizabeth Ann Nelson Bissett.—Mr. McCleave.

Bill SD-245, for the relief of Moira Elizabeth Latham Bruce.—Mr. McCleave.

Bill SD-246, for the relief of Audrey Edwardeen Scanlan Grayburn.—Mr. McCleave.

He said: Mr. Speaker, perhaps for a moment or two I might give a different complexion to the debate in the house from that earlier today. A while ago I brought to the attention of the house the appearance of lady detectives in some of these cases and perhaps I might be permitted for the next moment or two to give the house and the country information on the latest doings of these charming creatures, as I called them. They have appeared in several cases before us and are getting along rather well except in one instance where the front lady, that is, the lady who puts her foot in the door and then enters the apartment first, was given a drubbing by the boy friend of the erring wife. Apparently she was badly beaten for in every case in which she has appeared since then she has made it a point to go to the police station first and make her whereabouts known on the particular evening. I presume that is on the theory that if she does not come out alive the police will at least have some clue as to who did it and why it was done. I mention this merely to illustrate that women who demand equal rights as these lady detectives are now doing should remember the good old days when they occupied a privileged position in society.

Motion agreed to and bills read the second time.

BRITISH NORTH AMERICA ACT

AMENDMENT RESPECTING READJUSTMENT OF REPRESENTATION IN THE HOUSE OF COMMONS

Mr. D. M. Fisher (Port Arthur) moved the second reading of Bill No. C-14, to amend the British North America Acts, 1867 to 1952, with respect to the readjustment of representation in the House of Commons.

He said: Mr. Speaker, last year when this bill was introduced I was fortunate enough that it was discussed for several hours and a relatively worthwhile debate took place in connection with its merits. I am not one of those who feel that a politician is suspect whenever he gets up and begins to talk about the beauties of non-partisanship just as I do not suspect, when people begin to talk about the public interest, that there is possibly a scoundrel or a nigger in the woodpile somewhere. I should like to suggest that if one cannot be wholly non-partisan about this bill he should at least try to approach it with as little partisanship as possible.

The reason I have introduced it stems partly from my own experience and partly from following the activities of the house in this particular field over recent years and also in a historical sense. I made the point last year, and I do not need to repeat it, that the idea behind redistribution being put in the hands of an independent commission is one that has found favour with such people as the present Prime Minister (Mr. Diefenbaker), the prime minister who was the leader of Canada for the longest period of time, an hon. gentleman in the other place who is a Liberal stalwart and with quite a number of other people, and that the idea of putting redistribution under an independent commission is one that has found favour in a number of other commonwealth countries that have the same parliamentary system as we have, although not necessarily with parallel problems, where it has been found to work well.

The basic idea of redistribution is, of course, simply one of representation by population or an attempt to assure that each individual vote in the country is worth relatively the same as any other individual vote. I would not say that the material I put on the record last session was so valuable that I want to hold it up as being something wonderful but I think the bibliography and other information connected with it opened up many of the problems concerning the matter and some of the discussion that followed was rather valuable in expressing critical points of view.

One factor in connection with redistribution about which I have thought more and more since last year is not the fact that we are getting closer to the issue all the time of a hurried redistribution in 1952 or that we will probably find an election held in 1962 upon the population basis of 1951 but the fact that it seems to me after a bit more experience in the house, and everyone is aware that my experience has not been too long, that a member more and more, if I judge the situation correctly, is becoming a constituency information and welfare officer to quite an extent for the population of his riding. I mean that the pressure upon him is in direct relationship to the size of his constituency. This is an argument which, in my opinion, calls for as fair a balance as

possible within provincial limitations, and for equality in terms of the number of people that a member of parliament represents.

During the debate on this measure last year, the lead-off speaker following my presentation was the hon. member for Parry Sound-Muskoka (Mr. Aiken), who opposed the bill largely on the ground, as I take it from scanning his remarks, that the bill was a further derogation of parliamentary rights. He believed that in setting up an independent commission you were taking away from parliament and this house certain rights, and that was something he could not support. In so far as my argument was concerned that by so doing you would remove any chance for gerrymandering, both he and the hon. member who spoke later, the hon. member for St. Lawrence - St. George (Mr. Chambers), had the feeling that we had reached a new time in Canadian politics. Perhaps their views are coloured by the fact that they are members of the party in power. They felt we no longer have any worries about anyone trying to hurt anyone else. We have a population that is more alert, more informed, and this sort of thing would not be accepted any longer.

I cannot really comment on that particular point of view. It is going to be fun, during the next redistribution, to see what the members from Nova Scotia are going to do, since they are all Conservatives, in reducing the seats in that province. There will be a reduction of at least one, and it is going to be fun to see how much they hurt one another. In Saskatchewan, where there will be a loss of three or four seats, the Conservatives have only the hon. member for Assiniboia (Mr. Argue) upon whom to work in terms of gerrymandering. Then, too, I should like to see them work on each other in Manitoba, where they can only work on themselves. We could almost turn the problem inside out from the point of view of gerrymandering being an issue, and say that at least an independent commission would save government members from cutting each other's throats when redistribution time does come around.

The hon. member for York-Scarborough (Mr. McGee) spoke on the bill, but I felt it was one of his poorer performances. He was thrown off by some of the comments made by the hon. member for Vancouver East (Mr. Winch), and by our wonder interventionist from Bonavista-Twillingate (Mr. Pickersgill). The hon. member proceeded to read the members of this group a little homily about our too great preoccupation with planning and our too great trust in experts. He did, however, state he thought there should be some kind of independent body of experts or knowledgeable people to determine principles which should apply in so far as redistribution was concerned, then those principles should be left with members of parliament who would deal with redistribution. He seemed to feel that members of parliament, being more familiar with constituency problems, were the ones to be consulted. I should like to remind the hon. member for York-Scarborough or any other member, including myself, that much as we may look upon our constituencies as our personal possessions, our rights are very impermanent ones. There are other parties within our constituencies who have views that are just as valid and as pertinent as any we, as members of parliament, can offer. We are only one source of information or opinion, and there are other sources of information and opinion which are just as important in so far as determining the boundaries of a constituency and that sort of thing is concerned.

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

Mr. Fisher: Yes.

Mr. McGee: Is he suggesting—he seemed to me to be suggesting and perhaps he can tell me if I am right—that perhaps the defeated candidate should be consulted in determining the riding boundaries?

Mr. Fisher: No, I am not trying to suggest that at all. I do not believe the defeated candidate or someone who ran third, fourth or fifth or who is the head of a local organization, is in any better position than an M.P. to be consulted. My whole point is that they have as valid an interest as the member of parliament. I would say that any independent commission gathering information would want to hear representations from these people on this question of boundaries.

I seem to have forgotten the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) who, along with the hon. member for Berthier-Maskinonge-Delanaudiere (Mr. Paul), concentrated on an argument which is very familiar to anyone who has watched the Quebec scene. In my opinion, the source of their argument can be found in the Tremblay report, in which the line of argument is strongly adopted that redistribution concerns one part of the British North America Act that requires provincial consultation. As a matter of fact, I think the hon. member for Joliette - L'Assomption - Montcalm adopted exactly the idea that is in the Tremblay report, that once the bases have been determined for general provincial representation,

the whole problem should be handled by the province itself rather than the House of Commons. In my view this is an indefensible position, in that the House of Commons must continue to hold the right to set up, for example, this independent commission, and if the independent commission does not work, to make any other amendment or change that is necessary.

The hon. member for Berthier-Maskinonge-Delanaudiere was generally in favour of the idea of putting redistribution under a commission, but he did want this exception, that the commission should be determined on a provincial basis and the provincial authorities should enter into it. The hon. member for St. Lawrence-St. George brought up a legal point as to whether or not the words "independent commission" were really valid because of the fact that parliament would always have the right to change a decision made some years ago about this section, and to change it or alter it at any time. In other words, you may set up an independent commission but it would not be there in perpetuity, so therefore it would not be an independent commission.

This is rather a difficulty in semantics. I agree with his point that if we do set up an independent commission as a consequence of the passage of this particular act, then we will have to remain ready to change the independent commission idea if it does not work out. I might point out in passing that the independent commission idea, for example, in Great Britain has worked extremely well. The same fears were expressed in Great Britain as were expressed by hon. members on the government benches here when this change was sought.

There were no speeches made by hon. members of the opposition when this bill was before us last year. This has become one of the hallmarks of their operations in this particular parliament, that is they do not express any opinion on public bills introduced by private members. I just want to touch on this particular aspect of the matter. The opposition members may not see the point or feel the need of this particular hour of the house activities, they may not feel that this idea of private members being able to introduce public bills is worth while. However, it seems to me that at some time we should have a statement from this particular party, not so much about this bill, but on this issue of whether or not they believe this sort of thing is even worth while. In my opinion, it is very worth while because it leaves to hon. members at least one avenue by which private members from any party can put a bill on the order paper expounding an idea or conception, and ultimately the idea may become popular. If the members of the opposition feel that this is a bad thing, and that all legislation should come up through some sort of party channel in the government, then they are accepting the fact we have already had a transition in the status of a member of parliament and that the rest of us may be clinging to some ideal that has disappeared.

The final point I want to make is not a major one. It is just this, that the Canadian Labour Congress has advocated this idea of redistribution by an independent commission for some time. I could go further than that. I could also say that another body has identified itself with this idea of an independent commission. I refer to the Canadian Chamber of Commerce. I would suggest—and perhaps not push the suggestion too far—that when you get two bodies such as these that in the main contend with each other or are antithetical both going along with the same idea, the idea must have a little bit more than ordinary value.

I hope in the time there is left some of the members will be able to express further criticisms and offer further suggestions on the bill. I would hope that some of them might even move that this bill be sent to the committee on privileges and elections which I am sure is going to do an extremely worth-while job this session. I might say this about the chairman of that committee at the present time. Nothing has pleased me more than to know that in this particular field we have as chairman of that committee someone who has an academic background and with the broad values and detachment that I think that background brings to one of the most controversial fields that politicians can ever get into.

Mr. Frank McGee (York-Scarborough): Mr. Speaker, I am sure we are all grateful to the hon. member for Port Arthur (Mr. Fisher) for his summary of the arguments we dared to advance in the face of his final utterances on the subject. It seems to me to be rather typical of the hon. member sponsoring this measure and other members in his group. I have stated this previously in this house and shall state it again. There seems to be a theory that, once these omnipotent people have examined a subject and written down their conclusions, that is the end of it; that everything that needs to be thought about this subject has been thought and that everything that needs to be said about the subject has been said. The leader of the lonely eight earlier in this session went farther than that and suggested that owing to the fact that he had introduced a certain measure

into this house on three or four occasions there was no need for any further debate whatsoever.

However, to come back to the bill in question, may I say this. I would be derelict indeed in my duty as a member of this house if I did not rise on each and every appropriate occasion in order to draw attention to the plight of the people of York-Scarborough. As I have said before in this house, the pattern of growth in this particular constituencey is astonishing, to say the least. The population at the present time would be something of the order of 225,000 people. As far as I can gather, the annual increase in that population—apart from the birth rate which is substantial—is something of the order of 25,000 a year. I have given serious consideration to introducing a private bill which might be entitled "An act for the relief of McGee" or perhaps might be better described as "An act for the relief of the long-suffering and patient constituents of York-Scarborough".

I should like to read into the record a statement by one of my opponents in the last election and the one prior to it, namely a charming and delightful woman indeed by the name of Elva Reta Sigen. Mrs. Sigen took advantage of the opportunity, she having been a candidate in federal elections, to write in August of 1957 to the chief electoral officer offering some suggestions. I will not deal with the specific suggestions and criticisms of the operation of the elections act because they are not pertinent to this debate—they might form part of the evidence of the committee in privileges and elections—but I should like to read into the record her first paragraph:

> As a candidate in the federal election in June, I would like to take this opportunity accorded me in section 58(2) of the Canada Elections Act to bring to your attention a few changes in the law which I consider desirable in so far as it affects the riding of York-Scarborough.

The first paragraph I refer to reads as follows:

> (1) For an urban riding York-Scarborough is unwieldy, being the largest riding in Canada with a population at present of 167,500 people and with more families moving into the riding every day. If this growth continues, it will be an impossible task for any candidate to campaign and for any member to represent the riding and know the problems of such a large number of people.

As I say, these are the words of my opponent in the two previous elections. She is a woman of some ability and much charm. They were no doubt prompted by the fact that her father was a prominent Tory in the good old riding of Carleton.

As the hon. member pointed out, I agreed in principle with his bill but I expressed some doubts, after I survived the interruptions and banter that assailed me on that occasion. I thought at a certain stage the independent commission or group of so-called experts should come back to the house and to the members, having defined the broad areas and designated the principles upon which such distribution would occur. I am one of those optimists, like the hon. member for St. Lawrence-St. George (Mr. Chambers) and others in this house, who happens to believe that as far as political morality in this country is concerned, tremendous strides have been made in recent years. Everything that I see in the political life of my province and in my area in particular leads me to the belief that this trend and pattern will continue.

I was going to read into the record some of the delightful experiences and activities which took place in the early years in elections in this country but I am sure that most of the hon. members who have interested themselves in this bill and in this matter are already familiar with this subject. As Norman Ward says in his book, honesty is becoming compulsory in many parts of this country.

Mr. Fisher: Would you like to define the parts?

Mr. McGee: The problem, and the reasons advanced in another debate earlier in this session by the hon. member for Port Arthur as to why we might not have redistribution before the next election, I challenge. As far as its being possible is concerned, surely the methods and means are now available today, particularly as far as tabulation and computation are concerned, if some way can be found between the spring of 1961 and the beginning of the session in 1962, assuming that an election is called at the end of that particular session. Surely the basic material can be made available to this house and to the members of whatever body we ultimately decide will wrestle with this problem, and surely we can have redistribution before the next election. I see the hon. member is shaking his head.

Mr. Fisher: May I ask the hon. member a question. Is the hon. member aware that it is technically impossible before March, 1962 for the bureau of statistics to complete its compilations of the detailed statistics which will be necessary to carry out complete redistribution, even though the total population statistics by provinces will be available much earlier in order to give a provincial breakdown? But you will not have the detailed figures which will enable you to actually carry out adjustments.

Mr. McGee: May I, in turn, ask the hon. member a question. What is the source of the information or opinion which he has expressed?

Mr. Fisher: The information I have is from the dominion bureau of statistics officials.

Mr. McGee: Well, as one hon. member has just pointed out to me, a lot of things which perhaps were not thought possible under other administrations might very well be possible under the present.

Mr. Fisher: Possible but improbable.

Mr. McGee: That is just about all I wanted to add, Mr. Speaker, to what I said last year, except I have to apologize to the hon. member for Port Arthur that I did not come up to snuff last year and I hope he will think I did a little better this year.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, it is largely the remarks of the hon. member who has just taken his seat which cause me to rise to say a few words in support of this bill introduced by the member for Port Arthur (Mr. Fisher). This is not a new subject. Anyone who has read the records of the house will realize that there have been quite a few voices in all parties over a long period of years who have suggested some procedure for redistribution after the fashion of that mentioned in this bill. The member for Port Arthur referred to the attitude of the former prime minister, Mr. Mackenzie King, who I think on a number of occasions—if I remember correctly I heard him on one such occasion —said that while he personally was in favour of the principle of having redistribution undertaken by a commission, he would accept the opinion of the majority. There have occasionally been other voices raised in the Liberal party throughout the years, and I think on one or two occasions members of the former Progressive party suggested that this principle be applied with respect to redistribution in Canada.

It has been the policy of the C.C.F. party ever since it was formed to express its support for this method of redistribution, and that is indicated by the numbers of private bills which have been introduced on this question by members of the C.C.F. group throughout the years. However, I do want to bring to the attention of the house, in view of the comments made by the hon. member who has just taken his seat, that at one time there were quite prominent members of the Progressive Conservative party who supported this principle. On February 21, 1947 the then secretary of state introduced a bill for the readjustment of representation in the House of Commons. That provided for the appointment of a committee. During that debate Mr. Knowles, who was then a member of this house, introduced an amendment to the bill which read as follows, as reported on page 697 of *Hansard* for February 21, 1947:

—this bill be not now read a second time but that it be resolved that in the opinion of this house the readjustment of the representation in the House of Commons should be referred to an independent commission to be appointed for that purpose.

Then later on certain members of the Progressive Conservative party spoke and indicated their support of that amendment. The interesting thing to me is that at the time when the vote was taken on this amendment, who do we find supporting the amendment moved by Mr. Knowles which would provide for the appointment of a commission to undertake redistribution? Well, here are the names of some of them. We find Mr. Black, who was then a Conservative member for the Yukon; Mr. Blair, then a Conservative member of this house but who unfortunately passed away two or three years ago; Mr. Boucher, a Conservative member; Mr. Casselman; Mr. Cockeram; Mr. Fraser, who is still in this house; and Mr. Harkness, who is now the present Minister of Agriculture. Then, most interesting to me of all, is the name of Mr. Green, who is now the present Minister of Public Works and the house leader.

Mr. Green: How do you know I will not support this bill?

Mr. Herridge: Then we find Mr. Harris, a Conservative member of this house; Mr. Hatfield; Mr. Henderson; Mr. Homuth. Then we come again to another interesting supporter, Mr. Macdonnell, the present Minister without Portfolio. Then we find Mr. Merritt, a well-known Conservative, still residing at the coast. Mr. Senn, a very prominent member of the Conservative party at that time; Mr. Stirling, who used to represent the riding of Yale. That is all I see in the list, but I think it is very interesting in view of the support that that proposal received from those very prominent members of the Progressive Conservative party, some of whom are now members of the government.

As a matter of fact, Mr. Speaker, that leads us in this group to the hope that possibly before the next redistribution we will see the Minister of Public Works (Mr. Green) rising to introduce a bill for the appointment of a commission to undertake redistribution, seconded by the Minister without Portfolio (Mr. Macdonnell).

Mr. Green: It does not come under public works.

Mr. Herridge: I quite understand that. It comes under the Secretary of State (Mr. Courtemanche); but I assume the Minister of Public Works might be so enthusiastic as to undertake that task, or at least speak of it.

Mr. Speaker, I was very interested in reading *Hansard* to note that the idea was also born within the womb of the Liberal party, because on February 21, 1947, Mr. Powers, who was then a member of this house and who is now an hon. member of the other place, informed the house that in looking over his files he had found a copy of a bill which had been drafted, and it was the intention of the government at one time to introduce this bill which made provision for the appointment of a commission to undertake redistribution. However, owing to the fact that in 1940 the phony stage of the war, as he put it, was over and the nation was fully occupied with the realities of war, the bill was not introduced. So, Mr. Speaker, it is quite clear that there has been considerable sentiment throughout the years in favour of a commission undertaking the task of redistribution.

That principle has been supported by prominent members of the Liberal party and it has been supported by prominent members of the Conservative party. It is a principle which has been consistently supported by all members of the C.C.F. group in this house throughout the years. As one of our members said previously this afternoon, we would not be at all offended if the present government, shall we say, stole this plank from our platform and gave effect to it before the next redistribution.

I do want to say in conclusion, Mr. Speaker, that it is about time we gave some consideration to this principle. It has been adopted by several other countries in the commonwealth and found to be most satisfactory, and in handing the task over to a commission it would remove the injustices and the doubts with regard to redistribution which exist at the present time.

We do hope that hon. members on the front benches will be consistent and give expression to their attitude first expressed in February 1947 by introducing legislation from the government side giving effect to the principles contained in this private bill.

(Translation):

Mr. J. J. Martel (Chapleau): Mr. Speaker, in rising to speak on this bill, I wish only to add a few remarks to those made by members who spoke before me.

The amendment put forward by the hon. member for Port Arthur (Mr. Fisher) is most interesting. However, before allowing it to pass, I think we should at least have a closer look at it.

I have been going over the statistics quoted to us last year by the hon. member for Port Arthur, which gave specific information on the number of voters, the area and total population of every constituency in Canada. Such information is most interesting, and I often wonder how opposition members, and particularly C.C.F. members, manage to find time to make such elaborate research into various fields, and also to make lengthy speeches on practically every subject discussed in this house. In any case, this is not the question we are considering at present.

I would like to point out to this house that, in his remarks, the hon. member for Port Arthur admitted that the amendment he was moving under Bill C-14 would not reach its aim, which was to make redistribution independent by adding to the British North America Act the words "independent of the Canadian parliament". His suggestion to refer the redistribution of parliament seats to a body independent of the Canadian parliament is only theoretical, as parliament can, in fact, always amend the act. And in order to further clarify the reasons for which we should be very careful before passing such legislation, I would simply like to point out to hon. members what happens, for instance, when redistribution is made in vast territories in which population is perhaps not as dense as in our large Canadian cities like Montreal and Toronto, but which nevertheless are entitled to representation in this house, so as to make the Canadian government aware of the needs of people in those areas.

Let us take for instance the riding I represent here. The constituency of Chapleau was created in 1933 on the occasion of a redistribution and it covers 83,640 square miles. In 1937, it had 30,094 voters, out of a population of 65,456. The neighbouring riding, that of Villeneuve, covers 5,250 square miles. It had in 1957, 34,494 voters and a total population of 74,366. That riding was created in 1947. Further to the south, there is the constituency of Pontiac-Temiscamingue which has an area of 16,625 square miles with 20,480 voters and a total population of 42,432. Those three constituencies therefore cover 105,515 square miles, and include 85,068 electors out of a total population of 182,244, according to the latest available statistics. I should like to point out that before 1933, that area contained only one constituency, before the constituency of Chapleau was itself carved out and that, in

1947, part of the constituency of Pontiac-Temiscamingue was cut out, in order to give the mining area of Rouyn, Noranda, Malartic and Val d'Or, a representation in the house.

In establishing the constituency of Villeneuve and in adopting the amendments which were proposed to readjust those territories, account was taken not only of the population but also of that northern territory which is developing rapidly, since, even if sometimes the population is not as large as in cities those territories are, just the same, entitled to representation in the Canadian parliament.

That leads me to say, in closing, that since confederation, and generally speaking, changes were made to several constituencies. Making a brief survey of the situation, I noted that in the maritimes, for instance, there were changes made in 22 constituencies. In the province of Ontario, there were changes made in 76 constituencies; in the province of Quebec, 60; in the western provinces, 46 constituencies and in British Columbia, 22 constituencies. Between 1892 and 1952 changes were made in 226 constituencies. Therefore, since confederation, i.e. since 1867, only 37 constituencies have remained unchanged. In other words, readjustment of several constituencies is taking place regularly according to changes in population, from one end of our huge country to the other.

So, instead of agreeing to the amendment proposed by the hon. member for Port Arthur, and as was suggested by the hon. member for Kootenay West (Mr. Herridge), it would be preferable, in my opinion, to set up a commission which would be responsible for the readjustment of electoral seats in the federal parliament.

(Text):

Mr. Heath Macquarrie (Queens): I am happy to have the opportunity to participate briefly, as needs must at this hour, in this debate. I should like to say how much I appreciate the kind remarks of the hon. gentleman from Port Arthur (Mr. Fisher) who is, I suppose, spatially as far removed from me as anyone could be in this chamber, and to congratulate him for his efforts in this direction.

I remember quite well his contributions, both written and oral, during the last session. The hon. member also brought us up to date with an appraisal of the speeches which were delivered. He did not appraise his own, and I noted his modesty in that connection, but he did comment on the others. He is quite right in saying there is today an overwhelming tendency to approach this important subject with a high degree of impartiality. It is, indeed, a subject which is of tremendous importance. And as the hon. member for Kootenay West (Mr. Herridge) pointed out, it is, of course, not a new subject.

For members of parliament to direct their attention to means and methods whereby they may improve their ability to express fully and honestly the opinions of the general public is certainly a very high form of endeavour, for we are here to express public opinion—in an indirect democracy this makes us the most important expressive institution in the land.

I have long been interested in the subject of independent commissions for distribution of electoral constituencies. I have had many reasons to see in them very favourable aspects. I believe that the province of Manitoba recently moved into the field with an independent commission and in recent hours I have come to the conclusion that this sort of device is not too bad and does allow for a very good expression of popular opinion on election day.

Some hon. members on this side of the house have expressed themselves quite well when they pointed out that the mores of the country have changed. I believe that the evil old days of the past cannot return. Certainly there are many historical instances which should bring to us a blush of shame. It is known that many an infamous old gerrymander occurred in the days of Conservative administration and instances of this have unhappily occurred in much more recent days. I am sure that if the Minister of National Revenue (Mr. Nowlan) were here he would tell us of some personal experiences. We might remember what happened in Parry Sound-Muskoka at one time. We could recall the marriage of the Brandon and Souris ridings and the death of the Lake Centre riding all taking place at one time. These were very unhappy examples of parliamentary activity in this connection.

Through the years I think it has been shown that gerrymanders are not a sure-fire recipe for success. Perhaps the hon. member for York-Scarborough (Mr. McGee) was not altogether humorous when he said that honesty in this instance is proving to be the better policy. In the voting pattern of citizens I believe there are reasons for this.

Once upon a time we looked upon certain areas or constituencies in a province as being hidebound and devotedly attached to a given party regardless of candidate, issue or any other consideration. It was felt there were certain blocs of safe seats and if one could only attach and detach them in some logical mathematical proportion one could win political success. But we have moved far away from the days of hereditary voting. If you could squelch a party by manoeuvring political boundaries of constituencies the party which is now in power in Canada would have been kept in the shadows for years and years if not forever. The party, however, revealed its ability to fight in any constituency in Canada and it won nearly all of them. I say this in no sense of gloating or boasting but as an indication of the fact that the pattern of voting has changed. I believe this is a very good development and I am sure the promoter of this bill would agree that the hereditary pattern of voting is not an uplifting aspect of a political democracy.

There are some underlying issues in this matter that might be worth exploring. I quite agree with what the hon. member for Parry Sound-Muskoka (Mr. Aiken) said on a previous occasion to the effect that any move to shift power and responsibility from the elective and responsible institution of government to one which is not elective and is irresponsible in a constitutional sense is not a step which should be taken lightly. Down through the years in the British tradition a great effort was made to bring under popular control the agencies of government, to bring the executive under parliamentary control and to move away from the earlier day when the rule of law did not prevail over these agencies and aspects of state sovereignty. In this instance I am not prepared to move to this too readily or gladly. I believe that the intervention of parliamentary responsibility is a very good thing.

In this connection I remember last year that the hon. member was good enough to put forward a very extensive and interesting bibliography and I was happy to see included in it the works of many of my former colleagues in the field of political science. I would not presume to tell anyone what he should read but had I more time at my disposal I had intended to make reference to a very important work which I am sure is familiar to many hon. members of the house, "The New Despotism" by the Right Hon. Lord Hewart of Bury, in which he deals with this growing tendency in these days of big government and of demands for government to move into more and more avenues of daily life, with the dangers inherent in setting up regulatory bodies which are not directly responsible to the organ which in turn is responsible to the sovereign people.

Another aspect we must consider is that the mere counting of heads is not of itself a sufficient consideration. We in Canada are a pragmatic and practical people and we do not follow neat formulae. If we were to follow a certain precise formula under which a certain number of people had one member of parliament and this prevailed all across the country, it would be unworkable. I know that the hon. member does not have this in mind because I remember the thesis he put forward. There are also historic and geographic considerations which must be involved and I do not think that because one citizen lives in a constituency which has 50,000 voters and another lives in a constituency which has 25,000 voters the quality of the representation of the former in this sovereign parliament is any less and certainly no one would say it is only half as good.

This is not to say, however, that such complaints as the hon. member for York-Scarborough put forward with deep feeling are not to be considered seriously and do not cry for early remedy. At the same time I do not think there is any mystical efficacy in the mathematical computation of voters and the election thereby—

Mr. Fisher: Mr. Speaker, would the hon. gentleman permit a question? Does the hon. member think there is any mystical efficacy in the practice that protects Prince Edward Island and keeps it with four members?

Mr. Macquarrie: Mr. Speaker, I wish I had more time to talk about Prince Edward Island's membership. I think that is just one instance of what we have been talking about. Indeed, had our negotiators in 1873 insisted on a minimum of six seats I think they would have served not only Prince Edward Island but Canada better than they did. Six seats were accepted but this number was eventually and over many protests reduced to four.

Mr. Speaker: Six o'clock.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, may I ask the leader of the house if there is any change in the announcement he made last night?

Mr. Green: Mr. Speaker, I should just like to add to the items I listed last night the following: resolution No. 9 on today's order

paper concerning the convention on the nationality of married women; No. 11, the resolution concerning the Defence Services Pension Act; No. 12, the resolution referring to the Royal Canadian Mounted Police Act, and there will be a resolution preceding a bill to amend the Veterans' Land Act which will appear in *Votes and Proceedings* on Monday. We may ask to go on with that.

Mr. Pickersgill: I take it that these measures would follow on Tuesday as well as the others the hon. member mentioned for Tuesday?

Mr. Green: These represent a little addition to what I mentioned last night, Mr. Speaker.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

ESCAPES OF INMATES, JOYCEVILLE PENAL INSTITUTION, ONT.

Question No. 372—**Mr. Howard:**

1. How many, if any, inmates have escaped from the penal institution at Joyceville, Ontario?
2. At the time of escape what percentage of the inmate population did the escapees represent?

Answer by: **Hon. E. D. Fulton (Minister of Justice):**

1. Four inmates (two in July, 1957 and two in December, 1958).

2. 4.16 per cent on each occasion.

ROADS TO RESOURCES PROGRAM

Question No. 398—**Mr. Roberge:**

1. In what fiscal year was the development of roads leading to resources program initiated?
2. What provinces have entered into an agreement with the federal government in each fiscal year since the inception of the program up to March 31, 1959, and what is the amount paid to each of them in each year?
3. What provinces have not entered into such an agreement?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. The original offer of federal assistance in the construction of roads to resources was conveyed to the premiers of the various provinces in a letter dated February 12, 1958. The actual program was initiated in the fiscal year 1958-59.

2. As at March 31, 1959, agreement had been reached with all provinces except Quebec on the roads to be included in the program, their standards and specifications and the general terms of cost sharing between the two levels of government. Formal agreements are now in process of execution with these nine provinces. At March 31, 1959, the only provincial program for which the formal agreement had been signed by both governments was that of British Columbia. The amount paid to date under the terms of this agreement is $1,000,732.79.

3. Answered by No. 2.

HOUSE OF COMMONS

Monday, May 18, 1959

The house met at 2.30 p.m.

HER MAJESTY THE QUEEN

DECLARATION OF LOYALTY ON CELEBRATION OF BIRTHDAY

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, this being the day that has been designated to be celebrated as the birthday of Her Majesty Elizabeth II, Queen of Canada, I hope the Acting Leader of the Opposition will join with me in conveying congratulations from the House of Commons to Her Majesty. At the same time I know I speak for all Canadians when I say that she enjoys the loyalty and affection of all of us. After we have heard from opposition members, shall we then rise and join in summarizing our feelings by the singing of, "God Save the Queen"?

(Translation):

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I take this opportunity to say a few words in French, a language which has always been not only understood but very correctly spoken by our sovereigns.

I wish to associate myself with the words of congratulations which the Prime Minister (Mr. Diefenbaker) has just addressed to Her Majesty Queen Elizabeth II.

I should also like to express, if I may, the feelings of devotion, affection, attachment and loyalty of Canadians of French origin for Her Majesty Queen Elizabeth II. History shows, Mr. Speaker, that in times of emergency the people of French Canada have always supported the British crown. Indeed, on one occasion, if not two, they took up arms against invaders of our Canadian territory.

It seems to me fitting that, on this day, a French voice be heard so as to echo from this side of the house the feelings that the Prime Minister has just expressed towards the gracious lady who, by virtue of the Statute of Westminster, is now Queen of Canada. Therefore, on behalf of the members of the opposition, I wish to make known to this house our feelings of affection and devotion to the Canadian crown.

(Text):

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we of the C.C.F. should like to associate ourselves with the Prime Minister and the Acting Leader of the Opposition in offering our congratulations to Her Majesty. On this occasion when Canada commemorates her birthday we wish to assure Her Majesty of our continuing loyalty and affection, and of the continuing loyalty and affection of all Canadians. We have, of course, a monarchical form of government. We recognize that it is based on the sound democratic principles of a responsible government. Although some of us might wish the house were not sitting today, nevertheless it is appropriate that the parliament of Canada, in commemorating her Majesty's birthday, should carry on Her Majesty's business.

Whereupon the members of the house rose and sang

God Save the Queen

MISCELLANEOUS PRIVATE BILLS

Tenth and eleventh reports of standing committee on miscellaneous private bills—Mr. McCleave.

TRADE

LEAD AND ZINC—TABLING OF REPORT ON DISCUSSIONS IN NEW YORK

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, with the permission of the house I should like to table the report of the United Nations conference on lead and zinc.

In my statement to the house in advance of the conference on April 24 I explained that the Canadian government's views regarding the U.S. import quotas remained unchanged, and also that it would be made clear that Canada would be willing to explore the necessity for and possibility of an intergovernmental agreement for lead and zinc but that to be acceptable to Canada any such agreement must find wide support with all major importing and exporting countries playing their full part. I also referred to the representations which had been received from Canadian industry which has sought to avoid the necessity for an intergovernmental agreement and the regulation of exports, and the effects on mine production that such an agreement might entail.

As will be seen from the report which is being tabled, there was every indication prior to the conference that again in 1959 there

would be a substantial addition to world surplus stocks of lead and zinc as a result of the high level of production which was being maintained in the face of weakened and restricted markets. This situation could not, of course, continue indefinitely.

Shortly before the conference reports were received of decisions taken by private producers in one or two countries to reduce their production. These indications of a change of direction in production policies were noted by the conference and encouraged a broad reassessment of expectations on the part of the different delegations including their industry advisers. In a good number of cases this led to announcements during the course of the conference of the intentions of other producers to curtail their production. In other cases governments, including that of the U.S.S.R., announced reductions in their expected or intended exports.

Hon. members will recall that the effect of the U. S. import quotas has been to restrict shipments by Canadian producers to the large United States market, and it became necessary for some of them to adjust production. The net effect of reduction by a number of our producers and revisions of previous forecasts is that Canadian exports will likely fall below 1958 levels by 9,000 tons of lead and 30,000 tons of zinc, as is indicated in the report.

If the revised forecasts are realized the annual rate of world production of zinc will be brought nearly into balance with expected consumption. Reduction from a forecast 120,000 ton surplus to a mere 16,000 tons for the world industry as a whole would be a major advance toward the restoration of more normal market conditions for zinc. The effect of forecast reductions in the case of lead is not quite so satisfactory, though there too the progress anticipated is significant.

I would not like to convey too optimistic an impression. The United States quota restrictions still remain in effect. Moreover, it should be noted that the report of the conference does not deal with the difficult problem of existing surplus stocks. However, it appears possible that as a result of voluntary decisions taken by private producers to adjust production to demand, the lead and zinc industries may have taken the first step on the way out of their recent difficulties.

Mr. G. J. McIlraith (Ottawa West): I wonder if I may ask the minister if copies of the report will be available to any hon. members who may wish to obtain them; and second, do I understand his statement to indicate that no further restrictions on the part of the United States against Canadian exports to that country are to be expected?

[Mr. Churchill.]

Mr. Churchill: I doubt that there will be further restrictions, Mr. Speaker. An attempt to solve the problem in this way was suggested a year ago, and the committee has now arrived at its findings. The report I have just tabled can be reproduced for those who require it. Three or four copies have been made available through the proper office, but other copies I think can be made available if it is so desired.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, the report just made by the Minister of Trade and Commerce is an interesting one, and indicates the difficulties in the situation as he has explained them. This matter is of grave concern, as we all know, to the mining industry of British Columbia and to the working people who depend for their livelihood on the prosperity of that industry. We do hope the government will continue to work in closest co-operation with the industry in Canada, and will continue its efforts in the spirit in which they have been commenced in co-operating with United States interests and the interests of other countries with a view to finding a final and satisfactory solution to this most complicated and difficult question.

VETERANS' LAND ACT

AMENDMENTS TO PROVIDE FURTHER ASSISTANCE FOR HOME CONSTRUCTION, TO FARMERS AND FISHERMEN, ETC.

Hon. A. J. Brooks (Minister of Veterans Affairs) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to bring in a measure to amend the Veterans' Land Act to provide further financial assistance to veterans for home construction and to veterans presently settled under the act as full-time farmers or who may be so settled in the future and to veterans who may be settled as part-time farmers or commercial fishermen; and to provide further for certain changes in connection with the administration of the act.

Motion agreed to.

MOTION FOR PAPERS

R.C.M.P. DETACHMENT, QUEEN CHARLOTTE CITY, B.C.

Motion No. 102—**Mr. Howard:**

For a copy of all correspondence, telegrams and other documents exchanged between the federal government and any person, organization or government, since January 1, 1958, relative to the purchase of land or any other matter relating to the proposed Royal Canadian Mounted Police detachment at Queen Charlotte city.

Hon. E. D. Fulton (Minister of Justice): There is no objection to accepting this motion subject to the usual reservation regarding privileged communications, if any, and also to the obtaining of consent from the provincial authority if any correspondence with the provincial government is on file.

Mr. Speaker: Subject to those limitations is it the pleasure of the house to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to.

INDUSTRY

AUTOMOBILES—INQUIRY AS TO CONFERENCES ON MANUFACTURE OF SMALL CARS

On the orders of the day:

Hon. Paul Martin (Essex East): I wonder if the Prime Minister could give a report to the house of the conferences he held on Saturday last with the presidents of the Ford Motor Company of Canada, the Chrysler Corporation of Canada and General Motors Corporation with regard to the manufacture in Canada of small cars. This is a matter which I am sure the Prime Minister will realize is of the greatest consequence as it affects the employment of thousands in Canada.

Right Hon. J. G. Diefenbaker (Prime Minister): The importance of the problem has, of course, been directed to my attention on a number of occasions by the hon. member for Essex West as well as by the representatives of labour who met the cabinet some weeks ago.

All I can say at this time is that I had meetings with the various executive officers of the several companies referred to by the hon. member for Essex East at which we discussed the problem in all its facets. I pointed out that it was the view of the government that the manufacture of small cars in Canada is an economic necessity. The interviews I had were conducted in a fine spirit on the part of the executives of the automobile manufacturers concerned. There was complete good feeling, and there was frankness shown by each and every one of them throughout the discussions. I can only say that any announcements that may be made from time to time respecting this matter will, of course, have to be made by the companies in question. Other than that I do not think I can make any comment at the moment that would be appropriate or of assistance.

Mr. Martin (Essex East): Mr. Speaker, may I ask a supplementary question. Is it still a fact that the Prime Minister will see the president of the Studebaker corporation tomorrow?

Mr. Diefenbaker: Yes, Mr. Speaker. Of course, as the hon. gentleman knows the Studebaker corporation has already proceeded with the manufacture of small cars; but I felt it would be only fair, having regard to the circumstances, that the executive head of the Studebaker corporation should be given the opportunity of presenting the views of that company.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, a supplementary question. I wonder if the Prime Minister could say whether any follow-up meetings or consultations are under consideration, and whether in his discussions there was any intimation that the policy of the companies' head offices in the United States would make it difficult for the companies in Canada to manufacture small cars, or whether the companies in Canada, as I would hope is the case, are free to make the decisions themselves based on the economic needs of this country.

Mr. Diefenbaker: Mr. Speaker, I do not think I can add anything more to what I have already said. If by "follow-up" is meant further meetings with the executive heads of the automobile companies, I have no present intention of undertaking any such follow-up. However, if "follow-up" means that there will be further correspondence as between the government and the companies, I feel sure that would be the case.

Mr. Argue: Mr. Speaker, I wonder if the Prime Minister would answer the second question I asked. Since Canadian sovereignty in all these matters is of great importance to all of us, I wonder if the Prime Minister would say if the Canadian companies are free, apart from any outside influence, to decide on this project themselves based on Canadian interests.

Mr. Diefenbaker: Mr. Speaker, I am sure the hon. gentleman could secure that information by communicating with the companies. I was dealing with the companies on the basis that the representative heads in Canada would be in a position to determine the policies for the companies.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, may I also direct a question to the Prime Minister on this subject. Have he and his colleagues given any consideration to the thought that in regard to this problem there might be an advantage in giving a special concession with respect to the excise tax relating to small cars of lower weight?

Inquiries of the Ministry

Mr. Speaker: I am sure the hon. gentleman would not expect a budgetary matter to be answered on orders of the day.

Mr. Benidickson: The budget debate is over.

SHIPPING

GREAT LAKES—REQUEST FOR EARLY AGREEMENT ON PILOTAGE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Transport. In view of the statement made by Vice Admiral Alfred Richmond, commandant of the United States coast guard, to the effect that there is little chance that congress will pass his legislation this session because of opposition from Canada and from three departments of the United States government, does the minister not think that now would be an opportune time for either himself or his officials to enter into discussions with the officials of the United States government in order to reach an agreement upon pilotage on the great lakes?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the officials of my department are in close contact with the officials of the United States government at all times regarding this matter, and they know our desire, expressed many times over, to reach an agreement between the two countries on this question.

ATOMIC ENERGY

REQUEST FOR STATEMENT ON RUSSIAN MESSAGE RESPECTING HIGH ALTITUDE NUCLEAR TESTS

On the orders of the day:

Mr. John MacLean (Winnipeg North Centre): Mr. Speaker, I wish to direct a question to the Prime Minister. Would the Prime Minister comment on Mr. Khrushchev's latest message to President Eisenhower and Prime Minister Macmillan which appears to indicate the Soviet government's willingness to take part in a technical conference to study scientific information related to the detection of high altitude nuclear tests?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the reports in the press indicate that the Soviet appear to have taken a cautious step toward the solution of the problem of discontinuing nuclear tests. However, it would be a mistake to regard the expression of Mr. Khrushchev's views in an optimistic light, or to come to the conclusion that what has been said by him represents a concession of major significance. The house will recall that the question of detecting high altitude tests was discussed at length last summer at Geneva between western and Soviet experts, but those discussions were not pursued to agreed conclusions. Mr. Khrushchev's latest message, therefore, rather than initiating a fresh subject for negotiation represents merely an expression of renewed willingness to discuss an aspect of the problem on which a considerable amount of preparatory work has already been done.

It will be noted that his message is silent on the related question of how to detect subterranean tests. The aim with regard to subterranean tests is to reach agreement on a satisfactory number of annual inspections. On this aspect of the problem there was no encouragement whatsoever in Mr. Khrushchev's message as reported in the press.

All I can say is that while what has been suggested by him does represent at least a step forward, there is nothing in that statement which would lead the free world to believe that a major change of policy has been effected.

Hon. Paul Martin (Essex East): May I ask a supplementary question. Can the Prime Minister comment on the departure this morning of Sir Michael Wright from the discussions in Geneva for the purpose of considering a further proposal to be put forward by Her Majesty's government in the United Kingdom?

Mr. Diefenbaker: Not at this time, Mr. Speaker.

FISHERIES

NEWFOUNDLAND—INQUIRY AS TO STEPS TO RELIEVE BAIT SHORTAGE

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, I should like to direct a question to the Minister of Fisheries, but owing to his absence I shall direct it to the acting minister. In view of the serious bait shortage being experienced right now by the lobster fishermen in Newfoundland, will the minister please inform the house what steps his department has taken to cope with this urgent situation?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I shall brink this question to the attention of the Minister of Fisheries.

TRADE

WHEAT—INQUIRY AS TO ACCEPTANCE OF PAYMENT IN SOFT CURRENCIES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I take great pleasure in asking the

Minister of Trade and Commerce a question. As the result of the recent meeting of representatives of Canada, the United States, Australia, France and Argentina in Washington to discuss the distribution of the world's No. 1 surplus food, namely wheat, to hungry people, is the Canadian government now giving consideration to accepting payment from the recipient countries in so-called soft currencies?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I have equal pleasure in replying to the hon. gentleman. He gave me notice of his question, which I think is based on a newspaper report that emanated from Washington. But in answer to the question, the policy of the government and of the wheat board is the same as it was last year, that is not to accept soft currency. During the last crop year 90 per cent of our export wheat was sold for cash. The remainder was disposed of either by way of loans on a three-year basis to, for example, Poland and Israel, or on long term loans to countries under the Colombo plan, or by way of outright gift to the Colombo plan countries. In the latter instance counterpart funds are set up for those outright gifts, that is, local currency; and those counterpart funds are used by the recipient country of the wheat to promote development projects within their own countries. We have no intention of changing that policy at the present time.

Mr. Herridge: May I ask a supplementary question. In view of the minister's reply, would he admit that the government is now following to some extent the policy advocated by this group for many years?

Mr. Churchill: The government will continue to set an example to the group in that corner for many years to come.

HARBOURS

LAKEHEAD—FEDERAL AND PROVINCIAL CONTRIBUTIONS TO DEVELOPMENT

On the orders of the day:

Mr. Hubert Badanai (Fort William): I should like to direct a question to the Minister of Public Works. In view of Premier Frost's recent statement that his government is in partnership with the federal government to make the ports of Fort William and Port Arthur the finest on lake Superior, can the minister indicate what contributions have been made so far by the provincial government, and what are the arrangements on sharing with this government in the future?

Mr. Speaker: I am rather in doubt that the hon. member should expect an off the cuff answer to a question which covers as much as that. Perhaps it might be put on the order paper and dealt with more efficiently in that way.

LAKEHEAD—REPORTED CONVERSATION WITH PROVINCIAL MINISTER

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Minister of Transport. In a telephone conversation with Hon. George Wardrope, the provincial member for Port Arthur, last Thursday, did the minister express, as reported in the Port Arthur *News-Chronicle,* surprise that the lakehead harbour commission had not met and appointed a chairman and secretary?

Hon. George H. Hees (Minister of Transport): I have had no conversation with Hon. George Wardrope.

INQUIRY FOR RETURN

EAST SAINT JOHN THERMAL PLANT, N.B.

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): I wish to direct a question to the Minister of Northern Affairs and National Resources. Can he inform the house when we may expect the tabling of correspondence and documents agreed to on April 15 under motion No. 25, and having to do with the East Saint John thermal plant?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): As I recall the motion accepted on April 15, it was on the understanding that if an agreement was signed with the province. The province has turned over the decision on the matter of costs and policy to a royal commission for a report. I have forgotten the exact date when the matter was turned over to that royal commission, but until that agreement is signed I am not able to table the documents.

Mr. Robichaud: May I ask a supplementary question. Can the minister inform the house if it is still the intention of the federal government to participate financially in this project, and has the government been officially notified whether oil or coal will be used to generate power in the plant in question?

Mr. Hamilton (Qu'Appelle): The government position has been made known on several occasions. There has been no official declaration by the province of New Brunswick as to whether they intend to use oil or coal at that plant, and there will not be until they get a report from the royal commission.

Inquiries of the Ministry

COMBINES INVESTIGATION ACT

GASOLINE—ALLEGED PRICE DISCRIMINATION IN ONTARIO

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Justice; I hope my notice reached him in sufficient time. Has the attention of the minister been drawn to a newspaper advertisement in this morning's *Globe and Mail*, placed there by the Ontario retail gasoline and automotive service association, which charges that two oil companies, in an attempt to escape prosecution for price discrimination practices, used the subterfuge of buying back the gasoline originally sold to certain dealers at predatory rates and then claiming that the gasoline was being sold on a commission basis? If so, can the minister indicate what action is planned to determine whether the charges set out in the advertisement are correct; and if they are correct, what remedial action is to be undertaken by the combines investigation branch?

Mr. Speaker: There are several questions involved. I do not know whether the minister would want to reply to the last one about combines investigation. However, it seems to me the first one is directed to prosecution for a criminal offence, which lies with the officers of the crown in the province.

Mr. Howard: May I submit, Mr. Speaker, that the jurisdiction in this question of price discrimination falls under the Minister of Justice, and would initially rest there, I think, rather than with the provincial authorities.

Mr. Speaker: If the minister can throw any light on the matter with respect to the aspect of combination in restraint of trade, he may wish to answer. I did not understand the hon. member to be asking a question of that kind. I thought it was a question directed to prosecutions.

Hon. E. D. Fulton (Minister of Justice): I think all such questions have usually been directed to the Minister of Justice, and perhaps I can answer on this occasion. I did not have the opportunity, since receiving notice of the hon. gentleman's question, to check the advertisement specifically, but I can tell the hon. member that the combines branch of my department has been keeping under close surveillance all gasoline price wars, so-called, over the past few months, and a number of informal steps have been taken from time to time to follow up complaints which have been received.

I could not, of course, be expected at this time to say whether or not the statements made in the advertisement referred to are correct or disclose material warranting formal inquiry. However, I should emphasize once again that it would be most helpful if those concerned would, in addition to any other steps of this nature they may be inclined to take, communicate all specific information in their possession directly to the director of investigation and research in the combines branch.

EXTERNAL AFFAIRS

NATO—REQUEST FOR BRIEFING OF MEMBERS BY SUPREME COMMANDER—STATEMENT ON MEETING WITH CABINET

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Prime Minister. Has the Prime Minister been able to arrange for General Norstad to give a private briefing for members of this house?

Right Hon. J. G. Diefenbaker (Prime Minister): General Norstad spent two hours with the cabinet this morning, and thereafter attended a luncheon. He had to leave immediately for Oslo, Norway, so it became impossible for him to arrange his itinerary to permit the carrying into effect of the suggestion made by the hon. gentleman.

Mr. Hellyer: I wonder if either the Prime Minister or the Minister of National Defence has any comment to make as a result of the meeting this morning?

Mr. Diefenbaker: I do not know what comment could be usefully made. The commander of NATO dealt at length with the situation in Europe, with the concept of NATO, and something of its future plans. He discussed with my colleagues and myself in particular Canadian participation in NATO and the future course to be taken by Canada.

POLYMER CORPORATION

INQUIRY AS TO STRIKE SITUATION

On the orders of the day:

Mr. J. W. Murphy (Lambton West): I should like to ask the Minister of Labour if he can bring the house up to date on the Polymer strike.

Hon. Michael Starr (Minister of Labour): Perhaps the hon. member has noticed a report in the Toronto newspapers that we have appointed Mr. Taylor of the city of Toronto as mediator. He will be convening a meeting between the two parties concerned either today or tomorrow.

GRAIN

WHEAT—INQUIRY AS TO FINAL PAYMENT ON 1957-58 CROP

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce arising out of the urgent need to supplement the cash position of western grain producers, particularly in the light of the very adverse crop conditions at this time. Is the minister in a position to say when an announcement can be made as to the final payment on the 1957-58 wheat crop? It has been over nine months since the end of the crop year.

Hon. Gordon Churchill (Minister of Trade and Commerce): I am waiting to hear from the Canadian wheat board. They advised me some time ago that preparations for the final payment should be completed about the middle of this month. I expect to hear at any time.

PUBLIC SERVICE

ALLEGED DISCRIMINATION IN NORTHERN ALLOWANCES FOR GOVERNMENT EMPLOYEES

On the orders of the day:

Mr. M. A. Hardie (Mackenzie River): I should like to direct a question to the Secretary of State. Is the minister aware of the discriminatory rate of northern allowances paid government employees at Hay River, in the Northwest Territories, compared to allowances paid at comparable high cost points in the north? If so, will the minister make appropriate representations to the treasury board in the near future on behalf of these employees?

Hon. Henri Courtemanche (Secretary of State): I am not aware of this fact, but I will check and let the hon. member know.

ST. LAWRENCE SEAWAY

WELLAND CANAL—REPORTED TRAFFIC JAM

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Minister of Transport. Did the minister note the article in this morning's *Globe and Mail* concerning the rather unusual traffic tie-up at the Queen Elizabeth highway crossing of the Welland canal?

Hon. George H. Hees (Minister of Transport): I noticed some allusion to that matter. I should like to remind the hon. member that the traffic tie-ups that are now taking place on the Queen Elizabeth highway crossing of the Welland canal are exactly the same as those which occurred for 22 years under the former Liberal government, without that government doing anything whatever to alleviate those traffic problems.

Mr. Hellyer: Mr. Speaker, I am sure the minister would not wish to leave the impression—

Some hon. Members: Question.

Mr. Hellyer: I should like to ask a supplementary question of the minister. Is it true that there is increased traffic through the Welland canal now, and that as a result the bridge is up for a greater length of time than it was previously?

Mr. Hees: Mr. Speaker, everything is moving faster, more quickly and more efficiently under a Conservative government than it did under the former government.

Mr. Hellyer: Everything except the minister.

Mr. D. M. Fisher (Port Arthur): I have a supplementary question, Mr. Speaker. In view of Premier Frost's announcement that the government of Ontario is going to build bridges to relieve this congestion, can the minister indicate whether or not any conversations have been held with his department for the purpose of determining the federal government's position with regard to this particular project?

Mr. Hees: Mr. Speaker, Hon. Leslie Frost is quite capable of making his own decisions on behalf of the government of Ontario and has done so, to the voters' satisfaction, for the past 15 years.

An hon. Member: All good things must come to an end.

[*Later:*]

Mr. W. H. McMillan (Welland): Mr. Speaker, I should like to direct a question to the Minister of Transport. Does the minister mean to leave the suggestion that the federal government is making any contribution toward a bridge across the Welland canal at the Queen Elizabeth highway?

Mr. Hees: No, Mr. Speaker. Neither did I intend to say nor, I feel sure, did I say anything to the effect.

FINANCE

INQUIRY AS TO GOVERNMENT ACTION RESPECTING REPORTED TIGHT MONEY POLICY

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, in view of the remarks of the Minister of Transport about all things getting better I should like to direct a question to the Minister of Finance, if I may. I should

like to ask the Minister of Finance whether or not he has read the leading editorial in the Montreal *Gazette* of this morning with respect to tight money, and whether he and his colleagues are contemplating action that would avoid the results there indicated.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I have not yet read the editorial in question. I thank my hon. friend for directing my attention to it. I should be glad to have a look at it. There is no tight money policy as far as this government is concerned.

Mr. Pickersgill: That is not what the *Gazette* says.

Mr. Fleming (Eglinton): That policy belonged to the government that went out of office two years ago. According to a statement issued by the president of the Canadian Bankers Association last Friday, the chartered banks have instituted a policy of curtailing credit in the case of larger loans. I am told that this policy is not going to affect loans in amounts of under $100,000. I took particular note of the concluding paragraph of the statement issued by Mr. Ulric Roberge, president of the Canadian Bankers Association, when he said this:

> Within these limitations, a special attempt will be made to look after the essential credit needs of small borrowers.

Mr. Benidickson: Mr. Speaker, I have a supplementary question. Knowing the bankers' problems, is the minister, from the point of view of government policy, doing anything to encourage the banks to act along those lines?

Mr. Fleming (Eglinton): Mr. Speaker, I think the chartered banks are well aware of the government's wish that credit be provided within the means of the banks for creditworthy projects. If the banks find they have not an ample amount of money to meet the extraordinary demands for credit that are made upon them today as a result of the upsurge in the Canadian economy, then certainly it is not the intention of the Canadian government to inflict on the people of Canada a repetition of the tight money policy of our Liberal predecessors.

Mr. Pickersgill: What are you going to do to stop it?

Hon. Paul Martin (Essex East): Mr. Speaker, I have a supplementary question. Will the minister deny that he has suggested to the Bank of Canada that in this restrictive policy some liberalization with regard to small borrowers should take place?

Mr. Fleming (Eglinton): Mr. Speaker, I think the hon. gentleman is well aware, or should be by now, that monetary policy is a matter that parliament has confided to the Bank of Canada.

Mr. Martin (Essex East): Never mind the lecture.

Mr. Fleming (Eglinton): Certainly the Bank of Canada assure me they have not made any suggestions to the chartered banks of this country that they should in any way restrict credit.

Mr. Benidickson: The Minister of Finance on several occasions in the past has indicated—

Some hon. Members: Question.

Mr. Benidickson: —that when interest rates go down, it has something to do with the government. What is he doing now to try—

Mr. Speaker: Order. It seems to me that this discussion on monetary policy on the orders of the day is rather fruitless, and I suggest that it be dropped at this point.

TRANSPORT

PRINCE EDWARD ISLAND—SUGGESTED IMPROVEMENT IN FERRY SERVICE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Transport; I regret that I was unable to give him notice. It has to do with a telegram I have received from Prince Edward Island saying that west coast interests are reported to be considering the purchase of the *Vacationland*. Can the minister say what further consideration, since his statement on May 7, has been given by the government to the purchase of the *Vacationland* to augment the ferry service between Prince Edward Island and the mainland? If the decision has not been made yet, can the minister say when it is likely to be made?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the question of using the *Vacationland*, along with several other alternative means of improving transportation facilities between the mainland and Prince Edward Island, is at present under active consideration by the government.

Mr. Argue: I wonder whether the minister might be able to say when a decision in this regard will be made, since there is a great deal of interest in this matter in Prince Edward Island.

Mr. Hees: Mr. Speaker, there is also a great deal of interest in the department. We are

just as anxious as are the people of Prince Edward Island. Certainly the four members from Prince Edward Island have been bringing this matter to my attention daily. A decision will be reached just as soon as possible.

AIR TRANSPORT

SEATING CAPACITY OF PLANE CARRYING MEMBERS TO WINDSOR AND WHEATLEY, ONTARIO

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct a question to the Minister of Transport. On Wednesday, May 13, I directed a question to him with respect to the seating capacity of a particular aircraft that went from Ottawa to Windsor and Wheatley, Ontario. The minister indicated that he would inquire and would let me know the exact number of seats. I wonder whether he is in a position at the moment to give me this information?

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker; 24.

HOUSE OF COMMONS

ANNOUNCEMENT OF POLIOMYELITIS IMMUNIZATION PROGRAM FOR MEMBERS

On the orders of the day:

Mr. J. W. Kucherepa (High Park): Mr. Speaker, because some members of the house have not as yet received notice of this matter I should like to make a brief announcement on behalf of the parliamentary voluntary health committee which should be of interest to all members of the house.

The parliamentary voluntary health committee is commencing a polio immunization program on Tuesday, May 19 next. A doctor will be in attendance in the nurse's office between one o'clock and two o'clock on Tuesdays, Wednesdays, Thursdays and Fridays to administer Salk poliomyelitis vaccine. All members desirous of obtaining this protection against poliomyelitis are welcome to avail themselves of this opportunity. We hope the first part of this program may be completed by May 29 next.

Mr. W. M. Benidickson (Kenora-Rainy River): I have a supplementary question, Mr. Speaker. What is the recommended routine with respect to the prime element between inoculations of this type? I understand that perhaps two or three months are required.

Mr. Kucherepa: Mr. Speaker, I should like to answer the hon. member's question. Briefly, we hope to complete this part of the program by May 29 in order that we may be able to give the second dose in about three to four weeks time, before the house should adjourn.

FREIGHT RATES

MEASURE RESPECTING REDUCTION OF CLASS AND COMMODITY RATES

Hon. George H. Hees (Minister of Transport) moved that the house go into committee to consider Bill C-38, to make provision for the reduction of certain class and commodity rates on freight traffic.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

On clause 1—*Short title.*

Mr. Chevrier: Is the minister going to make a statement on this bill at this time?

Mr. Hees: No, Mr. Chairman. I have already made a statement. As the hon. member knows, this matter received considerable discussion both at the resolution stage and on second reading. It was examined thoroughly by the standing committee on railways, canals and telegraph lines for a period of three days. I do not think there is really anything further I have to say at this time.

Mr. Chevrier: Mr. Chairman, this bill, which is known as Bill C-38, to reduce class and commodity rates on freight traffic, comes to the house as the minister has just said after examination by the committee on railways, canals and telegraph lines. In that committee representations were heard from various groups indicating to the committee and to the government what their views were on the bill. I would have thought that in the light of those representations, sir, the Minister of Transport would have seen fit to indicate to the house what his views, those of his department and those of the government were in regard to those representations. It seems to me too, sir, that the minister should have given the house some indication, particularly in the light of the announcement made by the Prime Minister the other evening, on the royal commission on transportation. Unfortunately he has not seen fit to do this, and this prompts me to make a few observations on the bill as it comes from committee.

In the first place, out of the evidence that was given before the committee there comes some pertinent information having to do with this subsidy of $20 million which is being granted by parliament to various regions of Canada. One of those pertinent facts is the evidence given by one of the members of the board of transport commissioners to the effect that this subsidy will be divided among the various regions as follows: to the

western region, 57.6 per cent, or $11,340,000; to the central region, 26.5 per cent or $5,300,000; and to the maritime region, 16.8 per cent or $3,360,000. Having regard to the fact that it was announced in this house that this was a measure to bring relief to the long haul provinces, it seems to me that here is positive proof and positive evidence that this measure will not provide relief to the long haul provinces as was anticipated.

Mr. Hees: Mr. Chairman, may I be permitted to make a correction. I do not think it was ever said by me or by anybody on this side of the house that this was intended to relieve the long haul provinces; it was intended to relieve the long haul shippers.

Mr. Chevrier: Unfortunately, Mr. Chairman, I have not before me the statement made by the minister and that made by the Prime Minister, but there is no doubt in my mind what the implication of this measure is, that it is to come to the assistance of those who live in the far away parts of Canada, so the effect of the 17 per cent increase will be minimized to the extent of $20 million. That was clearly made the subject of statements made in this house.

However, the point I want to pursue is this; that had the committee been given the information which was asked, namely what was understood by a long and short haul and to what extent was the relief granted in the ten blocks established by the board of transport commissioners, then I am sure we would be able to ascertain and establish that the benefit of this subsidy is not nearly as great as was indicated and anticipated in favour of the long haul provinces. Unfortunately this information was not given. It is true that I did receive from the commissioner ten sheets, which were an analysis of the way bill sample, outlining the movements originating in one province and remaining in that province, but this information does not throw a great deal of light on the bill now before the house.

There is, however, another matter which I would like to discuss, sir, in relation to this measure, and that is the terms and the scope of the royal commission which was announced by the Prime Minister on Wednesday last. I would like to take this opportunity of saying, notwithstanding the statement which was made on that occasion, that the terms and the scope of the royal commission in my opinion are inadequate to deal with the problem that is now before us.

In the first place, before we consider that matter I think we must give some consideration to the reason the royal commission was established. The royal commission was established because of the decision of the board of transport commissioners in November, 1958 authorizing a 17 per cent increase in freight rates to meet the wage increase which had been agreed upon between the railways and their employees. As the house knows, the provinces appealed this decision and the cabinet, in disallowing the appeal, stated that it would bring in a measure to relieve the inadequacies or inequities of the freight rate structure, and at the same time indicated that there would be a further study of the whole transportation problem in Canada.

The contention of the opposition at that time was that the government should have disposed of this problem earlier. The contention of the opposition was that in November, 1957 there was clear indication of this dispute between the railways and their employees, and if the government had then given the consideration which it should have given to this important matter then perhaps it would not have been necessary to take the action which was taken by the government, not of establishing the royal commission but of disallowing the appeal.

The wage increases for the employees, arose in November, 1957. It arose one year earlier than the statement made by the Acting Prime Minister, and it arose when the board of transport commissioners, faced with an application for an increase in freight rates because of an anticipated wage increase which at that time had not been agreed upon between the railways and the employees, had to make a determination of the issue, and the matter then came before the cabinet following the appeal from that decision. During the whole period of the wage negotations the government was aware that ultimately they would be called upon to give some consideration to the question and to take some positive action in order to settle the matter; but nothing was done and the matter was allowed to drift until the government was face to face with the appeal from the provinces.

I say, sir, that in my opinion the terms of this royal commission are inadequate. Before I give positive reasons for that assertion I should like to consider briefly the background. Why did the provinces appeal the decision? Though I was not present when the appeal was argued, I presume that one of the many reasons the provinces appealed the decision was that the long haul provinces suffered economic disadvantages on account of the long haul to markets and from the sources of supply which placed the Atlantic provinces and the western provinces in particular at a relative disadvantage in reaching

central Canadian markets in competition with producers in other parts of Canada, and particularly with producers who had shorter hauls to make.

The maritime provinces take the view that the Maritime Freight Rates Act should be retained and extended, and they want, to a large degree, the equalization of freight rates. The prairie provinces want the retention of the Crowsnest rates, and they too demand equalization of freight rates. They also would like closer supervision over the establishment of competitive rates. British Columbia wants the preservation of its transcontinental rates together with a greater equalization of freight rates.

In effect this means that the provinces want lower freight rates, although different methods are suggested; some provinces favour one method, whereas other provinces favour another. Whatever method is suggested as the solution to this important problem, the object will be the same, namely to give to the shipper and to the consignee greater relief from the disadvantages attributed to the increases in rates by the horizontal percentage method, and at the same time to retain any existing advantages in rates which are enjoyed by the shipper and the consumer.

On the other hand, the railways want the preservation of the horizontal rate increases; they say that is their method of obtaining relief from the increasing costs of transportation in this country.

Therein lies the clash between the provinces, on the one hand, and the railways on the other. It seems that between these two points of view a solution must be found. The royal commission has been established with the object in view, I presume, of finding some relief from that problem. What do the terms of the royal commission do in order to meet this point? Nothing specific is stated in the terms of reference to this question I have just raised. I say that the terms are inadequate, first because there is no specific reference in the order in council to horizontal rate increases and to the effect these increases will have upon the long haul provinces.

I ask you, Mr. Chairman, to consider the attitude of the government when they sat on this side of the house, and how hon. gentlemen opposite rose in their places and inveighed against the impact of horizontal rate increases from one end of the country to another and, by implication, indicated that when they got into office they would do something to relieve that burden. I say there is no specific reference to this problem, which to me is one of the most serious problems—

Mr. Diefenbaker: What about subsection (a)?

Mr. Chevrier: —as indicated by the Prime Minister and others when they sat on this side of the house. In a moment, if I may, I shall deal with subsection (a) in connection with horizontal rate increases. Then I will ask the committee to consider the attitude adopted by hon. gentlemen opposite during the election campaign. Will the Prime Minister allow me to read to him what he said on May 18, 1957 at Drumheller. He stated on that occasion:

> —there should be equalization of rail rates in Canada "within reasonable limits" to give a shot in the arm to agriculture and industry on the prairies.

He is reported a little further on as having said:

> —that a rate pattern discriminatory to the west has been made worse by recent increases. This had struck "an almost paralyzing blow" to industrial development in the west.

And still later, according to a report in the Toronto *Globe and Mail* of May 20, 1957, he is reported as having said:

> —a Conservative government would equalize freight rates as far as possible to help both agriculture and industry on the prairies compete with the rest of Canada.

When these statements were made there had been three reports submitted by the board of transport commissioners equalizing freight rates to the extent that they could be equalized at the time. One of these reports is dated May 25, 1955.

Mr. Diefenbaker: What does the hon. gentleman mean by the words "to the extent that they could be equalized at the time"?

Mr. Chevrier: I mean this, that freight rates were equalized in western Canada. I mean, further, that freight rates were equalized on a long list of commodities as set out in Mr. Justice Kearney's report dated March 25, 1955 of which, I am sure, the Prime Minister could not have taken cognizance when he made the statement he did. I mean, also, the report on equalization dated September 22, 1957. This is the one handed down by chief commissioner Clarence Shepard in which is detailed a long list of class and commodity rates which had been equalized.

Mr. Diefenbaker: Does the hon. gentleman suggest that these lists covered all the commodities which affect western Canada and the Atlantic provinces?

Mr. Chevrier: I suggest this, that if the Prime Minister had read those three reports —and I know it is impossible for him to read everything which has to do with this

subject—he would have amended the statement he made during the campaign, because these are three reports dealing clearly and without equivocation with what has been done by the board of transport commissioners to equalize freight rates in Canada. I think they are well worth reading, because they indicate to what extent the board has gone in dealing with this question of equalization.

I return now to the terms of reference. It was suggested that term (a) of order in council P.C. 1957/577 covered the question I discussed earlier about the impact of horizontal freight rates. The point I was making was that this subsection does not deal particularly with the impact of horizontal freight rates, and having regard to the fact that members of the government when sitting on this side of the house complained so bitterly about this matter, it would seem to me that this was one of the first things they would have mentioned in the scope of the reference.

Mr. Diefenbaker: Is this not comprehensive enough to cover it?

Mr. Chevrier: I doubt very much whether it is, because the words are so broad that they could probably mean anything. But having regard to the fact that certain charges were made it would have seemed to me that a particular reference could have been included to cover the matter.

May I now draw another point to the attention of the government. It is stated that the commissioners are appointed to inquire into and report upon certain problems, one of which is stated to be inequities in the freight rate structure, their incidence upon the various regions of Canada, etc. My suggestion is this. I doubt very much whether there are inequities in the freight rate structure in the sense mentioned here. What I am saying is that there are inequalities. I know the Prime Minister is ready to rise and blast at me because of that statement, but I shall repeat it. I doubt very much if there are inequities in the legal sense of the word. There may be inequalities in the freight rate structure and I think there probably are serious ones, but how could there be inequities in the sense in which this is meant when the Railway Act clearly says that the moment an application is made to the board of transport commissioners the board shall deal with the matter as it comes before them? I refer to section 328, subsection 5 of the Railway Act which states:

—the powers given to the board under this act to fix, determine and enforce just and reasonable rates, and to change and alter rates as changing conditions or cost of transportation may from time to time require, are not limited or in any manner affected by the provisions of any act of the parliament of Canada—

I submit that the freight rates which have been determined by the board of transport commissioners, while they may be unequal because of the vast distances in Canada, are not inequitable because they are authorized under statute passed by parliament. To that extent I say that the wording of this section is not sufficient in order to cover adequately the impact of the horizontal rate increases.

Furthermore, the scope of this inquiry is not adequate because it contains no specific reference to the problems of the Canadian National Railways. Is there any railway in Canada or on the North American continent which at this time is suffering greater difficulties because of lack of traffic and competition from other sources than the Canadian National Railways? It seems to me that with a deficit of $51 million for the year 1959 as announced by the president and an estimated deficit of $34 million for the year 1960, some specific reference should have been made in the scope of this inquiry to deal with the problems of the Canadian National Railways which are most urgent at this time.

Mr. Green: May I ask the hon. member a question, Mr. Chairman. Is the hon. member suggesting that the commission should have been given power to examine all the ramifications of the Canadian National Railways?

Mr. Chevrier: I am not suggesting that, Mr. Chairman. What I am suggesting is that the commission might well have been given power to deal with what assistance could be given to help the C.N.R. in getting around its fixed charges. That is a matter that has come up in parliament from time to time and one about which the Canadian National Railways is greatly apprehensive. Without going into the whole scope of railway transportation I believe the government might well have given consideration to asking the commission to give specific attention to some of the problems of the Canadian National Railways that are most imminent at this time.

There is complete exclusion from this reference to the functions of the board of transport commissioners. I am not complaining about that, but I draw the attention of the government to the following fact. The Prime Minister will remember that when he and his associates sat on this side of the house they criticized the board of transport commissioners by saying that they were useless and were not doing their job properly. If that was the case, why did they not ask the commission to inquire into the functions of the board? Now that they sit on the other side of the chamber and see it in a different light they find that the board is operating

satisfactorily, or at least they do not intend to consider an inquiry into the board's functions.

Again, there is no specific reference to the problem referred to in the statement made by the acting prime minister in November of last year, namely the problem that in future the board of transport commissioners should not take it upon themselves to increase freight rates until a definite agreement had been made between the railway company and its employees on the subject of wages. There is no mention of that. This seemed to be a highly important matter when it came up for discussion and was contained in the statement made by the acting prime minister.

Mr. Green: May I ask the hon. member for Laurier to explain in more detail what he means by this suggestion? What does he think should have been written into the terms of the commission in this respect?

Mr. Chevrier: Mr. Chairman, at the request of the Prime Minister the other evening I indicated what I thought should be considered by the royal commission. The Prime Minister rose and said in effect that if anybody in the chamber wanted to tell the government what it should give consideration to with reference to the terms of the royal commission they should make suggestions. I rose and made four suggestions. The Minister of Public Works now asks me what I have to suggest. I am saying that the minister was complaining about this position in which the board of transport commissioners found themselves in having to raise rates because wages had been increased. The minister then made the statement that he did not think the board should be put in that position. Why should not the scope of the inquiry extend to that matter? Why should not that matter be studied so that if in future a similar situation arises the board will know what to do? Under section 328, subsection 5, the board has no other alternative but to deal with applications which come before it as those applications are launched by the railway association of Canada.

Then there is the other matter to which the Prime Minister himself referred when he made the announcement of the royal commission. I should like to quote his words. If I interpret them wrongly I am sure he will correct me. At page 3607 of *Hansard* of May 13 the Prime Minister said:

> When the Minister of Public Works as acting prime minister announced the government's intention to arrange for this review he assured the western farmers that such review would not mean that they would have to pay more freight on the shipment of grain for export. I wish to take this occasion to confirm this, in regard particularly to the action that may be taken as a result of the work of the royal commission. To make it clear beyond question, the Crowsnest pass rates are part of a bargain that was made between the railways and the government on the one hand and the settlers who went west on the other hand. We intend, in so far as this government is concerned, to see to it that that contract shall not be broken.

In that statement the Prime Minister for obvious reasons has started the royal commission off with—

The Deputy Chairman: I am sorry to interrupt the hon. member, but I am obliged to inform him that his time has expired.

Some hon. Members: Carry on.

The Deputy Chairman: Has the hon. member the unanimous consent of the committee to continue?

Some hon. Members: Agreed.

Mr. Chevrier: I had reached the last point I intended to make, and I am grateful to the Prime Minister and hon. members of the committee for allowing me to continue. When I was interrupted I was saying that I thought this commission was being started off with one foot carrying a ball and chain, because unless I interpret this statement wrongly it indicates that they cannot consider the Crowsnest pass rates because these rates are part of a bargain that was made between the railways and the government on the one hand and the settlers in the west on the other. I doubt if that is correct from an historical standpoint, but I have not risen for that purpose. So far as the government is concerned, the declaration that this contract would not be broken seems to be tantamount to excluding the Crowsnest pass rates from the scope of the inquiry of the royal commission. If I am wrong I stand to be corrected.

The point I wish to make is this. When the Prime Minister made the announcement of the royal commission I said that when some years ago I occupied the position which my hon. friend the Minister of Transport now occupies, the situation in so far as the Crowsnest rates were concerned was quite clearly established by parliament and we had no intention of changing those rates in any way whatsoever. But the point I wish to make now is this. Why should it not be within the scope and purpose of the royal commission to inquire into whether those rates are compensatory? Surely there is nothing which would affect in any way the rights of people in western Canada if that were done. And if perchance it were found that the rates are not compensatory to the railways, then the royal commission might want to make a recommendation to parliament for the payment of a subsidy on behalf of the western farmer, who benefits from the movement of grain because of the Crowsnest rates, in the same manner

and to the same extent that there has been a Maritime Freight Rates Act, as there has been a bridge subsidy, and as there has been assistance given from time to time to certain areas for the movement of commodities.

Mr. Diefenbaker: May I ask the hon. gentleman this question. He has quoted what I said and I stand on those words, but I would ask him what are his suggestions. How would the western farmer be compensated? He has studied this very carefully. The Turgeon commission dealt with this matter rather subjectively. The hon. member, having been a minister, and having given a great deal of study to this, possibly would suggest what he has in mind.

Mr. Chevrier: Before I answer the Prime Minister's question will be allow me to ask him one question. Am I correct in the assumption I have made that the royal commission on transportation is not to give consideration to the Crowsnest rates?

Mr. Diefenbaker: I have not challenged the hon. member's interpretation.

Mr. Chevrier: Then I take it I was correct in my assumption. That being so, it seems to me that I made it quite clear that if the commission were given the power to study this matter they might well make a recommendation that a subsidy should be paid which would give assistance to the railways in the amount required to compensate for the right which the western farmer enjoys in so far as those rates are concerned. If that were a recommendation of the royal commission and the government decided to implement it, I am sure that parliament would give it the consideration which is required in these matters and which it would deserve under all conditions.

Here it seems to me that a study of the railway transportation problem in Canada, an inquiry so important to railway transportation in Canada, is not complete unless there is a study of this problem because it is one of the most serious problems that exist today, as the Prime Minister knows. It comes up in the committee from time to time; it comes up in the house and it seems, in my opinion at least, that some consideration should have been given to it.

There is no question of eliminating an agreement or changing the agreement that was enacted by parliament away back in 1897. There is no intention on the part of those who sit on this side of the house to affect or change that agreement in any way whatsoever. That has been made quite clear on many occasions. But it is the railways who find themselves in a difficult position. It seems to me it would be just giving the members of this commission an additional term of reference, an additional scope of the reference, in order to consider what is of tremendous importance to the economy of western Canada.

Then, sir, there is no specific reference to the one and one-third rule which affects the province of Alberta so much, the one and one-third rule which has been lost as regards agreed charges. Then it seems to me the inquiry ought not to have been limited in its scope as it has been. It seems to me the government has narrowed the scope of the inquiry by the terms which have been set out.

Then there was the very important statement made by the Prime Minister and the Minister of Transport, that there is to be no increase in freight rates until the commission reports its findings. How long is the commission going to take? It seems to me that a most important task has been given to the members of the royal commission. If they are to do their jobs in the way parliament wants them to do them it may take more than a year. It took the Turgeon commission two and a half years. It is true this commission may do its work much faster. I am not saying that is not possible; but I am saying that future applications to the board of transport commissioners, future increases in freight rates, are tied down because of the statements which have been made. This is not an equitable way to deal with the commission which, it seems to me, should have all the time required to consider and report upon what is a most important problem.

Without trespassing unduly on the time of the committee I could go on with other matters, but I shall not do so. I will simply conclude by saying that the royal commission on transportation have a difficult and important task. Their duties are set out in the preamble to the order in council, which indicates that they are to inquire with reasonable dispatch into problems relating to railway transportation in Canada and the possibility of removing or alleviating inequities in the freight rate structure. With that statement no one can disagree. With the general and broad statement contained in the preamble to the order in council no one, I think, can find fault with it; but then, when it is broken down, it seems to me that there are specific problems having to do with transportation in Canada that should have been mentioned.

I mentioned four of them. On an earlier occasion I mentioned some of the matters which it seemed to me the railways were charged with, and consideration should be given to those matters. Whether the scope of this inquiry is broad enough to consider those I am not in a position to say, but I know that I would have felt a great deal happier, as

many hon. members in this house would have felt, if the terms had been spelled out in such a way that many other problems affecting railway transportation could have been considered in this inquiry.

Mr. Bell (Saint John-Albert): May I ask the hon. member a question. With reference to the first part of his question, when he said he did not think this legislation would greatly benefit the long haul provinces, I would ask him how he reconciles this statement with the fact that counsel for the provinces in every case, I believe, in committee ultimately spoke in favour of the legislation? Then, the Canadian truckers' association opposed this legislation because they felt it would mean so much for the long haul provinces it would perpetuate the no-competition situation. Third, my question is, how does the hon. member reconcile this with his own initial statement that he felt it would not assist the central provinces?

Mr. Chevrier: My hon. friend has not listened to what I said because if he had he would not have prefaced his question by saying I had made that statement. I did not make that statement. What I said was this: This was a measure brought into this house to assist the long haul provinces in a general way, and after the evidence we heard, it tends to assist the central provinces, because if one looks at the evidence which was given before the committee, there are certain regions in Canada which are neither in the east nor the west which are going to benefit far more than the region from which my hon. friend comes, namely the maritime provinces.

Mr. Fisher: This group will support the legislation. We followed it with interest when it was before the committee. I, followed the remarks of the speaker from the official opposition. It seemed to me he beat the legislation a little harder than it deserved to be beaten on some points. I must say you can never tell how people interpret things when they read them. I must say I came to the same conclusion about the Crowsnest rates when I listened to the Prime Minister, but after looking at the terms of reference, and after appraising the members of the commission, it looks as though this commission will have the Crowsnest rates very much in mind. It is a commission oriented to the west. If one looks at the terms of reference, one finds paragraph (b) reads:

> (b) the obligations and limitations imposed upon the railways by law for reasons of public policy, and what can and should be done to ensure a more equitable distribution of any burden which may be found to result therefrom;

I could not think of anything to which this would refer except the Crowsnest rates and the maritime rates, unless the commission is going to get into the minor things such as commuter problems, passenger service, and that sort of thing.

Furthermore, it seems to me that the rider the Prime Minister put in with regard to the Crowsnest pass rates merely states that, as a principle, the Crowsnest rates from the west will be safe from any increase. It does not say, and I cannot get an indication from this, that the commission will not ascertain whether or not the Crowsnest rates are compensatory, and work out some sort of arrangement whereby the railways might get paid for the service rendered.

I speak with a certain amount of feeling on this because I have before me an editorial from the Regina *Leader-Post* of May 13 entitled "C.C.F. tips its hand", and it goes on to indicate that I, as spokesman for the C.C.F. on this particular matter, indicated a position supporting labour and diametrically opposed to the grain producers' interest in the prairies. It reads:

> The farmers at least have one reason to be thankful to Mr. Fisher. The information his persistent questioning elicited from Mr. Gordon is a warning to them that they and their organizations should get busy to prepare their case for retention of the statutory grain rates before the proposed transportation inquiry. It is evident that if such an investigation is launched the most determined effort yet will be aimed at the destruction of the Crowsnest pass rates.

In this regard, I should like to put on the record something from the minutes of proceedings and evidence of the sessional committee on railways, air lines and shipping, page 186, which indicates my particular point of view. The hon. member for Jasper-Edson had just said, in connection with the Crowsnest pass rates:

> Here is the ideal situation where the railway could find out whether the rate was compensatory or not, and I want to bring out again, perhaps as a matter of privilege, that a newspaper last night referred to the Crowsnest rates. I do not think the Canadian National should say the Crowsnest rates are compensatory until they are able to bring that forward.
>
> Mr. Chevrier: Was that not done before the Turgeon commission?
>
> Mr. Horner (Jasper-Edson): No, the Turgeon commission stated they have not been able to say.

Then this is the point which I think answers the editorial and expresses our policy:

> Mr. Fisher: I agree with Mr. Horner on this that, until we have something definite laid on the line, all Mr. Crump's statements and all the other statements made by railroaders should not be made until we know something more definitive on the point. We have not, so far.

The point that bothers me, as someone interested in seeing grain go through the lakehead and also in seeing railway labour

happy and the railways kept as going concerns, is this: There has been a two-sided argument in so far as the Crowsnest pass rates and other freight subsidies are concerned, and they pit farmers in the west against railway labour. What has happened has been that the two groups have been set against each other. Management and other people argue that subsidization is outrageous, and subsidies such as we are putting through here are nothing but a sop to labour and on the other hand subsidies like the Crowsnest pass rates are nothing but a handout to the western farmers. I do not believe that is so; it is a completely wrong attitude.

I do not believe the prairie farmer can afford any increase in the charges on his wheat. I feel that if anything we should be thinking, not of an increase in the prairie rates but a decrease. The point in so far as railway labour is concerned is this: Every time they want an increase the western farmers get excited, with newspaper encouragement, and say that these are the people who are putting pressure upon the Crowsnest pass rates. I suggest that if the Canadian Pacific railway is the key to western grain rates, not the Canadian National Railways, and the Canadian Pacific must earn 4 per cent on their stock, then let us establish that through this commission. Then we could say that we will see this free enterprise organization is subsidized to the extent of the non-compensatory margin, but we are going to keep these grain rates as they are or, if necessary, reduce them. We are going to try to get away from the situation where every time the railway unions ask for more money hands are thrown up and people say it is coming directly out of the federal taxpayer's pocket. This is one of the reasons I hope this commission will go into the facts relating to the Crowsnest pass agreement. If one looks at the terms of reference, I believe the commission will be in a position to do so.

In other words, let us find out how much the Canadian Pacific has made out of Consolidated Mining and Smelting over the years, and out of those properties given to them decades ago, from which they get gas and oil revenues. One of the things that is really serious in this matter is that, according to Mr. Gordon when he was questioned before the committee, it may be that we will be unable to have any way of determining historically whether or not the rates have been compensatory. A decision may have to be made by this commission on the situation this year or next year if we cannot get at the value of the things the Canadian Pacific did get from the Crowsnest pass agreement. I suggest that what they did get was very substantial.

It seems to me that the real criticisms that can be made about this legislation are ones that have to do with the present mood and purposes of this government. It is in a very dull mood and the performance is not one that gives any feeling of energetic leadership. The issue came up last November when the Minister of Public Works made his statement. Here it is May before we get the royal commission announced, and we certainly seem to have been dawdling through this freight rate problem. I do not mean dawdling in the house, but I mean in working out a system by means of which the $20 million is to be circulated throughout the whole freight rate structure.

The very figure of $20 million intrigues me. Why was it struck? It only reflects 7 per cent of the 17 per cent increase, but it seems to me that $20 million was the best bargain the Minister of Trade and Commerce could get out of the Minister of Finance. It seems to me that $20 million is probably the best bargain the Minister of Trade and Commerce could get out of the Minister of Finance. It seems to me a pity that he could not have obtained a little better bargain in terms for the freight shippers. The figure of $20 million was really never justified to us in terms that were satisfactory in any way. It was just a figure supposedly pulled out of a cabinet meeting hat. I only wish we could have had more elaboration as to the justice or the merit of the $20 million figure.

As to the royal commission and where it is going to go, it is certainly apparent that its report is not going to be ready in time and that we are going to have to do something about putting something more through this complicated process. The year end will reach us soon. We are not going to get any kind of royal commission report by then. We were going to get a rush report on social security pension payments but look what happened. We were going to get a rush report by the Borden energy commission but look what happened.

Mr. Green: You received one.

Mr. Fisher: Yes; we received one finally but it was not within the period stated by the government. Royal commissions are notoriously much longer in making their reports than is indicated by the most optimistic or most pessimistic forecasts of the gentlemen who set them up. We have no real indication that this commission is going to enable us to solve this problem in time. Of course, the other irony is that if and when a royal commission does bring down a report, how

long does it take this government to act upon it? It seems to me that we are not getting the dynamic, speedy leadership some people hoped for.

One of the other complaints that was made by the hon. member for Laurier was that the terms of reference were not being broad enough. After the evidence that was put before the freight rates committee by the Canadian truckers' association and the fact that every one of the provincial groups that came there felt that it was necessary to rebut that testimony or say something about it, we should surely have in the terms of reference something that would bring the trucking interests into this whole picture. This is one time when, in the interpretation of the terms of reference, I have perhaps missed something, but I cannot possibly see how under these terms of reference, this royal commission can study the trucking industry except as very much a side issue. To me that was extremely disappointing.

Mr. Martin (Essex East): We ought to know exactly about that matter.

Mr. Fisher: There is no use asking the Minister of Transport because we tried in committee to ask the Minister of Transport questions about spelling things out and he was always ready to take refuge in the urbanity of that extremely pleasant face of his and the smile.

Mr. Pickersgill: But he cannot spell.

Mr. Martin (Essex East): How can you speak of a face being urbane?

Mr. Fisher: There are many things we can say about that face, but I think we will agree that the face is much more attractive than are the announcements that we get from him.

The initial views that I expressed on this whole idea of the $20 million subsidy brought before the house were that there was really no need for a royal commission and that there was no need for this complicated apparatus at all. In substance what the hon. member for Laurier was saying about equalization was the fact that the board of transport commissioners has done a fair job of carrying it out. Their last statement last December on the equalization of freight rates pointed out that there was only one province left that was really clamoring for more equalization, namely the province of Alberta. To me that fact suggests that with the research done and the information that the board of transport commissioners has gathered, with the great number of hearings that the transport commission has held lately, there was enough information available for an energetic, go-getting government to have done something right off the bat on their own initiative and not by this means of a royal commission.

The fundamental question in transportation in this country still boils down to this. It has been said before and it needs to be said again. We must make up our minds, in so far as the railroad side of it is concerned, whether we are going to continue to hobble along between the principle of socialism or free enterprise or, if we want to put it another way, whether we are going to recognize outright that transportation is, in the public domain, a public utility and that therefore the ordinary business costs and business efficiency that would apply to an enterprise in the private sector do not apply here. I can certainly agree with the feelings of Mr. Crump as expressed in his annual reports over the last few years with regard to the frustration of a private corporation trying to do business under the limitations under which the C.P.R. operate. To me and to the people in this group the solution is for us to move logically to the position that this is a field of public enterprise, not of private enterprise, and that until we move in that way we are going to have to continue to have this bastard arrangement of private enterprise and public enterprise, with the advocates of each condemning the other, and no real knowledge about where we are going.

Mr. Green: May I ask the hon. member a question?

Mr. Fisher: Yes.

Mr. Green: Does he mean that there should be an amalgamation of the railways?

Mr. Fisher: No, sir. I was asked, Mr. Chairman, whether I believed there should be amalgamation of the railways. No; I certainly do not believe that. But I believe that some sort of arrangement should be worked out by means of which the C.P.R. either gets out from the burden of working under these regulations or else the fact that the railway has to make so much in terms of profits or dividends, as the case may be, is no longer an issue in any way, and that this government and the provincial governments must recognize their responsibility there. No matter what steps were taken from the point of view of making the C.P.R. a public enterprise, I think it would be most inopportune to merge the lines together because I think that, even between public corporations, the competitive idea is not an unsound one.

The final point that I think we should consider in so far as this $20 million increase is concerned is what the next subsidy is going to be, how big is it going to be. I hope that the Minister of Public Works, who just got

into this matter in a public way last November, and the Minister of Trade and Commerce, who was supposed to have led the fight in the cabinet, and the Minister of Transport will be considering whether it is to be $20 million or whether it is going to be, as we suggest, a larger figure to take care of these freight rate problems and the inordinate burden they are placing upon so many parts of Canada.

Mr. Horner (Jasper-Edson): If I may, Mr. Chairman, I should like to make a few brief remarks with regard to this bill. First of all, may I say that we in Alberta are extremely grateful to the government for introducing this bill and bringing it before parliament. Our transportation problem in Alberta, of course, is multiple. We are in a particular geographical area in which freight rates are extremely important to our economy.

In his remarks with regard to the bill the hon. member for Laurier tried to put on the record some of the pertinent facts that came to light out of the committee meeting on this bill. I think the pertinent fact that came out of that committee meeting was that all of the provincial government representatives there who had appealed the 17 per cent increase were wholeheartedly in support of this bill and that the only complaint they had—and the same complaint was just heard from the hon. member for Port Arthur—was the fact that there was not enough money. That, of course, is a chronic complaint for everyone, namely that there is not enough money to go around. However again we commend the government for this bill. It is an excellent one. It is one which will go a long way to relieve some of the inequities in the present freight rate structure.

If I may I should also like to make a few remarks with regard to the royal commission on transportation. We again commend the government for setting up this commission. We are particularly happy with the western representatives on this commission. I disagree entirely with the hon. member for Laurier when he says that in the terms of reference there is nothing by means of which they can look into the inequities of the horizontal rate increases. Does he think that men like Howard Mann, M. A. MacPherson and Arnold Platt will not look into the inequities of the horizontal rate increase?

Mr. Chevrier: Mr. Chairman, on a question of privilege, my hon. friend apparently did not listen to what I was saying. I did not say that there was nothing in the terms of reference which authorized the commission to deal with the impact of horizontal freight rates. What I said was there was no specific reference, and that is not the same thing.

Mr. Horner (Jasper-Edson): I agree the hon. member said no specific reference, but I say we did not need a specific mention. We want the whole situation with regard to all the inequities investigated, and I commend the government for the terms of reference and for the members appointed to the royal commission.

Now, perhaps I may as a sort of question of privilege on behalf of western Canada make some comment about the newspaper editorials and articles which have been printed in some of the eastern papers and some of the national magazines. I take strong objection to them, particularly the article which was printed in *Saturday Night* with regard to the case against fixed freight rates and the Crowsnest pass rates. This article is based on similar facts to those on which the trucking association presented their brief to the committee on this bill in which they made a comparison of the freight rates in Canada on a ton mile basis. I strongly object to the use of these figures, because if one looks at the geography of Canada one sees immediately that one cannot compare freight rates in Canada on a ton mile basis. It is not equitable, it is not fair, and it is not even scientifically possible. Yet these people have done that. We have had a lot of editorial comment. The latest I have seen was in a recent issue of the Montreal *Gazette*. There has been comment in some national magazines with regard to the Crowsnest pass rates and the necessity for them to be investigated.

There was one matter which I suggested—I think the hon. member for Port Arthur also mentioned it—in the recent sessional committee with regard to the C.N.R., and I would like to repeat it. No railway official or executive, either Mr. Crump or Mr. Gordon, should make any statement with regard to the Crowsnest pass rates being unrealistic, because that has not proved to be the case. They have had 25 years, or even more than that, 30 years, to show that these rates were not compensatory. As an example, I asked in the railway committee the other day about the Hudson Bay railway, and I was told, "We cannot break it down; we do not have the figures". We had just had them from the Department of Transport last year, so I looked up the past annual report for the Department of Transport for 1957 and I found that the Hudson Bay railway produced a surplus of $34,000 before depreciation and interest on investments. A total of 660,000 tons of freight was handled, an increase of some 99,000 tons over the previous year, 78 per cent of which

consisted of wheat for export, 46,000 passengers making up the balance. The important point is that here we have a railway operating from the prairies to the port of Churchill. Seventy-eight per cent of its traffic was in wheat carried at the Crowsnest pass rates, and this railway has an operating surplus before depreciation and investment.

Now we come to the definition of compensatory rates. Mr. Gordon says that compensatory rates are out of pocket expenses. If that is so, I ask you how the Department of Transport can run the Hudson Bay railway with compensatory rates on the basis of the Crowsnest pass rates? There must be something wrong with the statements made by Mr. Crump and Mr. Gordon.

Another example is the Northern Alberta railway. For years, while not making money this railroad certainly has not lost any. It is serving an agricultural area in northwestern Alberta and hauling traffic by way of grain and agricultural products. But it does not lose any money.

These gentlemen say that the Crowsnest pass rates are unrealistic, but I would suggest to them that before they make any more statements like that they find out whether or not we should have a cheaper rate for our grain. We are not being subsidized in western Canada because of the Crowsnest pass rates at the present time. If the Hudson Bay railway, with obsolete track and poor equipment, can make out of pocket expenses, then surely to God the Canadian Pacific railway is making out of pocket expenses hauling our grain where they have a massive tonnage and where its equipment and lines are in much better condition.

Before I close I would like to say something with regard to the supposition of the hon. member for Laurier that the Canadian National Railways would not be taken up on this commission. I suggest that the Canadian National will be sending a brief to the commission and will be able to present their case as fully as they want to. Again I want to commend the government, for this is the first time we in western Canada are getting a breather with regard to freight rates. This is the first government which has had the courage to stand up and do something for us and to say that these freight rates will not go into effect. No other government has been able to do this for us.

Mr. Benidickson: Mr. Chairman, I have little controversy with the last speaker except with the political exaggeration that he presented. I recall very vividly having been associated with the hon. member for Laurier when certain recommendations of the Turgeon report were submitted to this house; and certainly in so far as a possible government subsidy was concerned there was there, as a pertinent helpful factor, a subsidy through the sometimes non-productive area of northwestern Ontario which involved $7½ million. The then minister of transport, my colleague from Laurier, of course proposed that to the house a few years ago.

We had extended debates about that. I am western born, but present western concerns west of the lakehead make me a bit partial even though I am an Ontario member of parliament. I would like to assure the last speaker that these matters are of grave concern to any member of parliament.

The thing which impressed me, however, in the last few days was my reading of the extensive committee reports of our parliamentary committee on railways when they were examining the officials of the C.N.R. I see the Minister of Transport is looking at me, and I am only going to endorse what he has in mind. We had there in very concise terms statements which I do not recall we had in the days when I was on the committee, namely a statement that rate increases in a strictly percentage way are a far cry from the percentage increase in actual revenue accruals that might go to the railway companies as a result of a general freight charge increase. I think the word used by Mr. Donald Gordon was "attrition". I think the president of the C.N.R. said that on a 17 per cent judgment through the board it had been figured out carefully that this worked out to only between 8 per cent and 9 per cent in actual increases in revenues to the roads concerned.

I know this presents a very serious problem to the Minister of Transport and to the Minister of Trade and Commerce, as it did for those who sat in their seats in previous times. I am very concerned about it, because all must take into account competition from other methods of transportation. You simply do not add a percentage gain to over-all railway revenue by reason of a judgment of the board of transport commissioners allowing an increase in over-all rates. We have a competitive society. There is no one in this committee who does not number among his constituents railroad workers, truckers, or men engaged in marine transportation. Some hon. members have all three. This is why it is so important that we in this House of Commons should regard this subject not in a political light but judiciously in order to foresee what is likely to be the ultimate future of the kind of process we are discussing today.

With respect to the Crowsnest pass rates to which the last speaker referred, I may

say that I cut my teeth on the belief that these were inviolable and I still have that opinion. That decision, when it was taken, was a parliamentary decision and if it is changed that change must be brought about by a parliamentary decision. Although I was not a member of the committee, I was impressed on reading the extensive minutes of the House of Commons committee which examined the president of the Canadian National Railways on these matters. I do not think we have ever had an admission before from a senior railway executive in such plain words that a mere increase in freight rates, in percentage terms, would fall so far short of a comparable increase translated into terms of ultimate revenue. I think the president said that the last increase—was it 17 per cent?—had resulted, according to the calculations of his cost analysis department, in an actual over-all revenue increase of perhaps 8 or 9 per cent. I think this is very important.

With respect to this subsidy of $20 million, I may say that I support it. I think it is a right thing in the circumstances. But I find some uncertainty in deciding who is really going to benefit from this subsidy. Is it to be the railway companies, the shipper or others. Even the committee, according to its minutes, was somewhat vague about this.

Mr. Hees: May I answer that question right now? I have stated before that it is the consumer who will benefit from this subsidy, the consumer who pays the shipping charges.

Mr. Benidickson: The whole economy benefits if the tax base is reasonably low. I know the Minister of Transport would agree with me in that respect because of the spending turn-over factor. I was pleased that the president of the C.N. railroad indicated in a general way—and there was some doubt about how much detail should be entered upon in the course of a parliamentary examination—that a staff training program has for some time been operating to enable persons displaced by automation or by changes in the system to enjoy first preference for new employment elsewhere. I shall have more to say about this when we deal with the C.N.R. guarantee and finance bill.

I think all Canadians must be impressed by the fact that changes do take place in the way these industries are organized and develop. On the other hand, I read recently in a United States publication that the overall contribution to cost on the part of so-called management in the United States has increased not very impressively while the wage bill of employees on the railroads has gone down; at least, the number employed has gone down.

I think we are discussing a very important question, here. I know the committee gave it the most careful examination, but I am still not clear as to the allocation of the benefits which are to flow from this admittedly temporary measure, particularly with regard to the advantages which are to flow to the various elements in the railroad economy. I hope that when the minister replies he will give us some further information on this point, because this solution—subsidies and so forth—can go on indefinitely.

I am like the hon. member for Port Arthur, in so far as the C.N.R. is concerned. It is perhaps the biggest employer in the riding which I have the honour to represent. I never pulled my punches when I was a member of the administration with respect to any criticism of C.N.R. management, nor have I done so since in personal correspondence on behalf of those who are affected by changes in the railroad organization. I must say, however, that I thought the president gave a very good outline of the retraining program that is necessary in a thing of this kind to achieve economy and I shall do my best to explain that to those who might be affected.

I am not satisfied that the railway has given adequate notice of technological changes to its employees. I hope the minister will urge the railway to do so in the future. Even though, as the president said, some things were in the experimental stage and therefore could not be widely advertised better notice should have been given to the employees affected. I believe that a frank discussion such as we are having here today is a very helpful thing for the railway and for the economy. I hope the minister will explain whether the dollar sign looms as a larger consideration than the employees with respect to the railroad in these difficult days.

Mr. Granger: Mr. Chairman, coming from the most easterly province in Canada and an island province I am naturally keenly interested in anything that has to do with freight rates. The cost of freight is vital to the economy of my constituency as indeed it is to the entire province of Newfoundland. Practically all of our consumer goods have to be imported including clothing, food, much of our building material and indeed most of the necessities of life. These are brought in by rail and ship. The products of our mines and our fisheries as well as our pulp and paper products have to be exported. The cost of moving goods in and out can mean the difference between solvency and bankruptcy

for people in this area. While this bill will give some help it will not give sufficient assistance considering the extent of the disability of the Atlantic provinces and particularly of Newfoundland.

The position of Newfoundland was very well stated by Mr. Edgar Miller, a prominent Newfoundland businessman, writing in the *Daily News* when he said:

> Once more Newfoundland will bear far more than its fair share of this new freight increase. The 17 per cent has been applied as a percentage to existing tolls. We are at the end of the line and we pay the highest rates, so it is inevitable that we must contribute the greatest part to this increased freight cost.
>
> —we are the people in Canada who are least able to afford to carry the burden of the railway's additional cost of operations. Here in Newfoundland we literally have no competitive rates or agreed charges.
>
> —each year our contribution to the railway's increased cost for operation has been larger than each preceding year. A recent study disclosed that between 70 per cent and 80 per cent of the traffic in the Atlantic provinces—possibly higher in Newfoundland—moves on non-competitive rates and so all of this will be increased by 17 per cent.
>
> While the Maritime Freight Rates Act does provide some benefits it is of the least importance to us. Practically all of our exports move by water and these are not eligible for the subventions. Except for a few competitive rates on traffic originating east of Montreal during the summer months, we have no competitive rates. Being at the end of the line our rates are the highest. Consequently all of our in-bound traffic, representing the necessities of life, will be subjected to the full impact of this latest freight rate increase. I suggest this province, its industries and its people are less able to support the railway than the rest of Canada.

May I suggest that transportation is a national family concern, yet under the present system those provinces that are not as well able to bear increased costs are required to shoulder them. May I point out that what I shall refer to as the centre of Canada sells to Newfoundland about $250 million worth of goods a year. As a matter of fact, the province of Newfoundland is the third greatest overseas market of Canada and I refer to it in those terms because Newfoundland is an island. Newfoundland buys more from the rest of Canada than does any market other than the United States and the United Kingdom.

With all due deference I should also like to point out that Canada sends millions of dollars worth of goods to Ghana and other countries which she justifiably hopes will develop and become customers. Is it not just as important or possibly more important to look after the interests of one who is already a good customer? All we are asking for is equality of opportunity. I should like to pass on a suggestion which has been made that in considering the position of the maritimes and Newfoundland consideration might be given to a roll back of rates to 1948 plus an increase based on a constant dollar.

In closing I should like to make a purely personal observation. From my limited knowledge of freight rates it seems they are getting more complicated every year. As a matter of fact there is some excuse for thinking that the best minds in Canada are spending their time making them more intricate as time goes on. This leads one to suspect that, given time, no doubt there will be one freight rate applicable to rice krispies and another applicable to sugarpops. I should like to suggest that some consideration be given to the possibility, remote though it may be, of applying the principle of the postage stamp to freight rates; that is, simplify the structure so that it would cost the same amount to move a pound of freight anywhere in Canada regardless of the distance involved.

Mr. Argue: Mr. Chairman, this bill which is designed to roll back the 17 per cent increase in freight rates will undo at least part of the damage that was done by allowing the full increase. This measure does not, however, restore the freight rate structure in this country to the point at which it was when this government took office. Instead of fulfilling its well-known election commitment under which it promised to prevent further horizontal increases in freight rates this government has allowed them to be increased. Even after this measure has become law the freight users of Canada will be paying higher freight rates than when the Conservative administration took office.

We in the C.C.F. have said that all the information as far as freight rates are concerned which the government needs for action is already available. We have had many royal commissions in the past and many studies have been made by the board of transport commissioners. This government that has prided itself on being a government of action should not require the stalling procedure of bringing forward still another royal commission before it takes action.

This royal commission will take a good deal of time and will cost the country a substantial amount of money. Even though the recommendations that are made we would hope will result in an improved freight rate structure in Canada, nevertheless we believe that the required information leading to satisfactory recommendations is already at hand.

The announcement of the terms of the royal commission was made in this house on May 13. The scope of the inquiry is confined in general to freight rates and in

particular to the operation of the railways and various financial aspects of their operations related to freight rates. We think that when a further royal commission was being contemplated its terms of reference should have included a study of overall transportation policy, a consideration of truck and air lines competition and the whole transportation field in Canada.

Mr. Morris: Will the hon. member permit a question before he advances along this line of reasoning? When he speaks of the rollback having undone some of the damage caused by the increase, will he tell us what is his position on the increase?

Mr. Argue: I believe my hon. friend asked me this question when I made my speech on this some time ago. At that time I said—and if necessary I will repeat it now—that I would take the position that was taken so ably and so consistently by the present Minister of Public Works when he was in the opposition, namely that there should be a halt to the horizontal increases in freight rates. That is the position I take, a consistent position that I have taken over the years, and I suggest that if the government itself has wished to be consistent it should have prevented further horizontal increases in freight rates. That is my answer to my hon. friend's question.

Mr. Morris: I thank you for that. These are not antagonistic questions. The 17 per cent increase was based upon labour wage demands.

Mr. Argue: This is an assertion from my hon. friend which is an incorrect one. If it is a correct one, it condemns the board of transport commissioners. It means that the board does not in fact judge applications based on their merits. Are they in a position that they grant an automatic increase in freight rates every time there is an increase in wages?

Mr. Benidickson: On the C.P.R. yardstick.

Mr. Argue: On the C.P.R. yardstick, a very wealthy yardstick, a very inappropriate yardstick, in my opinion. But they would be following the same policy consistently if, when there is an increase in interest charges as a result of the policy of this government, when there is an increase of financial charges, they automatically gave the railways an increase in freight rates; or, if the costs of dieselization are increased would my hon. friend say that this should mean an automatic increase in freight rates by the board of transport commissioners? Of course, that is an absolutely untenable position to take; and we believe that the board of transport commissioners place themselves in a completely untenable, a very awkward and embarrassing position when they say that a given wage increase automatically results in their giving a similar increase in freight rates.

There has been a good deal of talk this afternoon about the Crowsnest rates. I take it that all of the political parties in this house are opposed to any tampering with the Crowsnest rates, although I think this is a rather generous interpretation of some of the remarks of the hon. member for Laurier who seemed most interested and desirous that this royal commission should have power to see whether rates under the Crowsnest pass agreement are compensatory. Then, he went on to use the phrase that these are rates from which the western farmer benefits. I know the western farmer benefits. I think it is very unfair to leave that remark, without any qualification, that this aspect of national policy was one that was directed to benefit solely the people of the prairie provinces who are engaged in the production of grain.

Mr. Chevrier: On a question of privilege, I think the hon. member would be the last to misquote anything I said. He did start off by saying that all the parties in this house favoured the rates adopted in 1897, with perhaps the exception of the member for Laurier.

Mr. Argue: No, I did not say that.

Mr. Chevrier: That was my understanding of what he said. I want to make it quite clear here that anything I said does not derogate from the fact that in 1897 there was an agreement to which parliament was committed and which this party stands to support.

Mr. Argue: No. I did not suggest—and I think the record will show this—that the hon. member was opposed to the Crowsnest rates, but by the remarks he used there was a very definite inference to be drawn that those rates are for the benefit of the western farmers. He left it at that. I do not think that is a fair interpretation of the Crowsnest rates at all. I think they were part and parcel of a national policy, and the people who brought forward and completed that national policy at that time decided that those rates would be of advantage in maintaining an important grain industry on the prairies, which in turn would support the economy of three provinces in that area, and that this in turn would do much toward the prosperity of the Canadian nation as a whole. I think it is impossible to say that the Crowsnest rates are in fact directed solely to the benefit of the prairie producers, and that is not exactly the way the hon. member for Laurier put it.

It has been part of a national policy that is necessary to the national welfare of this country. I will go even farther and say it is essential if there is to be national unity in Canada. If the Crowsnest rates are interfered with it would be the greatest blow to national unity administered by a government in this generation.

Mr. Pickersgill: Will the hon. member permit a question? Does the hon. member not recall that those rates were suspended by a Tory government and restored by a Liberal government in the 1920's?

Mr. Argue: Which underlines my statement about national unity, and if my hon. friend will check the date he will find that it was immediately after the first war. My statement still stands. The people of Canada and the governments of the day learned that this was an agreement that could not be tampered with.

Why should people say that this is an agreement which has resulted in benefit to the prairies only and leave it at that? It would be just as fair to say that because of the huge land grants, some 22 million acres, because of the cash subsidies, some $35 million, because of other concessions the Crowsnest rates that the Crowsnest agreement was the biggest handout ever given by any government to a private corporation and only benefited the C.P.R. This was an agreement entered into long ago, and the people of the prairie provinces who produce grain, and I believe all of the people of Canada have benefited from that agreement, but certainly the C.P.R. has benefited. Even in their most recent annual report they show that their net income from petroleum rents, royalties, reservation fees and land rents constitute the sum of $6,828,123. This is a very substantial continuing benefit from the agreements which were entered into when the railway was extended to western Canada and these grain rates established.

I have looked over the personnel that have been appointed to this royal commission. Of course, I am not acquainted with all of them, but there are at least two members of the commission with whom I am acquainted. I was pleased to see that these men will be on the royal commission. I have reference to Mr. Arnold Platt from Alberta, a former president of the Alberta farmers union, and a man who has contributed greatly to Canadian agriculture not only through farm organizations but also in the field of plant breeding. I think his name is a good one to have on the royal commission. The second person with whom I am quite well acquainted is Mr. M. A. MacPherson, senior, Q. C., of Regina, a very prominent and nationally known supporter of the Conservative party. I do not say that in any critical way because M. A. MacPherson of Regina, although a very prominent Conservative in Saskatchewan, has acted as counsel for the Saskatchewan C.C.F. government on freight rate inquiries for many years. I think he has brought to these freight rate inquiries a mind which is exceeded by no one's who took part in any of these discussions. I think Mr. M. A. MacPherson is particularly well qualified, and I say this without having any reference to political beliefs, to take part in this royal commission. I think the people of Saskatchewan and the people of western Canada generally will be pleased that he has been appointed.

Mr. Martin (Essex East): In view of Mr. MacPhersons' appointment to the commission, who will the province of Saskatchewan get to represent them before the royal commission?

Mr. Argue: That is a very interesting question from the hon. member for Essex East. I think if we can accept the statement made by the Minister of Transport, there will not be any further freight increases—

Mr. Martin (Essex East): No, I was thinking of counsel to go before the commission.

Mr. Argue: I do not consider myself as well qualified to make a statement—

Mr. Martin (Essex East): There are some good Liberal lawyers in Saskatchewan.

Mr. Argue: We have a few, but they are a vanishing race, both in Saskatchewan and in Manitoba.

Mr. Martin (Essex East): You ought to look at the Gallup poll on Saturday.

Mr. Argue: I checked that, too, and I noticed that the Liberal party is still shrinking. I am sure there are any number of good people in Saskatchewan to represent Saskatchewan in any submission that is made before the royal commission. I do not know whether or not this would be an appropriate person, but Mr. M. A. MacPherson, Jr., has substituted for his father on some occasions on freight rate inquiries before the board of transport commissioners. Since they are members of the same legal firm, and I know very little about the ethics of the legal profession, I cannot be certain whether or not it would be proper to have two members from the same firm operating in two different capacities with relation to the commission.

We have this royal commission which has been set up. It has, I think, very substantial powers to inquire into the effect of freight rates. I believe its terms of reference, so far as freight rates themselves are concerned, are very comprehensive. For example, paragraph (d) says that the commission shall

consider and report upon whether, and to what extent, the Railway Act should specify what assets and earnings or railway companies in businesses and investments other than railways should be taken into account in establishing freight rates. I think that is one of the most important terms of reference because, in the past, we have had the Canadian Pacific used as the yardstick. The board of transport commissioners, in determining the level of freight rates, has allowed the Canadian Pacific, in its accounting statements, to set aside those enterprises from which it has made very substantial profits and to consider its railway operations only. I do not believe such a division is fair or just. I believe that the Canadian Pacific's total position as a company should be considered whenever it asks for a freight rate increase.

I make that statement precisely because of these tremendous land grants and cash grants over the years which have been used by the Canadian Pacific to extend its operations into the field of air lines, hotel services, into the smelting business, into the petroleum business, and many other activities which have produced revenue for the Canadian Pacific.

I have been asked a question earlier, Mr. Chairman, as to my attitude about the 17 per cent increase in freight rates. I have said that it was my opinion the government should not have allowed this increase to take place. The inference is left that every time the railway workers get an increase in wages this automatically must result in an increase in freight rates. This is a premise I do not accept. I think the railway companies have shown over recent years a very great ability to reduce the number of workers necessary to operate the railways. One has only to refer to the size of freight trains to illustrate the very substantial reduction in labour as compared with freight trains in the early years. Freight trains used to have 30 or 40 box cars, but today's freight trains are often in excess of 100 railway cars and are operated by the same number of persons.

The program of dieselization has brought about very large savings to the railway companies. Earlier I mentioned Mr. MacPherson. I might say that in his statement to the board of transport commissioners on October 31, 1957 he pointed out that the evidence given by the Canadian Pacific vice-president, Mr. Emerson, shows that, comparing 1947 with 1957, there was a saving from dieselization alone of $45 million on an expenditure of $138 million. Mr. MacPherson points out that at that time the railways had been dieselized only to the extent of 48 per cent, 72 per cent passenger and 68 per cent yard. The railways in Canada must have made further, substantial savings in the intervening time as a result of dieselization.

The modernization of railways would dispense with much of the labour that has been used in the past. I understand that when the president of the Canadian National, Donald Gordon, was before a committee of this house he said in reply to a question that he could foresee the time when freight trains in this country would be operating without any people on the trains, completely automatic freight trains. If we had completely automatic freight trains in this country, do hon. members think that, without persons operating on freight trains, the railways would decide they needed no further increases in freight rates because they would not then be able to put the blame on increases in wages?

Of course, so long as cost increases continue, and so long as the railways are desirous of earning a substantial profit, we will be faced with further demands for increases in freight rates. We do not feel that this royal commission has been necessary, but we do admit that the personnel of the commission gives us some hope that the recommendations may be improved, and that if they are, and if the government acts, then the continued horizontal increases in freight rates may be halted. We may then have a more equitable freight rate system in this country, and our railways may provide again the national service that is expected from them. Then, too, the workers of this industry would not be discriminated against but would have an opportunity to improve their standard of living as Canadians in other occupations are able to do from time to time.

Mr. Carter: This bill which is entitled "an act to make provision for the reduction of certain class and commodity rates on freight traffic" is of vital importance to my province; and to the extent that it will achieve this purpose, we welcome it and support it.

We in Newfoundland have the highest cost of living in all of Canada, and the most important factor in that high cost of living is freight rates. We know that this legislation is consequent upon an increase of 17 per cent in freight rates. It has been estimated that this subsidy will, in its effect, reduce that increase to 10 per cent. I think we must realize that these figures are only theoretical. They would be true if the same factors applied all across Canada, but that is not the case. The figure of 17 per cent is artificially high because in the central provinces other factors such as truck competition and water competition make it impossible to benefit from that increase to any extent. The burden of the extra revenue must

therefore come from the Atlantic provinces and from the western provinces. It is, of course, for that reason that the two central provinces do not even bother to appear before the board of transport commissioners and oppose these freight rate increases because they know an increase is not going to affect them materially in any way at all.

We had hoped that the distribution of this subsidy of $20 million would be carried out in such a way as to offset, as much as possible, these inequalities in the freight rates and in the freight structure owing to the factors which obtain in the central provinces and which are not operative in the eastern and western provinces.

If my understanding of clause 3 is correct, this subsidy will apply only to commodities where the full 17 per cent goes into effect. If that is not the case, I hope the minister will correct me when he replies. I think perhaps that is an advantage to the western provinces and to the Atlantic provinces because certainly they are going to have the greatest percentage of traffic upon which the full 17 per cent increase will be applied. But the figures which my friend the hon. member for Laurier put on the record just now, if they are even approximately correct, would suggest that the inequality is still going to exist to a remarkable degree. The central region is going to get 26.5 per cent of the $20 million or $5,300,000 while the maritime region will get 16.8 per cent or a total of $3,316,000.

The point I want to make is this. For traffic in the central provinces where the full 17 per cent increase is applied, that full subsidy goes into effect and will reduce it down to 10 per cent, which figure perhaps would be much lower than would otherwise be the case if just the normal competitive factors were allowed to operate. I am not going to complain about that fact. I think it should put the railway in a much better competitive position vis-à-vis the trucking industry and water transportation and should perhaps result in increased traffic and increased revenue for the railways so that a greater part of that $5 million which the central region is going to get may be recovered from them. If that is the case, the total subsidy would be reduced only to about, say, $15 million.

The maritimes, of course, are going to get an extremely small share of this subsidy and Newfoundland will get the least of all. As the hon. member for Grand Falls-White Bay-Labrador pointed out just now, the products of our industries are shipped direct from Newfoundland to foreign markets. We are in a much different position from that of the other maritime provinces. Mainland Canada buys very little from us. As to the paper that is shipped direct from Corner Brook or from Botwood to the British or the United States markets, I cannot see how it is going to get benefit as a result of this subsidy. The fish products that are shipped direct from the various cold storage plants are not going to benefit by it. This subsidy will not benefit our industries at all. Hence the benefit we get out of this subsidy is going to be derived mainly from the things that we buy from the mainland. Our total traffic in that respect is going to be in smaller proportion than that of the other maritime provinces.

I was greatly interested in what the minister said about this subsidy being passed on to the consumer. I know that the trouble with subsidies is that they seldom benefit the people we really want to help. I must confess that I find it extremely difficult to believe that the consumer in Newfoundland will benefit very much or even at all from this subsidy. If the government increases a tax, we know that immediately the prices go up in much greater proportion than does the tax itself. But when taxes are reduced, it is seldom that the full reduction is passed on to the consumer. The various people who handle the product always find some way of absorbing it. Suppose a merchant in some outport in Newfoundland, has on his shop shelves a shipment of tinned fruit which he now sells for 25 cents a tin, and gets in another shipment on which the freight charges are slightly less because of this subsidy. I cannot visualize that he is going to cut his price down from 25 cents to 23 cents. I find it difficult to visualize such a thing happening. I just wonder whether the minister had in mind any way by which the interests of the consumer could be safeguarded so that we could make sure that he would benefit from this subsidy.

Apart from that, I hope that we can find a better way of distributing subsidies of this kind than we have had up to date and even better than the one we have in this bill although I admit, by confining it to commodities which bear the full rate of the increase, it is perhaps fairer to the maritimes and the eastern provinces than would be the case if it were just a straight reduction.

That is all I have to say, Mr. Chairman, but this point of safeguarding the interests of the consumer is very much in my mind and I would like the minister, when he replies, to say if he has any ideas of enforcing my suggestion.

Mr. Hees: Mr. Chairman, if I might be permitted to answer that question, I would like to say that there is no way that I know of of forcing the shipper to pass along the freight rate reduction to the consumer. Having made

a number of trips to the hon. member's province of Newfoundland and got to know the people of Newfoundland very well, I am so convinced of the honesty of the people of Newfoundland that I feel confident the dealers in Newfoundland will pass on the saving to the consumers.

Mr. Carter: Mr. Chairman, I think the minister has misunderstood the point which I made, because you cannot pass along any subsidy unless it is big enough to be passed along. The effect of this subsidy on the traffic going into Newfoundland will be so negligible that I do not think, however honest a person is, he would be able to pass it on anyway.

Clause agreed to.

Clause 2 agreed to.

The Deputy Chairman: Shall clause 3 carry?

On clause 3—*Revision of rates.*

Mr. Chevrier: Mr. Chairman, on clause 3 I would like to move an amendment to subsection 1 which reads as follows:

Provided the reduction thereby effected shall not be less than 7 per cent.

Mr. Green: Mr. Chairman, might I be permitted to submit to you that this amendment is out of order, because it clearly could provide for an increase in the amount of money which would have to be paid out. That means that there would have to be a resolution before the matter could be considered by the house. Therefore I submit the amendment is out of order.

Mr. Chevrier: Mr. Chairman, in answer to that point may I say that my understanding of the evidence given to the committee was that 7 per cent would not do that. My reason for moving the amendment was that the minister had stated on an earlier occasion that the effect of the subsidy would be to decrease the freight rates by 7 per cent, so my purpose in moving the amendment was that not only would the subsidy amount to $20 million but also, in effect, it would mean a reduction of 7 per cent in freight rates, as the minister has stated. Again in reply to the hon. house leader, I made a similar amendment in the committee and it was not declared out of order by the chairman at that time.

Mr. Argue: Mr. Chairman, on the point of order raised by the Minister of Public Works, I would like to say that if something were being moved which would alter the $20 million it might be argued at that point it would require a new resolution, but surely since the bill following the resolution which has been introduced provides for a payment of up to $20 million it is quite in order for members of the committee to specify what action the railways must take in order to qualify for this money. I am not too certain that the amendment itself adds very much to the kill or is in fact necessary, but I do not see how it can be argued that the amendment itself means an increase in the expenditures of the amount voted under this legislation. As I understood the amendment, what it means is that if the railways wished to have this money they must show a reduction in freight rates of not less than 7 per cent.

Mr. Hees: Mr. Chairman, I would like to make it very clear that I said in the committee, and I believe in the house, that it is estimated, and only estimated because it is not possible to make a flat statement, that the amount of reduction will be exactly 7 per cent, that it will be approximately 7 per cent. I think if the hon. member for Laurier will look up the original statement which I made when introducing the resolution he will see I specifically stated "approximately 7 per cent." In the committee on railways, canals and telegraph lines, where the bill went for examination and study, when Commissioner Knowles was questioned about the possibility of making a flat reduction of 7 per cent he pointed out that because it is not possible to estimate exactly how much the reduction will be, if exactly 7 per cent is specified it might easily mean that the $20 million could run out in perhaps ten months' time and, therefore, of course, if that were the case it would be necessary, as the Minister of Public Works has said, to increase the subsidy in order to carry it for the full twelve months.

The Deputy Chairman: As this amendment is attaching a condition to the amount of money involved here, and owing to the fact that it does not seem to be clear whether or not it would affect the total amount of money—there are two different viewpoints expressed—I will have to rule this amendment out of order.

Shall clause 3 carry?

Mr. Argue: No, Mr. Chairman. Before the clause carries I wonder if I could ask the minister how soon after the passage of this bill it is expected that the reduction in freight rates can be made effective? Is the minister able to say whether it may be June 1, July 1 or how early will the benefits of the act come into effect?

Mr. Hees: Mr. Chairman, it is not possible to say exactly how soon. It will be put into effect, of course, just as soon as practicable. The board of transport commissioners will

start work immediately on it, and it will be put into operation as soon as possible.

Mr. Argue: Mr. Chairman, I think the minister can do a little better than that for the committee. Can he say whether it will be in effect this calendar year? The board of transport commissioners operate under an act of parliament, and parliament is providing $20 million to take care, at least in a partial way, of a very important national problem, the question of horizontal increases in freight rates. I think the minister must have some idea of the length of time that the board of transport commissioners would expect to need in order to put this law into effect.

I imagine that since the legislation has already been before the committee, and since this is now a matter of public discussion—as a matter of fact, it was announced in the speech from the throne that the board of transport commissioners would be doing a good deal of work in this field on the understanding that parliament was likely to enact something along the lines of the present legislation—I think the house and the country are entitled to know when action on this bill is likely to be taken. Surely the minister can tell us whether it is to be a matter of a few months or whether it is to be a matter of years? Surely he does not expect it is going to be a matter of years. The minister does not do himself any credit by giving the House of Commons a wide smile. We should like a little information in addition to the smile.

Mr. Benidickson: Before the minister answers, let me say, on that point, that I think the comments which have just been made are pertinent, because we have had evidence from the president of the C.N.R. that he has postponed certain ideas he might have had about going before the board of transport commissioners with his problems. And, of course, in my riding, in the riding of the hon. member for Port Arthur, and some others, the position of railway labour is very much related to this.

Mr. Hees: Certainly this will be in operation this year. It will certainly not be longer than, I would say, several weeks before it is in operation.

Mr. Chevrier: May I just pursue that point a little further? As the hon. gentleman knows, this matter has been delayed for quite some time; longer than normally would be the case, because of the not unnatural desire of the Prime Minister and the government to give some consideration to the scope of the terms of reference. Having regard to the fact that clause 3 says: "Forthwith upon the coming into force of this act the board shall" do such and such, perhaps the minister will clear up the point. I take it that this measure will go through in a very few moments and will get third reading. Why not give this committee an undertaking that the act will be proclaimed just as soon as it has been approved by both houses?

Mr. Hees: It will begin operating as soon as it can be done. There is no desire on the part of the government or the board of transport commissioners or anybody else to hold this up. I cannot tell the hon. gentleman the exact number of days it will take, but I can tell him—and he has had considerable experience in dealing with the board of transport commissioners— that they are a hard working, conscientious and efficient body and that as soon as this bill is passed they will immediately get to work and put it into operation as quickly as it is humanly possible to do so. No one can do more than that.

Mr. Chevrier: But the board of transport commissioners have nothing to do with the date on which this measure is proclaimed and becomes effective. It is the government which determines that, and then the board takes over. The bill itself says so.

Mr. Hees: If the hon. gentleman, along with others, helps us to get this passed, the act will be proclaimed as quickly as it is possible to do so.

Mr. Chevrier: You certainly cannot complain about assistance from this side of the house.

Mr. Benidickson: Do the terms of reference, which I have not got in front of me, include provision for an examination of automation and similar developments on the railways?

Mr. Hees: I have read through the terms of reference very carefully but I have seen no reference to automation, and I feel sure the hon. member has not either.

Mr. Carter: I should like to ask the minister whether the railways themselves decide those commodities with respect to which they apply the full 17 per cent increase. Do the railways make the decision themselves, or must they consult the board of transport commissioners?

Mr. Hees: This measure will apply with respect to all commodities to which the 17 per cent increase applies at the time the bill becomes an act.

National Energy Board

Mr. Carter: The railways were given permission to increase rates up to 17 per cent, but that did not necessarily mean that every commodity would bear this increase. Some might be raised 10 per cent, others 12 per cent and others 15 per cent. In the case of a commodity in central Canada where the railways have decided that a 12 per cent increase should be in effect, they could apply a 17 per cent increase to that commodity and take advantage of this subsidy and bring it down to 10 per cent.

An hon. Member: No.

Mr. Carter: In other words, they could juggle the commodities in order to compete with trucking services.

Mr. Hees: The hon. member is a member of the committee on railways, canals and telegraph lines. This whole matter was discussed at considerable length with Commissioner Knowles at the time and it was explained exactly how the whole thing would work. This would apply to any commodity which bears a 17 per cent increase at the time the bill becomes law.

Clause agreed to.

Clauses 4 to 7 inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

NATIONAL ENERGY BOARD

PROVISION FOR ESTABLISHMENT AND OPERATION, APPOINTMENT OF MEMBERS, ETC.

Hon. Gordon Churchill (Minister of Trade and Commerce) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the establishment and operation of a national energy board and the appointment of its members and staff, to define its duties, to authorize it to exercise certain powers and to provide for other related and incidental matters.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

Mr. Churchill: Mr. Chairman, this proposal to establish a national energy board which we have before us for consideration is the fulfilment of an objective held by the Conservative party over the years. That objective was clearly stated on February 25, 1955, at page 1530 of *Hansard* by the hon. member for Vancouver Quadra, now Minister of Public Works, in the following words:

We believe there is a great need for an over-all energy policy. Let us get away from dealing with the problem piecemeal with different departments concerned. It is not an efficient way to deal with these important matters. For example, we suggest that consideration be given to setting up what might be called a national energy board under which could be gathered a professional staff to deal with those questions which would have the necessary information and the necessary training and which could recommend policy to the government. Then, once policy had been decided by the government, the board could implement that policy.

We believe the energy resources are among Canada's greatest assets, and that they can go far to make her one of the leading nations of the world. But if this is to be done we must get away from the present hit and miss method of dealing with those resources. We must have in Canada a national energy policy for the use of those resources, and the administrative machinery to carry it out.

When the opportunity arrived for the present government to take steps toward developing the policy outlined above an order in council was passed on October 15, 1957 setting up a royal commission on energy. The preamble of that order reads in part as follows:

That inasmuch as Canada has within its boundaries large sources of energy in the form of gas, oil, coal, water and uranium, the increasing need of energy for the growing industrial requirements of Canada renders it of the greatest importance to assure the most effective use of those resources in the public interest;

That it is desirable that an investigation be made now into a number of questions relating to sources of energy in order to assist in determining the principles and procedures to be applied in the administration of certain aspects of energy policy which fall within the jurisdiction of the parliament of Canada;

The royal commission was instructed to inquire into and make recommendations concerning, among other matters:

(a) the policies which will best serve the national interest in relation to the export of energy and sources of energy from Canada;

(b) the problems involved in, and the policies which ought to be applied to, the regulation of the transmission of oil and natural gas between provinces or from Canada to another country including, but without limiting the generality of the foregoing, the regulation of prices or rates to be charged or paid, the financial structure and control of pipe-line corporations in relation to the setting of proper prices or charges, and all such other matters as it is necessary to inquire into and report upon, in order to ensure the efficient and economical operation of pipe lines in the national interest;

(c) the extent of authority that might best be conferred on a national energy board to administer, subject to the control and authority of parliament, such aspects of energy policy coming within the jurisdiction of parliament as it may be desirable to entrust to such a board, together with the character of administration and procedure that might best be established for such a board;

The members of the royal commission were Henry Borden, Esq., C.M.G., Q.C. of the city of Toronto, Chairman; J. Louis Levesque, Esq., of the city of Montreal; George Edwin Britnell, Esq., of the city of Saskatoon; Gordon G. Cushing, Esq., of the city of Ottawa; Robert

D. Howland, Esq., of the city of Halifax, and Leon J. Ladner, Esq., Q.C., of the city of Vancouver.

Subsequently, Dr. R. M. Hardy of the University of Alberta was appointed to the commission, and Mr. Cushing resigned to become assistant deputy minister of the Department of Labour.

The commission held public hearings in Victoria, Calgary, Regina, Winnipeg, Toronto and Montreal, in the course of which it has taken some 8,500 pages of evidence and received about ninety submissions.

In October, 1958 the commission submitted a first report dealing with some aspects of its inquiry and will submit a second report soon concerning some specific problems relating to crude oil.

Since receiving the report the government has studied it very carefully. Detailed and constructive comment upon the report has been supplied by provincial governments, and by various segments of the industries concerned and by investment firms.

The commission deserves congratulations and thanks for the exhaustive study it has made of the matters before it and for the conscientious discharge of its heavy responsibilities. Many of its recommendations are to be implemented as will be clear when the bill is before the house.

The measure, as the resolution indicates, has as its principal purpose the establishment of a national energy board. It is proposed that this board have most of the powers now held by the board of transport commissioners under the Pipe Lines Act, and those parts of the Railway Act incorporated in the Pipe Lines Act by reference.

Whereas under the Pipe Lines Act the board of transport commissioners has power to grant or withhold leave to construct pipe lines under the jurisdiction of the parliament of Canada, the new board in respect of applications for the construction of pipe lines would have the power to grant or withhold, subject to the approval of the governor in council, certificates of public convenience and necessity. It is proposed that the new measure supersede the Pipe Lines Act, and also the Exportation of Power and Fluids and Importation of Gas Act.

The new board would, on the basis of public hearings, and subject to the approval of the governor in council, grant or deny licences to export electric power or gas or to import gas.

The board would exercise certain broad advisory functions ranging over the whole field of energy and sources of energy in so far as the parliament of Canada has jurisdiction over such matters. The board would have jurisdiction over tolls charged by all pipe-line companies subject to the act, and over prices at which gas and power might be exported.

The bill will set out, in much the same way as the present Pipe Lines Act, the general powers of pipe line companies subject to the jurisdiction of the parliament of Canada. The bill will contain provisions for transition from arrangements under the existing statutes to corresponding new arrangements.

These are the main elements of the proposed bill. I come now to certain points of policy which underlie the bill and which will guide the administration of the measure if approved by parliament.

We recognize the need for and welcome capital whether domestic or foreign for investment in the energy and associated industries, and we believe such capital, wisely invested, should enjoy a fair and reasonable rate of return. As to what is a fair return, it is not our intention to incorporate any fixed formula in the statute. Rather, our first premise is that returns on successful investment must be sufficient to attract capital for replacement and expansion, and our second premise is that the public interest requires that no pipe line company should exploit its monopoly or quasi-monopoly position to secure returns higher than are fair and reasonable. Certain general criteria will be set forth in the bill, and their application will be left to the fair and impartial judgment of the well-qualified men whose services on the board we hope to obtain.

We recognize that gas pipe lines are different from oil pipe lines, and that both are different from public utilities such as electric light and water service. Both oil and gas are subject to competition from other fuels and sources of energy, and an oil pipe line may be subject to competition in its markets by oil from other sources. There are elements of risk for both kinds of pipe line, and perhaps more risk for oil pipe lines than for gas pipe lines.

The customer of the gas pipe line is more nearly captive in that he cannot readily turn to another source of gas. The consumer of the gas in order to use an alternative fuel must convert his equipment or replace it if his gas supply becomes uneconomic or otherwise unsatisfactory. There is therefore a clear case for regulating the returns of gas pipe line companies.

The oil pipe line may not have the same sort of captive market. However, for some refineries one oil pipe line may be the only practical source of supply, and for many oil producers one oil pipe line is the only practical outlet to market. Therefore for practical

purposes an oil pipe line is a carrier in a monopoly or quasi-monopoly position, and should be regulated as such. For somewhat different reasons, therefore, we have come to the conclusion that the returns of both oil pipe lines and gas pipe lines should be regulated, though not necessarily on the same terms or at the same level.

While we have reached the conclusion that in the public interest there should be appropriate regulation of the returns of gas and oil pipe line companies, it is not the intention of the government in so doing to discourage in any way the healthy and beneficial developmentof such companies.

As regards the exportation of electric power and gas, the key principle will be that quantities proposed to be exported must be surplus to present and reasonably foreseeable Canadian requirements.

In the case of electricity, it has been the policy in the past to grant only annual licences for export, so as to prevent permanent alienation of power. This remains our general policy, although some exceptions may be made in very special circumstances where the national interest would not be prejudiced by a longer term of export.

With regard to gas, we accept the recommendation of the Borden commission, which reads as follows:

> Having regard to the proven reserves of natural gas in Canada and to trends in the discovery and growth of reserves, the export from Canada of natural gas, which may from time to time be surplus to the reasonably foreseeable requirements of Canada, be permitted under licence.

It appears necessary in granting licences for the export of gas to do so for periods up to 25 years in order to make possible the financing of the pipe line facilities.

Two governments must of course be agreed upon any such export. The first is the government of the province of origin. Until it declares gas available for removal from the province, this government can entertain no application for an export permit. After the province has declared gas surplus to its own requirements, the government of Canada, with the recommendation of the proposed national energy board, must decide whether it is also surplus to the requirements of Canada and, if so, upon what terms it may be exported, including the vital and complex question of price.

The government of the United States, as represented by the federal power commission, must also decide whether it will approve the importation of the gas, and upon what terms. This raises the difficult problem of whether we should grant an export licence before or after the federal power commission grants the corresponding import permit. We are willing to work out an efficient arrangement with the United States which will satisfy our respective national requirements without hampering the mutually advantageous development of our gas industry. Our officials have already had discussions with appropriate officials of the United States state department and the federal power commission and we know from these talks that our willingness to co-operate and our desire to reach a flexible and mutually satisfactory working arrangement is reciprocated.

With regard to oil, it is not the intention at the present time to give authority in the bill for the issuing of export or import permits. However, a section of the bill will deal with this important matter and, if approved by parliament, will give authority to the governor in council to extend the application of the relevant portion of the bill to oil.

It will be evident, when the bill is distributed, that the experience of the past has been drawn upon extensively. Hon. members may wish to refer to *Hansard* of 1955, page 1523, for the debate on the Exportation of Power and Fluids and Importation of Gas Act. At that time the act of 1907 dealing with electricity was revised with particular reference to gas.

Hon. members may also read with profit the debate on the Pipe Lines Act of 1949, which is to be found at page 2509 of *Hansard*. The bill which is about to be introduced reproduces the substance of those two acts. Building on that foundation, we propose the setting up of a national energy board with appropriate powers to deal, so far as is within the jurisdiction of the parliament of Canada, with the whole problem of the utilization of the abundant sources of electrical and petroleum energy in our country in the national interest.

I am about half way through, Mr. Chairman. This is an appropriate time to call it six o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Churchill: Mr. Chairman, prior to six o'clock, I was speaking to the resolution. I dealt with the main principles which will be incorporated in the bill and indicated, in general terms, the important matters that will be shown in the bill. In the remarks which follow I should like to discuss the

importance of this new industry which has developed in Canada largely within the last few years.

Everyone is aware that we have moved into a new era in the development of sources of energy. The constantly increasing demands for electrical power have stimulated the use of most of the readily available sources of hydroelectric power. Thermal power units, based on the utilization of coal, are being constructed in increasing numbers. Rapid advance is being made in experiments leading to the harnessing of atomic power for the economic production of electricity. Side by side with these developments there has been a spectacular rise in the production and use of oil and gas and their by-products, and an equally spectacular increase in the installation of pipe lines for the gathering, long distance transmission and distribution of oil and gas and their products.

Ten years ago when the hon. member for Laurier, then minister of transport, was speaking on this subject he estimated that the production of crude oil in Alberta was about 100,000 barrels per day; that after allowing for the prairie provinces' requirements of 60,000 barrels per day, there would be a surplus of 40,000 barrels for use elsewhere. He estimated total Canadian consumption at 290,000 barrels per day.

In 1959, ten years later, we find western Canadian crude oil production running at a rate of about 500,000 barrels per day, equivalent to roughly two-thirds of the total Canadian oil requirements. For the sixth year in a row, oil was Canada's leading mineral in 1959, its value of production exceeding $400 million. And though our oil exports suffered a setback in 1957-58, crude oil contributed $73 million to Canadian export income in the year 1958. This is an impressive figure when one considers that the export of crude oil to the United States began as recently as 1951, via the Interprovincial pipe line, and did not become substantial until 1955, the first full year of operation for the Trans-Mountain pipe line.

Parallel developments have taken place in the natural gas industry. Proven reserves of natural gas in western Canada have increased from less than 5 trillion cubic feet in 1949 to more than 25 trillion cubic feet at the end of 1958. Net production of natural gas was 60 billion cubic feet in 1949; 336 billion in 1958. Further sharp increases can be expected to follow the recent construction of major pipe lines. Gas from northern Alberta and British Columbia started to flow to the Vancouver area and the Pacific northwestern states through the Westcoast pipe line in 1957, and the completion of the Trans-Canada pipe line in November, 1958 opened the markets of Ontario and the Montreal area to western Canadian gas.

Applications to export large quantities of gas to the western United States have now been approved by the government of Alberta, and related applications have been filed with this government and with the United States federal power commission. Other projects looking to exports to the United States middle west and to New York state are in preparation. One urgent reason why this government is anxious to press ahead with the measure referred to in the resolution before us is, of course, that we desire to establish with all proper speed administrative machinery for making appropriate disposition of such applications for gas export licences, in the light of government policy and in full consideration of all the interests involved.

The great and increasing growth in gas production and transmission industries has necessarily been accomplished by a remarkable development of the gas by-product industries. Some of the by-products, in particular sulphur, natural gasoline, propane and butane, are themselves valuable. Complicated and costly plants are required to remove them. There are now in Canada 22 such plants for the processing of natural gas and recovery of by-products.

Some export markets for propane and butane have already been developed. These markets were cut off in March when the United States oil import controls were made mandatory and extended to unfinished oil and products, but the exemption from new United States oil import controls announced on April 30 will restore access to such markets. There is good reason to hope that these natural gas liquids and sulphur will become increasingly important in our export trade.

All this growth in production, processing and transportation to market for oil and gas and related products has required an enormous quantity of capital. In 1949 about $90 million were invested in oil and gas exploration, production, processing, transportation and marketing facilities. For 1959 the comparable investment is estimated at $627 million, nearly 7 times as much, and some 13½ per cent of total business capital expenditures planned for 1959 in Canada. In the decade ending in 1958 the cumulative totals were $4.4 billion, excluding land acquisition costs.

These figures cover only direct investment in petroleum expansion and do not take into account the secondary effects of investment in new industries based on petroleum, such

as petrochemicals, or new industries supplying the oil industry, such as pipe mills. Similarly, petroleum development has created jobs for thousands of Canadians, not only those directly employed by the industry but also those working in the ancillary industries I have mentioned.

If the development of the petroleum and related industries is to continue, still larger sums of capital must be attracted for future investment. It is our desire and intention that the climate for investment in these industries in Canada will, so far as it lies within control of this government, be such that this needed capital will be attracted by the prospect of fair and reasonable returns within a framework of stable and realistic government policy.

The past decade of development in the petroleum industries, remarkable as it has been, is only a beginning. We can look forward with confidence to continuing growth in reserves, in production, in employment, in export and in the necessary investment. These prospects, of course, involve the sound utilization of energy resources, perhaps the most important material resources a nation can possess. It is to protect the national interest in the wise use of these resources, and to apply to these complicated, sensitive and vital matters the careful and consistent scrutiny they require, that we have prepared the measure contemplated in this resolution, which I now commend to the house.

Mr. Dumas: Mr. Chairman, we have before us for consideration a resolution to the effect that it is expedient to introduce a measure to provide for the establishment and operation of a national energy board and the appointment of its members and staff, to define its duties, to authorize it to exercise certain powers and to provide for other related and incidental matters.

Today the Minister of Trade and Commerce made a fairly comprehensive and interesting statement. No specific statement of the matters with which this proposed national energy board should deal is contained in the resolution. The minister has said that, for the time being, the board will have authority to deal with matters pertaining to electricity, oil and natural gas.

How closely the legislation will adhere to the recommendations of the Borden commission is not yet clear, although the minister has stated that many of these recommendations will form part of the proposed legislation. Certain of these recommendations have aroused the concern of many Canadians and more particularly that of both the petroleum industry and of some of the provincial governments having direct interests in oil and gas.

It is beyond any question that this legislation outlining the constitution and the powers of this new board will have an extremely important bearing on the future development of energy resources in this country. As I have said, we have too little information with regard to the intentions of the government in this matter. Until we have the bill before us, we do not know how far the government will go in delegating powers to this proposed new national energy board.

Does the government intend to implement fully the recommendations of the Borden commission as outlined in its first report of October, 1958, or does the government intend to compromise by incorporating in its legislation some of the recommendations made to the Prime Minister and the cabinet by the Canadian petroleum association, the investment dealers' association of Canada and others; or does the government intend to include all forms of energy under the authority of this national energy board? For instance, is it the intention of the government to include coal and atomic energy? Will the government eventually bring under one authority all the agencies we have at present, including the dominion coal board, the atomic energy control board, Atomic Energy of Canada Limited and the international joint commission?

From the minister's statement we conclude that the government does not intend that the authority of this new proposed agency should be limited only to fact finding and advisory responsibilities. Or again, does the government intend to have so much restriction and so many regulations that private industry will be shackled in exercising its proper function in the Canadian economy?

Those are extremely important questions. For this reason we feel that when the bill is before the house for second reading we should have ample latitude to discuss all aspects of this extremely important subject. We sincerely hope that we shall be given this opportunity of reasonable latitude in debating this subject so that we can fulfil the duties which are those of the official opposition and others in this chamber.

During the last four years two royal commissions have made recommendations as to how the energy resources of this country might best be developed, namely the Gordon royal commission on Canada's economic prospects and the Borden royal commission on energy. The Gordon commission of 1955, in its final report on Canada's economic prospects, commented at length upon the extent and importance of our energy resources and, after reviewing the export prospects of same, recommended the establishment of a single national energy authority. From the

report I wish to select a few paragraphs which, it seems to me, would be worth noting especially. At page 130 of the report we read the following:

To the international oil companies with operations in many parts of the world, it may not seem a matter of great urgency or concern whether large new markets are found for Canadian oil. They can supply all these markets from other sources and through other companies with which they are associated. They might even prefer to increase almost indefinitely their reserves of oil in Canada and draw down their reserves elsewhere. Also, as we have suggested, they are under pressure within the United States to do nothing that might disturb domestic prices there. In our opinion, however, it is clearly in the Canadian national interest that new markets be found. Only in this way can there be assurance that a steady and rapid pace of exploration and development in Canada will be maintained. Only in this way can early advantage be taken of this great natural resource and its exploitation not left to the hazards of an uncertain technological future. Above all, it is only in this way that a place can be left within the Canadian oil industry for the independent Canadian producers, who, unlike the large international companies, must receive some return on their investment in Canada if they are to stay in business and not be forced to sell out to the foreign-owned companies, which already hold such a high proportion of all the acreage now under reservation or lease in western Canada. It would seem that here is one instance, as is suggested in the discussion of foreign investment in a later chapter, where there might easily be some divergence between the Canadian national interest and the interest of foreign companies operating in Canada.

Further on in that same chapter, at page 135, the commission deals with the question of the terms under which gas is exported and expresses the opinion that Canadians have been insufficiently aware of some of the influences that have been operative in setting prices. This paragraph of the report on page 135 concludes as follows:

The present system of export licensing by the Canadian government would seem to be an inadequate counterweight to this bargaining advantage held by United States companies wanting to purchase Canadian gas; and in our opinion, the bargaining position of Canadian suppliers might well be strengthened by stronger institutional arrangements within the Canadian government in accordance with a proposal made later in this chapter.

I come to this proposal which we find at pages 146 and 147 of the same report. There the commission recommends the establishment of a national energy authority and this is what appears with regard to this national energy authority:

In order that a sound and comprehensive policy may be worked out with regard to development, exports, imports and consumption of all forms of energy in Canada, we propose that a national energy authority be established which would be responsible for:

(a) advising the federal government and, upon request, any provincial government on all matters connected with the long-term requirements for energy in its various forms and in different parts of Canada; methods of promoting the best uses of energy sources from a long-term point of view; export policy, including such questions as the further refining of oil and gas in Canada and the disposal of by-products; coal subsidies, etc.

(b) approving, or recommending for approval, all contracts or proposals respecting the export of oil, gas and electric power by pipeline or transmission wire, including, where necessary or desirable, the holding of public hearings in connection therewith.

If this proposal is accepted, the organization of the dominion coal board should be merged with that of the proposed national energy authority. It is perhaps unnecessary to add that the proposed new body would not interfere with the rights of the provinces respecting control over natural resources.

Mr. Chairman, the Borden commission of 1957, officially known as the royal commission on energy, was asked by the present government to make recommendations, first, on the policies which will best serve the national interest in relation to the export of energy and sources of energy from Canada; second, on the policies which ought to be applied to long distance transmission of oil and natural gas; and, third, on the nature and authority of a new national energy board.

The Borden commission submitted its first report during the latter part of 1958. The said report is divided into four parts. Chapter 1 deals with the export of natural gas and crude oil. Chapter 2 deals with the regulation of pipe line companies, while chapter 3 of the report is devoted entirely to the new national energy board. In this regard the Borden commission makes specific recommendations under 20 separate headings. Finally, chapter 4 of the report is dedicated entirely to a favourite subject of the Tory party, the Trans-Canada Pipe Lines Company. This is the chapter where the commission in no uncertain terms is recommending that the government repudiate the commitment of a former minister of the crown.

In a brief submitted to the Prime Minister by the investment dealers' association of Canada, Mr. Ely, the president, makes the following comments on this particular subject and I quote from pages 3 and 4 of this letter where Mr. Ely is commenting on the reactions abroad following the publication of the Borden commission report. This is what he had to say:

Even apart from the recurrent adverse comment in the financial press in New York and overseas, conversations of our members with foreign investors make clear the gravity with which the Borden report is viewed abroad. This concern is based in part on the recommended repudiation by the Canadian government of an undertaking given by a former senior minister of the crown. It is also based on the view that the report reflects an attitude on the part of the new Canadian government adverse to business and the investment of private capital.

There is no doubt that the impression created by the recommended repudiation of the gas export undertaking will adversely affect Canada's ability

to raise capital in foreign markets. In Great Britain and Europe this repudiation is being compared in some quarters with unilateral repudiaton of government contracts in Iran and Egypt, to the great detriment of Canada's standing as a field for capital investment. In the United States, comment is no less adverse. As one specific example, you will recall that over $100 million of first mortgage bonds of Trans-Canada Pipe Lines Limited were placed with a group of the largest American investing institutions during the initial financing of the line. The undertaking of a senior minister of the then Canadian government regarding gas export played a necessary part in the sale of these bonds, and there is no question that the purchasing institutions take a very serious view of its subsequent repudiation. Members of our association are not looking forward to approaching them to finance development projects in Canada again.

Mr. Chairman, from what we can make out of the Borden commission's report in respect to this subject a change of government seemingly would justify the repudiation of a former minister's commitment, such as that given by Mr. Howe in his letter of September 28, 1955 to Trans-Canada Pipe Lines Company Limited. I do not think it has ever been the practice to repudiate letters of this kind. It is bad enough for an important body such as the royal commission on energy to have made such a recommendation, but it would be even more awful if the government was to give force de loi to such a repudiation.

Although the Borden commission has reported on only two of the principal energy resources, that is oil and gas, it makes extensive recommendations as regard to the organization of a national energy board. The commission recommends the enactment of legislation enabling the government of Canada to control the export from and the import into Canada and the movement across provincial boundaries of all energy and sources of energy. The present legislation controls the export of any power or fluids, which include gas, oil, water or any other fluids, whether liquid or gaseous, and the import of gas. The commission recommends much more elaborate control, which involves including the control of (a) imports of power and fluids; and (b) interprovincial movements of power, gas, oil, etc. This is indeed a far-reaching recommendation, as it would appear also to include uranium. In resuming, the commission recommends that the board be given extensive authority, much too extensive for the good of the economy.

There are many silly and dangerous recommendations in the first report of the Borden commission. I have mentioned a few and I would like to bring one or two others to the attention of this house. Several references in the commission's report are made or implied that private contracts should be renegotiated after financial commitments have been made and pipe lines constructed. The recommendation to impose the renegotiation of existing contracts seems to me to give rise to enormous dangers for the financing of new enterprises. When the financing of such a project is undertaken, those putting up the requisite capital, either in the form of bonds or stock, do so on the basis of the contracts entered into with the consumers, and if these contracts are to be subject to being changed and the revenues therefrom scaled down, investors would naturally be fearful as to the consequences that such a process would have on the ability of the gas pipe line company to meet its obligations and to provide a return on the investment. Compulsory renegotiation of existing contracts, Mr. Chairman, would simply mean confiscation, and in such circumstances no lending institution could afford to take the risk involved in financing a pipe line project.

The Borden commission also recommends that the prices, tolls, rates or tariffs be just and reasonable, non-discriminatory and calculated to yield a fair rate of return on the shareholders' equity. This recommendation has attracted the widest criticism. No one will disagree with the recommendation that tolls be just and reasonable, and indeed section 43 of the Pipe Lines Act requires that tolls be just and reasonable and likewise non-discriminatory.

The commission's recommendation that the tolls be calculated to yield a fair rate of return on the shareholders' equity is an entirely new concept in rate-making, and would lead to the establishment of different tolls for the same services rendered by two different companies having radically different corporate structures. Thus, in the case of a company which had no funded debt, the shareholders' equity would be substantially higher than would be the case of another company whose capital was represented to the extent of say 60 per cent by bonds and debentures. The same amount of capital might have been invested in each case, but the difference in distribution could easily lead to discriminatory situations. But, apart from this, shareholders' equity is not a logical basis for rate-making. The practice varies enormously in Canada and the United States. In Quebec, legislation calls for rates based on "capital usefully invested", but there are many variants of this theme, and rate-making is in itself an extensive science.

If it is the intention of the government to follow the recommendation of the Borden commission in this respect, that is, establishing a base rate in this way, it will merely tie the hands of any board which will have to enforce the law, and at the same time it will discourage investment in Canada at a time when investment ought to be encouraged and not scared away by restrictive provisions.

The Borden commission's first report is a scarecrow. Commenting on the report in a letter dated January 7, 1959, and addressed to the Prime Minister, Mr. Ely, the president of the investment dealers' association of Canada has this to say, and I quote from page two of the letter:

> There is no doubt that the report has been a great blow to the confidence of foreign investors in Canada. Its recommendations, if implemented, will certainly impair our ability to import from abroad the large amounts of capital we require.

And further on in the same letter, at pages 4 and 5, the president has this to say:

> Canada's investment standing abroad has been no less seriously affected by the evident concern of foreign investors at the basic attitude to private enterprise and the rights of investors revealed in the Borden report. It is suggested that this attitude provides a clue to the attitude of the new Canadian government, and that on this basis Canada is no longer as attractive a field for the investment of private capital as it formerly was. The experience of our members active in foreign capital markets shows clearly that this prevailing impression is injurious to our ability to raise our full capital requirements from these sources.

Let us see now what the Canadian petroleum association has to say in regard to the Borden commission's first report. The Canadian petroleum association is an important organization in its own field. It is made up of some 240 exploration and producing companies which together produce 97 per cent of the oil and gas production in Canada. Here are a few of the most important paragraphs which I should like to quote from a special and lengthy report to the Prime Minister and the cabinet. At page 2 of the report, under the sub-section headed "Excessive regulation will be damaging to Canada", appears the following:

> In terms of government regulation of industry, "too much" can be worse than "too little"—and, unfortunately, certain sections of the interim report —the Borden Commission's first report—have given rise to fears that excessive regulation and control over Canada's oil and gas industry is suggested by the commission. Such fears now exist, not only in this industry, but by many other Canadian industrial and financial leaders and by many outside of Canada whose views have an important bearing on the rate of flow of investment capital to our nation. Since Canada cannot generate sufficient capital within itself for its current pace of development, the withdrawal of foreign capital could have serious repercussions on the whole Canadian economy.

Even some members of the Conservative party were appalled to learn of the recommendations of the Borden commission's first report. The hon. gentleman who represents Calgary South was, I am sure, very much annoyed by the contents of that report. In a Canadian Press dispatch from Hamilton, Bermuda, which appeared in the Ottawa *Journal* of February 28, 1959 we read this:

> Speaking before the Canadian pipe line contractors' association, the Calgary oil expert said—

I am not disputing this title, because I think the hon. member for Calgary South really is a man who knows something about oil and gas. He is a man who has devoted much of his time to a study of these Canadian resources, and I think he knows his business. The report continues:

> —1959 will be a year of decision in which these points likely will be clarified:
>
> Extent of Canadian government control over the industry; changes in oil and gas tax policies; a possible Canadian policy to increase domestic oil sales by Canadian producers; easing of federal regulations on the development of Arctic oil; tariff policies on oil; question of whether a satisfactory solution can be found to separate oil in the Athabaska tar sands.
>
> Touching on the government's plans to set up a national energy board to regulate the oil and gas industries, Mr. Smith predicted the government will not adopt repressive action to restrict oil and gas profits as recommended by the Borden energy commission.

This shows that the hon. member for Calgary South did not too much like the recommendations of the report, but he says the government will not take action to curtail profits as recommended. The report goes on:

> He was convinced, he said, that the administration will ignore this recommendation for the government was vitally concerned, "with the importance of maintaining investment confidence in the petroleum and natural gas industry."
>
> He said he also believed the government would not follow another commission recommendation—to require licensing of exports of oil to the U.S.—since this might hamper Canadian opportunities of finding long-term U.S. markets.

We of the Liberal party advocate the integrated development in co-operation with the provinces of petroleum, natural gas, hydro-electric power, coal and all other energy sources across the whole of Canada to meet the needs of industrial and population growth. We advocate the establishment of a national energy authority to advise the government as to the long term requirements of energy in Canada, including the best methods of providing efficient long term uses in Canada and for export. We feel that the government should not relegate policy making to any board. And, as was mentioned by the Canadian petroleum association, I feel myself that there should be a division of energy authority as between policy making, advisory and regulatory functions. For the time being, we feel that the organization of the dominion coal board should not be merged with that of any proposed national energy authority.

The Liberal position with regard to the export of electrical energy, oil and natural gas has remained basically the same since

it was enunciated in the house at different times in the past and more particularly in 1953 and 1955 by the then minister of trade and commerce, the Right Hon. C. D. Howe.

The Deputy Chairman: I am sorry to have to advise the hon. member that his time has expired. Will the committee give the hon. member unanimous consent to continue?

Some hon. Members: Agreed.

Mr. Dumas: In 1955 while introducing the Exportation of Power and Fluids and Importation of Gas Act, as reported at page 1524 of *Hansard*, Mr. Howe with respect to electrical energy had this to say:

> While there have been differences of opinion as to how the policy on exports should be implemented, there is no doubt that such policy has crystallized in one of no firm commitment for power, that licences should be on a surplus interruptible basis only, and that they should be reviewed annually.

I think the minister said this afternoon that as far as hydroelectric power is concerned it is the intention of this government to impose a similar restriction except in special cases where we are assured there is a considerable amount of surplus in which case contracts would be negotiated.

In the same debate Mr. Howe reminded the house that he had enunciated the policy of the government with respect to oil on March 13, 1953, and with respect to natural gas on the same occasion. He summed up the position in 1955, as reported at page 1526 of *Hansard* in these words:

> In brief, therefore, the policy with respect to these items (oil, electricity and natural gas) is that the export of oil should be based on the movement from the source of production to refineries in the cheapest possible way, and to arrange for that portion of the Canadian output that cannot be economically used in Canadian refineries the market that offers the highest return to the producer; that with respect to electricity there should be no firm export commitments and authorizations given only for interruptible surpluses; and that natural gas should leave Canada only when it is demonstrated to be surplus to determined Canadian needs.

Both the Gordon and Borden commissions appear to have been convinced that Canada has an exportable surplus of energy. At page 9, paragraph 6 of part 1 of chapter 1 of the Borden commission's first report we read the following statement:

> It is our judgment that the entry of Canadian natural gas into available United States markets, on a moderate scale, is a highly desirable step. In recent years very large investments have been made by the natural gas industry in Canada covering, not only exploration and development, but also processing plants, pipe lines and distribution facilities. With reasonable access to United States markets, expectations of earnings in the industry would be raised to a level which would encourage further sound development.

At this point I should like to limit my observations in this respect to only one item, that of natural gas, for the simple reason that even the Borden commission reported very briefly on exports of oil. We are given to understand that another report will be filed by the same commission on this subject. There seems to be an urgency with regard to issuing permits for the exportation of natural gas to the United States. We feel that the government should not delay action in this respect. We think that the industry is right when it states that if the government were to wait until a new national energy board is organized to grant such permits this unnecessary delay could be detrimental to the economy.

In the early part of April last the Alberta government approved the granting of permits for the export of natural gas to two companies, Alberta Southern and Westcoast Transmission. Both companies have filed applications at Ottawa and Washington for Canadian federal government and United States federal government permits. I think it is reasonable to take the position that the federal government of Canada should grant a permit only if it is assured that the United States government will issue import permits.

In the *Daily Oil Bulletin* of April 8, 1959, Mr. Proctor, president of Canadian petroleum association, is reported to have commented as follows:

> By granting the two companies permission to export natural gas for the next 25 years, the government of Alberta has taken a firm step toward linking Alberta natural gas with logical and necessary markets. From this point on, the federal government has the responsibility of processing export permits to allow the gas to reach those markets.
>
> There is an important time element about all this, for Alberta is not alone in her efforts to market surplus natural gas. There are gas suppliers in the United States and Mexico just as anxious as Canada to win available markets which represent, to whoever captures them, a long-term source of income not only for producers, but for the public.
>
> Natural gas is being discovered in Alberta at an annual rate of growth three times that of known market demand. There are proven natural gas reserves in Alberta at the present time of 27 trillion cubic feet, and the annual gas discovery rate is between 2 and 3 trillion cubic feet. This surplus of reserves over market demand is a constant one which will be maintained by the Alberta Oil and Gas Conservation Board. It is an assurance that the needs of the province and of Canada will continue to be met first before markets for surplus natural gas are sought outside the boundaries of Canada.

We feel that this calls for prompt action, that it is vital to the national interests that greater utilization of western Canada's surplus of gas reserves should not be delayed. Again I say that the government should not

necessarily wait for this new national energy board to be organized before processing these permits.

I wish to conclude by saying that we hope the government will not shackle the development of Canada's energy resources by imposing too many regulations and restrictions. When we have the bill we will be in a better position to judge the intentions of the government in this respect.

Mr. Churchill: Mr. Chairman, I rise on a question of privilege which refers not to the speech just delivered by my hon. friend to which I listened with interest but rather to a phrase I used before the supper hour which apparently has lent itself to misinterpretation. I used the phrase "regulating the returns of gas pipe-line companies" and apparently to some hon. members this connotes profits. I want to assure the committee that there is no provision in the proposed bill to regulate the profits of pipe lines but rather the tolls charged for the transmission or transportation of oil or gas. The word "returns" was used with that meaning.

Mr. Herridge: Mr. Chairman, we are very glad to see this important subject brought before the committee by the minister. I listened with a great deal of interest to the introductory statement made by the minister. I was most interested to note that he referred the committee to a statement of policy on the question made during the 1955 session by the then private hon. member for Vancouver Quadra who is now the Minister of Public Works. I want to say before I proceed that I am very happy to know that the present Minister of Public Works says exactly the same things as the Minister of Public Works on the questions of conservation, the development of the Columbia and of the establishment of a national energy board as he said when he was the hon. member for Vancouver Quadra and a distinguished member of Her Majesty's loyal opposition. When the minister was referring us to the statement of the hon. member for Vancouver Quadra of 1955, I could not help but think, is it not strange that the Minister of Finance has never referred us to any of the statements he made when in opposition on any particular question. I thought that was a most interesting parallel and I look upon it as one up for British Columbia.

The minister told us that the cabinet had carefully studied the report of the royal commission. As a result, if I heard him correctly, he introduced this measure which would make some provision for the regulation of free enterprise. That is a very interesting statement compared with things that were said a number of years ago. A few years ago the regulation of free enterprise was considered completely unorthodox and improper for some members of the minister's party when they were in opposition. I must say that I fairly glowed at one point in his remarks when he talked about regulating the returns of oil and gas companies. I thought to myself, well, the government is coming in our direction quite quickly. I was somewhat disappointed when the minister rose in his place just before I rose to speak and more or less modified his previous statement to bring it more in line with the principles of free enterprise that the government supports and wishes to give effect to.

Anyway, we were interested to know that this legislation will supersede the Pipe Lines Act and the Exportation of Power and Fluids and Importation of Gas Act. The bill will provide a transition stage and I think this is very sensible. This is a very important matter, and I think experience will have to be gained more or less slowly as a result of the operation of the bringing together of the various elements that are concerned in the successful operation of the national energy board, namely the federal authority, the provincial governments and the industries.

I was very pleased to hear the minister say that it is the intention of the legislation and its operation to protect Canadian interests with respect to the export of gas and of electricity and of other commodities of that type.

Mr. Benidickson: The same as last year.

Mr. Herridge: I notice that the minister said that there had been discussions with the United States department of state and with the United States federal power commission. I do hope the result of those discussions will mean that this, shall I say, will bring on a better understanding of the Canadian position and will result in the advance of this country.

It is very difficult to say much in reply to the minister's general statement. We will have to wait for the bill for the details and for the answers to our questions to find out exactly what is intended by the government with respect to this resolution.

I want first of all to say that I shall deal more or less with a broad outline so far as our approach to this problem is concerned. The details and all the rest of it will be filled in by my colleagues later on in this debate. I want to bring to the minister's attention the fact that, if I recollect correctly, the word "energy" means force, power, efficiency, potency, efficacy, activity, go, mettle, impetus, verve, drive, vim. We in this group sincerely hope that the government, the national energy board and the personnel, when it is appointed,

will exercise all those attributes in the operation of this legislation. They have an immediate, a very important and I think everyone will recognize a very heavy task.

The C.C.F. policy for many years has urged the need for the establishment of what I think we were generally pleased to call a national fuel and energy board. To inform the committee in that respect and to show how consistent our policies are and how continuing they have been throughout the years because they are based on sound foundations, I want to quote our program in this respect:

> The C.C.F. proposes that it be reinforced by the following specific measures:
> Establishment of a national fuel and energy authority to ensure that the use of all fuels—coal, oil, natural gas, electricity and atomic energy—will be planned to make the maximum contribution to the Canadian economy and the welfare of the Canadian people.

Well, sir, while we have not the details of this legislation at this time, we are very pleased indeed once again to note the influence on the government of this small group in this corner of the house in this parliament and during previous parliaments.

And now, Mr. Chairman, owing to his experience in the coal mining industry and knowledge of its disabilities, trials and tribulations, Clarie Gillis, a former member for Cape Breton South, was the most frequent exponent of the need for this policy on behalf of this group. He spoke from experience in the mines as a coal miner and from a knowledge of the industry in general and the marketing disabilities it suffered. He spoke with practical common sense and I am sure all members will agree with that. He had a practical approach to this problem and a wide knowledge of the coal industry because it had been his lifetime occupation prior to coming to this parliament.

I want to say, Mr. Chairman, that when a member's voice ceases to echo or reverberate or, in some cases, boom around this chamber, he is soon forgotten by some people. However, I wish to take this opportunity to pay a tribute to the former member for Cape Breton South, Clarie Gillis, for the contributions he made to the debates of this house and for the work of the committees while he was a member.

No doubt some members in this house will recall his interesting speeches, dotted with colourful and at times earthy language, and his metaphors drawn from a well of experience. I can still see the famous siphon that Clarie Gillis used to picture on occasions, with one end in the maritimes and the other end in central Canada, and that siphon operating so that the provinces of central Canada were over the years sucking the wealth and the lifeblood of the maritime provinces. I always thought that was a good metaphor, and I never think of the former member for Cape Breton South without seeing that siphon, as it were, in front of me, I want to say this before going on to my further remarks with respect to the measure. In my opinion Clarie Gillis would be a most suitable person to represent the employees in the mining industry in Canada on any international or national board. He is a veteran with active service, a veteran with experience in the coal mining industry. He was a veteran C.C.F. member in this house and prior to coming to this house, and he would be I think a most appropriate person to be considered when appointments are being made to international or national bodies representing the employees in the mining industry.

I come back to fuel and energy. I want to tell you, Mr. Chairman, that an old man finds his energy waning a bit at this time of night. I want to deal briefly with our approach generally to this situation. The history of man's utilization of the more exhaustible forms of energy appears to be divided into several great periods or ages. First of all, there was the long period of time in which man depended upon wood fuels and, to some minor extent, upon agricultural wastes. Then, in the 19th century coal dominated the scene until after the first world war, when it was supplemented by water power. Later, petroleum and natural gas products entered the scene. Now nuclear power development is commencing and solar energy is a possibility.

These amazing developments in Canada in recent years, and particularly since the second world war, clearly indicate to me the necessity for public control and regulations, and in the circumstances where it is clearly indicated in the public interest, public ownership of pipe lines, as we in this group consider was indicated in the case of Trans-Canada Pipe Lines. We think Canada today would be in a much better position if Trans-Canada Pipe Lines was owned by the Canadian people.

Few aspects of the Canadian economy are as vital to the nation as the adequate development and efficient use of energy resources. To a very great extent, the nation's standard of living, and certainly its industrial progress, are dependent on the availability of large quantities of heat, power and fuel at prices and in locations which permit their maximum utilization. The supply of many sources of energy is, of course, limited. Furthermore, the principal supplies are not uniformly distributed in Canada. This is one of our

problems in connection with the efficient utilization of the natural resources we have.

The distribution and administration of various forms of energy have necessitated increasing public control over the development, conservation and use of various sources of energy supply. Public bodies have been established in every province to deal with various aspects of the production, transmission, sale and use of fuel and power, and at the national level several departments and agencies of government are also charged with various responsibilities in connection with fuels and energy.

I want to make a few comments on the present federal regulation of energy. The government regulation of energy has grown up in a somewhat haphazard manner. I think you find that if you read the history of the formation of the various boards, the work undertaken by various departments, and the work changed from one department to another. The several federal bodies concerned with energy resources have, in the main, been developed to meet particular problems in relation to specific situations. Until recently there has been very little co-ordination or correlation of these bodies, one with the other. We hope that this measure will have some effect in that direction. No less than half a dozen government departments are concerned with some aspect of energy production or the development of fuel.

Now, Mr. Chairman, clearly the federal government is already active with respect to many facets of energy production and use. It is true that intraprovincial fuel and power matters are exclusively within the jurisdiction of the provinces. This is as it should be, and under present circumstances we in this group would not want to change that one iota. Nevertheless, the precedent for federal energy regulation and federal administration of certain energy policies in the national interest is already well established.

I want to say at this point that years ago this party realized the value and necessity of public ownership, and considered certain aspects of energy development as public utilities. They should be brought under public ownership, either by federal or provincial governments of a combination of both or governments at other levels, where circumstances indicate it would be in the public interest.

I want to stress the importance of co-ordination from our point of view. Recent years have witnessed a growing recognition of the interdependence of energy sources and the importance of co-ordinating governmental policies with respect to them. Thus, there has been established a federal interdepartmental committee on energy, I understand, composed of representatives from the various departments, bodies and agencies of government concerned, to centralize information and to investigate the relationship of sources of energy to the national economy. We in this group trust that this national energy board will carry forward that same work at a greater tempo and to much more efficient advantage.

I see you looking at me with a rather worried appearance, Mr. Chairman, but I did not know my time was quite exhausted yet. It has been increasingly apparent, however, that this limited degree of co-ordination is inadequate and that federal energy policies and programs must be more closely related. No longer can individual policies be considered in isolation. Both the supply of energy resources and their uses have been changing rapidly and substantially. In recent years the tempo of these changes has been increasing from month to month. Neither the supply nor the use of any of these sources of energy can be considered in isolation, as I said before. It is increasingly apparent that governmental policies with respect to these sources of energy must be correlated.

Then there is another matter that concerns this group; the importance of reducing costs. When compared to the United States, unit costs of industrial production in Canada are high. This is true despite the fact that hourly earnings—this is a matter of interest—of Canadian workers are as much as 25 per cent below those of United States workers on the average. These higher costs are caused by a limited market and Canada's geography which necessitates long hauls and consequently much higher transportation costs. In our opinion, the government can help to alleviate this condition through this national energy board, if it functions as we hope it will function in the days to come, as a board giving full time to all aspects of this problem.

What should they be, the objectives of a national energy board? We in this group think the first objective should be to increase the use of fuel and power production as part of a national development plan, a related national development plan through co-operation between the national energy board and suitable agencies in the provinces. Second, it should aim to conserve and direct the use of energy resources to the advantage of present and future generations. Third, it should ensure that, so far as is practicable, fuel and power resources are equitably distributed to all sections of the populated areas of Canada, to develop what we in this group have frequently spoken about, and what the former

member for Cape Breton South spoke about, a national standard of living in Canada. This would avoid the situation we have in Newfoundland and in sections of the maritimes, as well as some other sections of Canada, resulting from the failure of these people to enjoy the national energy resources of this country.

Then, Mr. Chairman, I suggest some means by which these objectives may be reached. First of all, what about the question of taxation? This is an important one and the committee on mines, forests and waters in recent days has been listening to representations from the forest industry of British Columbia on this very question of the need for some reconsideration of taxation to provide incentive. We think one extremely important facet or instrument of federal policy is taxation. It could have a big influence on the development of any industry and its expansion. In our opinion, federal taxation policies can and should be devised which will encourage the search for and production of various forms of fuel. Furthermore, these taxation policies, concerning various forms of energy supply, should be correlated one with the other.

As I said before, this problem cannot be considered in isolation. There is, too, the question of subventions. Transportation subventions have been available for the past 30 years to assist the movement of coal into specific areas, principally central Canada from the maritimes. When a national energy board is established, this problem will have to be considered and studied in relation to the policies of a national energy board as a whole.

What about research? To me that is an extremely important question indeed. While considerable work is being undertaken by the national research council, the defence research board, the dominion coal board and the fuels division of the Department of Mines and Technical Surveys, and other departments, there is great need for an expansion of research by federal and provincial governments. We think that a major contribution could be made by an appropriate federal government agency undertaking some co-ordination of these research programs and facilitating the exchange of information, not only by federal agencies but by the other research programs carried on by the provincial governments. If this board does the things we hope it will do, it should be the agency to correlate and to develop the research required in this connection. We think the co-ordination of the federal government agencies is a first essential in the successful administration of the policy that we hope to see developed as a result of the appointment of a national energy board.

[Mr. Herridge.]

Because of the important role which energy plays in the economy and the tremendous changes that have taken place in both the supply of and demand for energy, and in view of the many regulatory and administrative bodies with some jurisdiction and responsibility in the field of energy, it becomes increasingly important, from the point of view of the members of this group, that national policies be integrated and that actions be directed toward common goals in this field. Co-ordination, it appears to us, would be best achieved by formal action along three related lines:

1. The consolidation of policy and administration at the federal level, as I have mentioned previously, with respect to energy resources and use, in an appropriate departmental structure.

2. We have advocated the constitution of a national energy board to deal with matters of regulation falling within federal jurisdiction. That is why we are glad to see this resolution come before the house. We trust that its final result and its administration will be along the lines that we have suggested throughout the years.

3. We believe that, in order for this board to function satisfactorily, it is necessary to establish a continuing federal-provincial advisory body to protect provincial jurisdiction, and to promote in the best spirit co-operation and consultation in the administration of this extremely important sector of the Canadian economy.

I now wish to say a word or two about the national energy board. The national energy board personnel, in our opinion, should be composed of members who will represent various national interests and regional interests and be governed by the broad objectives of national policy. They must be men of capacity, intellect, industry and vision. As I said before, if this resolution proves to be the type of legislation we hope it will be, with a national energy board of the type I have mentioned we can hope to go somewhere in the development of natural resources.

Further, for successful administration under the national energy board we believe there should be a dominion-provincial advisory council. Because jurisdiction over natural resources, including sources of energy, as well as the production and intraprovincial movement or transmission of energy comes within the purview of provincial governments, as I have said before, and because the federal government has jurisdiction over other aspects relating to interprovincial transmission and export of energy, it is most important that co-operation be maintained between the

federal and provincial governments. It is with that consideration in mind that we ask the minister to give consideration to some form of federal-provincial advisory council on the development of energy resources so that the work of the national energy board can proceed in the best spirit and understanding, without any violation of the constitutional jurisdictions of the provincial governments concerned.

In conclusion, Mr. Chairman, may I say this. It is our opinion that if the national energy board is established on sound legislative foundations and if co-operation with the provinces is developed through a dominion-provincial advisory council, as I have suggested, it should soon prove to be a positive factor in the more equitable and stable development of the economy of this country which we all love, regardless of the party we support.

Mr. Smith (Calgary South): Mr. Chairman, I propose at this point, like those who have preceded me in speaking, to deal only briefly with the general outline of the resolution which is now before the committee. Recognizing, of course, that the details of not only the legislation which will come before us in a bill but, equally important, the regulations which undoubtedly the new board will be empowered to make, will have a far-reaching effect on the development of these resources, I suggest that they must be subjected to the close scrutiny of this House of Commons. While it might be a bit early to congratulate the minister on the introduction of the resolution, I know that I speak for a great many people both inside and outside this chamber in congratulating him on behalf of the government on the fact that we have at least made a start in establishing a national oil and gas policy, something which I believe we have required for some years in the past. When the bill is introduced, I believe we shall have an opportunity to assess its limitations and the requirement for any amendments and thus to come up with a highly satisfactory working piece of legislation.

I can appreciate, as can most hon. members, the difficulty of the government in attempting to reconcile the two extreme views which have been expressed in relation to the Borden royal commission, namely those on the one hand who have stated their belief that the industry should not be in any way restricted by regulation, and those on the other hand who believe that a tight form of regulation is required in the interests of Canadian consumers. It is my contention that it is not inconsistent to believe that there can be introduced into and be passed by parliament a bill which, to a substantial degree, will satisfy both of these two extremes. I agree, however, that in introducing any resolution whatsoever it is essential that we remember that if at any time we restrict the ordinary progress or development of an industry, where there is no intention to remove the ordinary rights of the citizen, we not only hinder the industry itself but, of course, we present a serious reduction in the development of our resources and thus the advantages which can be obtained to the consumers as a whole. Unlike the hon. member for Villeneuve who spoke a short time ago, I can see, even in the resolution form, several extremely important changes from the expressions of opinion by Mr. Borden and his colleagues; I refer to the resolution which was introduced and which will form the basis of a bill.

I think perhaps it might be well to point out some of the important ones which I think are going to be, as I said at the outset, of advantage to both consumer and industry alike. First of all, we will apparently be asked to transfer a very substantial measure of authority from the board of transport commissioners to the energy board. Thus we will eliminate what has in the past been the discretionary power of the minister under the power to export act to grant a permit for export without any public hearing. If I understand the minister's remarks correctly we will apparently have in the energy board the right, first of all, to grant a public convenience certificate for the construction of the line, and in addition to that an order may be issued after a public hearing to grant the export licence. This I suggest is a major difference in that it will streamline the operation in which an applicant may apply to the government of Canada for an export permit. I would assume, Mr. Chairman, that the policy of the government will still be the final authority to determine if such a recommendation will be acceded to.

We also see other major changes indicated in the resolution. Up to this point we have only regulations with regard to tolls or tariffs on the pipe lines which carry oil. It would appear from the resolution that this will cover all pipe lines including gas, again a major change. But there is one singular and important difference indicated by the resolution from the recommendations contained in the Borden report. Mr. Borden and his colleagues indicated that they would like to see a fixed rate of return based on shareholder equity, and this has apparently been replaced by granting the authority to the board itself to determine what is fair and reasonable.

The one point which, of course, immediately comes to mind is, how is this rate to be determined? This, of course, we will only

learn when we see the bill. It is apparent from the resolution—I think this is important—that the first premise is that the return must be sufficient to attract capital, and with this I heartily concur. The second premise is that no company should exploit its monopoly or position to secure returns which are higher than fair and reasonable. The important point, and this is a point which apparently escaped the Borden commission, is that you cannot lump oil and gas pipe lines together because the rate of risk is exceedingly different. The basic criticism which I have of the Borden commission is that it failed to recognize the nature of the petroleum industry as a risk undertaking.

Those who question that statement and suggest there is no risk involved in the undertaking of a pipe line need only look at the operation of the Trans Mountain Oil Pipe Line Company which was built with a capacity of 275,000 barrels a day. Today it is taking deliveries of something less than 78,000. You can imagine then, gentlemen, the risk undertaking involved in a pipe line of that nature. If you set certain standards or formulas as recommended by Mr. Borden which do not take into consideration the varieties of risk involved in either a gas or oil pipe line, it is my contention that you would not see the underwriting or construction of any future pipe lines with private capital.

Mr. Benidickson: Mr. Chairman, may I ask my hon. friend a question. I have great regard for him, as he knows, but he said it was apparent in the resolution that there was some distinction between oil and gas, and so on. Does he speak from knowledge of the bill which is not given to other members of the house?

Mr. Smith (Calgary South): Of course, Mr. Chairman, my words were misinterpreted. I am making the assumption that that is accepted and that there is that difference, from the very nature of the fact that the powers which apparently are to be granted, as stated by the resolution, are to consider what would be fair and reasonable. Therefore this is an assumption that there is going to be that flexibility which there had hitherto not been. I think—

Mr. Benidickson: Mr. Chairman, my point of order is that there is nothing in the wording of the resolution to indicate what my hon. friend called an apparent distinction between oil and gas.

Mr. Smith (Calgary South): With all due respect to my hon. friend, I suggest that is contained in the minister's statement and by the restoration of the flexibility which I have suggested they intend to place in the energy board. However—

[Mr. Smith (Calgary South).]

Mr. Benidickson: Mr. Chairman, I am not—

Mr. Smith (Calgary South): If the hon. gentleman will let me answer, I have not of course prior knowledge. I think that should be clear from the nature of my remarks.

Mr. Benidickson: Mr. Chairman, on a point of order, the hon. member made the assertion that there was apparent in the resolution which we are discussing now a difference between oil and gas. I think my hon. friend is straying a little bit from the resolution.

Mr. Smith (Calgary South): Mr. Chairman, I suggest this is contained in the minister's statement to us. However, I will be happy to discuss this at the appropriate time.

I left off at the point, Mr. Chairman, where I was suggesting that there is an important difference between the two and perhaps I might be permitted to continue on exactly that theme. To date, I have dealt with three changes which I suggest differ considerably from the Borden commission report and the outline of the bill as contained in the minister's statement on the resolution. I think perhaps at this point I might make some specific comments. The hon. member for Villeneuve, when he decided to go back into history, might better have made his speech after the bill had been seen—as my hon. friend suggested might be the case in my speech—because he dealt extensively, first of all, with the Gordon report. Then he went into some detail on the Borden royal commission report. Then he was kind enough to make certain references to a speech which I made a short time ago in Bermuda.

Mr. Benidickson: Mr. Chairman, I have served under the hon. member, who is chairman of a committee that has, I think, done a good job, and he himself deserves a great deal of credit.

Some hon. Members: Order.

Mr. Benidickson: But he is now saying certain things—

The Deputy Chairman: Order. I do not understand what point the hon. member is raising.

Mr. Benidickson: My point is, if we see the bill then we can debate at this stage. Has the hon. member seen the bill?

Mr. Smith (Calgary South): Mr. Chairman, I made it clear to the hon. member that I had not at that point, and I do not know that I can add anything more to that.

I would now like, if I might without interruption, Mr. Chairman, to continue. The hon. member for Villeneuve expressed some concern that the Borden commission had decided to recommend to the government against the

acceptance of a letter as a firm commitment written to Trans-Canada Pipe Lines Company by the then acting minister of trade and commerce in the former administration. The hon. member read at length from what had been said by the president of the investment dealers' association. I suggest to him there were a number of individuals who did not express concern with regard to the report issued by Mr. Borden and his colleagues of the royal commission in relation to the character of the letter. As an example, I think it is significant to note that the federal power commission of the United States said they did not consider his letter as a binding contract between the two governments. I suggest, further, especially to those who have had any legal training in this house, that when Mr. Howe offered a firm contract without any limitation as to time, certainly this was the intention, and this was contained in his letter to Trans-Canada Pipe Lines. There is no basis in fact by which it should be considered as a firm contract. The fact of the matter is that the terms which Mr. Howe offered to this company changed completely during the course of the time the offer was made. It therefore follows that the conditions under which the initial contract were made were not enforceable because the time altered so materially. I do not intend to pursue this matter any further except to say that a senior official of Trans-Canada Pipe Lines Company Limited under examination before the Borden commission himself said he did not consider this letter was binding.

I should like to make a personal observation on two other aspects of the question. The hon. member for Villeneuve stated I said I was convinced that this government would not take any action which would place the oil and gas industry in a regulatory strait-jacket. I certainly made that statement, and I still see no suggestion of this happening in the resolution before us. Then the hon. member went on to say that I was emphatic in my plea that we should not place licences on the export of oil because of our desire to maintain our export markets abroad. Here again, while there is power within this bill to introduce licensing for the export and import of oil, there can be no doubt that this power will not be extended without just cause. Again this is clearly an indication that this is a situation which could develop, and such action could be taken.

There are two major economic problems upon which the minister commented. The first was whether to process future applications for gas export through the energy board or some other alternative. While he does not state this, the only other alternative is to process them through the present legislative facilities, otherwise the board of transport commissioners. It seems to me that if we are going to debate this legislation at any length—and it will require considerable scrutiny—we should recognize that time has the unfortunate habit of changing the circumstances of the markets to which we hope to export, and in addition the day may well come when the area to which we wish to export that gas may be captured by other sources of supply competitive with Canadian gas.

I can only hope, as in the past, to impress on the government the need for urgent action at the earliest date to process the applications currently before the board of transport commissioners so that any delay does not become unfortunate in that we may lose valuable markets to which we hope to export.

Second, I would point out the economic problem involved in the marketing of our oil. It is true that the removal of restrictions by the United States on the importation of Canadian oil is an excellent step, and the government is to be congratulated for convincing the United States of the need for freedom of trade between our two countries. We must also be realistic in recognizing that unless the United States refineries are prepared to give up their commercial preference, then indeed we may have to call upon the licensing aspect suggested in the resolution to be absolutely certain that we do not close down our petroleum industry through lack of protective action.

I suggest in addition that when Mr. Borden makes his second report—his report on the marketing of oil—that will be the time to determine what further course of action we should take. I agree it is not necessary to introduce licensing as such until a full review has been presented, and this in turn will come, we assume, in the second report.

My final comment on Borden and his work will be this: I agree with the congratulatory remarks made by the minister. I think that basically the report did produce a valuable array of information to be used for the establishment of the oil and gas policy to which I have referred. As I have said many times, my principal criticism of the commission was that it did not recognize the nature of the risk involved in the petroleum industry. I would hope that when Mr. Borden makes his second report he will not so much comment on what action the government may have taken in the past but will rather state his views on what future action he thinks desirable. In other words,

I would hope his report can be introduced in the near future in order to help the government to decide with regard to the various alternatives open to it with relation to the marketing of our oil.

I believe it is important that we should also assess the entire problem in relation to the marketing of our by-products, the development of new and changing taxation practices, and the development of our resources in general. I believe, also, in the importance of maintaining research. Again, the resolution itself indicates this. Perhaps most important of all is the need for public understanding that when we talk about the requirement for Canadian citizens in both these resources we should not only equate the requirements for consumption, but also the rate of discovery that we anticipate over same period. It is shortsighted if we do not recognize that we will continue to explore and develop these resources at an even faster rate once we have established the markets for them. Here, I agree, this energy board can provide a useful instrument or vehicle in assessing the relation between market and demand.

So I close on the same note as I began, by saying that this is a first and most useful step forward in a real and honest attempt to provide a policy for the development of our resources, and this is something which the former administration neglected for so many years.

An hon. Member: What about the Borden report?

Mr. Smith (Calgary South): I congratulate this government for making the first progressive step. It is up to parliament to make certain that we develop regulations from this point on that are in the interests of both the petroleum industry and the Canadian consumers.

Mr. McIlraith: Mr. Chairman, my remarks on this resolution will be rather brief. The subject matter of the resolution is very narrow. I wish to draw the attention of the committee to the fact that the resolution merely asks for a decision on the expediency of introducing a measure for the establishment and operation of a national energy board and the appointment of its members and staff. By accepting the resolution that is all we are doing.

The usual resolution in these cases, as I understand it, is much broader. I have taken the trouble to look up the resolution used when the dominion coal board was set up. I find that on that occasion the purposes of the proposed coal board were indicated in the resolution. The coal board was to administer subventions and subsidies and there was also reference to the provision for the advisory functions of the board. For some reason or other that was not done in this case so we are somewhat limited in debating the subject at this stage. However, in his opening remarks on the resolution the minister dealt with it in a somewhat extended way and I think sought to remedy the omission as best he could. I hope he will take the opportunity at other stages of completing the remedying of the defect.

The importance of this subject is well illustrated by statistics on Canada's energy supply; that is, the relative importance of petroleum, natural gas and water power which I take it are the only three sources of energy being dealt with by this legislation. It is interesting to note that in 1926, 69 per cent of our energy was supplied from coal and 15 per cent was supplied from natural gas, petroleum and water power combined. In 1953 the comparable figures were 39 per cent from coal and 54 per cent from the other three combined. For 1980 the projected figure is 16 per cent from coal and 81 per cent from the other three sources being dealt with by this board. This illustrates more graphically than anything I could say the vast importance of this subject.

We are somewhat handicapped in discussing this question because of two factors arising out of the setting up of the Borden royal commission on energy. The first factor is the initial report of the commission published last October that is now available to the committee and the contents of that report to which I shall make further reference a little later on. The second factor is that we are still awaiting the second report of this commission. It is regrettable that the committee could not have had the second report before dealing with this matter. However, I am not going to criticize the government on that score concerning the delay of the commission in producing the second report. I think a great deal of damage has been done to some parts of the development in the petroleum and gas industry by the government not stating its policy since it assumed office in 1957. That is to say the government has not taken advantage of any opportunity to outline its policy in this whole field of development of our energy sources. While I regret very much the fact that the second report of the Borden commission is not available to the committee I am not particularly criticizing the government for proceeding without it.

The first report was rather commended to the house by both the minister in introducing the resolution and by the hon. member for Calgary South in his remarks. I must say that while they were very laudatory of that report I cannot share their views. I consider that the report has done a good deal of damage to the development of the industry in this country. While it is quite true that it has not impeded the exploration work in the oil and gas industry it undoubtedly has impeded development work. That is due to the nature of some of the recommendations contained in that report.

I also hold the view that this report has had a damaging effect on private enterprise outside this field altogether. That, of course, is a matter of debate and I suppose there could be sharply different opinions on it. However, that is the view I hold. I would wish that the minister at some point would undertake to indicate more clearly to the committee the parts of the report and those recommendations contained in it that are being adopted and the recommendations which he is prepared to reject.

If I may say so, his rising on a second occasion in this debate in committee to correct an impression taken from some words he used in introducing the resolution shows the necessity for great clarity on this question and illustrates the need for clarity as to what the government's attitude is with regard to certain recommendations in the first report of the Borden commission. The minister's action in being so quick to correct the wrong impression he inadvertently created in his opening remarks shows just how sensitive the industry is on this point.

There are two matters with which I wish to deal specifically. I was interested to notice that the minister at least on three occasions in his introductory remarks dealt with the necessity of there being capital investment in this industry. I was glad to see him stress the importance of that particularly in view of the somewhat adverse factors in the Borden commission report. I hope that when we see the bill it will indicate that his appreciation of the necessity of capital investment will find expression in the legislation and that there will be nothing in it of such a nature as to impede the proper flow of capital investment into the development of enterprise in this field.

I turn now to the second point arising out of the minister's remarks that concerned me specifically. Incidentally, I could not help but notice that the hon. member for Calgary South in his remarks kept referring to matters none of which were in the resolution and several of which were not dealt with in the minister's remarks but perhaps I can allow that to pass without further comment.

Mr. Smith (Calgary South): Mr. Chairman, I rise on a question of privilege. The hon. member has stated, as I understood him, that I made reference to several matters which were not in the resolution. That was purely an error in description. I was referring, of course, to the speech made by the minister. I wonder whether he will be kind enough to indicate to me, though, the number of matters which were not in the statement of the minister.

The Deputy Chairman: Order. I am of the opinion that this is a matter of argument. When the hon. member is through, if the hon. member for Calgary South wishes to say something, if there is time, it will be in order.

Mr. Benidickson: On this point, Mr. Chairman—

The Deputy Chairman: Order.

Mr. Benidickson: —I think the hon. member for Calgary South had—

The Deputy Chairman: Order. The hon. member for Ottawa West.

Mr. McIlraith: Mr. Chairman, I understood from the minister's remarks he indicated that the legislation would provide for the board having jurisdiction over the export and import of oil. I think I understood him correctly on that point. Then, I understood him to go on to say that while the board would have this jurisdiction, that provision would not become operative until the governor in council made it operative.

What I want to say on that is that it seems to me there are two objections. Perhaps we can see better when we get the legislation. The first objection is that this is a matter of such importance and of such a nature that it should be dealt with by parliament and not be taken to the governor in council by way of arbitrary authority. That is one criticism. The other is that so long as that power is contained in the legislation, then we are going to have a situation where a threat is going to be hanging over the heads of the industry at large that the board will interfere by way of regulation, and that is damaging because of recommendation 19 of the Borden commission report. It is particularly damaging for that reason. For these two reasons I would hope that the minister would take a further look at that point before introducing his legislation.

In his speech the minister covered a very wide range of matters, and made it perfectly clear that the bill will be an extensive one. It is clear, for instance, that the pipe line legislation is to be replaced by this bill as

well as many other things here indicated. Perhaps the best way to proceed is to let us have a look at the bill.

I would hope that when we come to the second reading stage the minister will not be as eager as some of his colleagues have been in recent days to restrict the discussion on second reading. We can then have a full discussion when we see the bill. Bearing that in mind, I am quite prepared to curtail my remarks now so that the resolution may be dealt with and the bill introduced.

Mr. Fisher: At this late point in the evening, I should like to make a few remarks on the national energy board that this government is promising to set up. There are still perhaps a few remarks which may be made about it. The thing that interests me in connection with this bill is that it goes right back to what has been a most exciting thing in recent parliamentary history, namely the pipe line legislation. This is the logical outcome of the stand that the Conservatives took in the pipe line debate, and this is their reaction to the bad way in which the Liberals handled things back in 1955 and 1956. This means that we shall be looking with an especially critical eye for this particular bit of legislation, and no less because, since the Borden commission first report came out, the vociferous nature of the protests of the oil industry seemed to indicate that they feared very much the legislation that is forthcoming. They seemed to be very apprehensive as to just how far this energy control bill would go, and they are especially worried in connection with the export of gas.

The views of this particular party have been so expressed by the hon. member for Kootenay West that I think they covered the general nature of the kind of board that we would like. As a matter of fact, I think the hon. member mentioned that for many years the C.C.F. has been talking about the planning boards that they would like for the regulation of public resources. If the speech in 1955 by the Minister of Public Works was merging toward our point of view we are very pleased to note that conversion and to give him all the credit in the world.

Mr. Green: You are in agreement with me.

Mr. Fisher: I remember that in the past he expressed very strong views about that salt water fleet that he wanted. We have not seen any indication that as a member of the government he has been converted to that point of view.

[Mr. McIlraith.]

In a minor way this is a contribution on the part of the government to taking over another part of the program that the C.C.F. has put forward if, as we have been given to understand, the legislation is to be spelled out as indicated.

I for one will be watching very closely the speech that the hon. member for Calgary South will make at the next stage of the proceedings when the bill is before us. Then we shall get an indicator as to how generally the oil industry and the gas industry in the west will view this particular legislation. If we find the hon. member for Calgary South speaking with a certain amount of criticism, or making some suggestions, we will begin perhaps to get the suspicion that this is a pretty good bit of legislation. It will be an indication that this adoption of general C.C.F. ideas has been a little bit deeper than we had felt.

Will you call it ten o'clock, Mr. Chairman?

Some hon. Members: Carried.

Progress reported.

INCOME TAX ACT

Hon. Donald M. Fleming (Minister of Finance): May I ask leave to revert to motions for the purpose of giving the house notice of an amendment which I propose to introduce to Bill No. C-48 when it is reached. I thought it might be reached this evening. I had given copies of the amendment to hon. gentlemen opposite, Mr. Speaker, but if I might have leave I would put this proposed amendment on *Votes and Proceedings* for today for the use of hon. members when the bill is reached, presumably tomorrow.

Some hon. Members: Agreed.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask what is the business for tomorrow and what the business will be on Thursday and Friday?

Mr. Green: Mr. Speaker, tomorrow we shall continue with this debate and then take the resolution concerning the Veterans' Land Act which appears under government notices of motion on today's order paper. The intention is to refer this measure to the standing committee on veterans affairs. If possible, we would like to have it referred to that committee this week. Then, we shall take item No. 13, concerning the convention for the abolition of forced labour; then, item No. 7, the amendments to the Excise Tax Act; item No. 8, the amendments to the Income Tax Act; item No. 16, a resolution

preceding a measure to amend the Bretton Woods Agreements Act; item No. 12, a resolution concerning the Royal Canadian Mounted Police Act; No. 15, to approve the state treaty for the re-establishment of an independent and democratic Austria; No. 9, the convention on the nationality of married women. When the estimates are reached, we shall take those of the Department of Labour, and then the Department of Public Works.

At 10.03 p.m., the house adjourned, without question put, pursuant to standing order.

66968-9—240½

HOUSE OF COMMONS

Tuesday, May 19, 1959

The house met at 2.30 p.m.

GRAIN

WHEAT—REQUEST FOR PRICE SUPPORT IN ONTARIO

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I wonder if the Minister of Agriculture could say to the house whether or not he has yet had an opportunity of reading the submission made by the Ontario wheat producers, and if he can also say whether or not the government is now in a position to announce a price support for Ontario wheat on the basis, as requested, of a deficiency payment?

Hon. D. S. Harkness (Minister of Agriculture): The answer is no, Mr. Speaker.

Mr. Martin (Essex East): Will the minister be in a position to do so before too long?

Mr. Harkness: I think that will be the situation. I know the wheat people have made their submission to the stabilization board, but I have not yet had a recommendation from that board.

TRADE

RUSSIA—REQUEST FOR STATEMENT RESPECTING EXTENSION OF AGREEMENT

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I would like to direct a question to the Minister of Trade and Commerce. I wonder if the minister has anything further to report on the state of the negotiations with Russia for a trade agreement, following the minister's statement of April 7 when he said that negotiations were proceeding satisfactorily? Would he comment on the report that negotiations are bogged down and the trade agreement does not seem as probable as it once did?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I think it is incorrect to say that negotiations have bogged down. They are proceeding in a satisfactory manner and we have every hope they will be concluded to the general satisfaction of the house.

Mr. Argue: Mr. Speaker, as it is more than a month since the time the minister made his statement that negotiations were proceeding satisfactorily, is he in a position to give the house some idea of when a new agreement may be made?

Mr. Churchill: Just as soon as I am in that position the statement will be given to the house.

Mr. Argue: Next year?

HOUSING

N.H.A.—REPORTED DECREASE IN LOANS FOR HOUSES

On the orders of the day:

Mr. J. R. Garland (Nipissing): Mr. Speaker, I would like to direct a question to the Minister of Public Works. In view of the fact that total N.H.A. loans during the calendar year to date are down over 50 per cent from last year, and with interest on conventional loans now running as high as 8 per cent, will the minister say what action the government is taking to ensure a greater flow of mortgage funds for house building for the balance of 1959?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, in the first place I would say that I think the percentage given by the hon. member is quite a long way off the actual fact. The government is watching this situation very carefully, and when it is necessary to adopt a policy, such policy will be announced in the house.

Mr. Garland: May I ask a supplementary question. Would the minister say what portion of the $250 million approved by parliament earlier this year has been used to date to relieve the scarcity of mortgage funds for house construction?

Mr. Speaker: Order. The question appears to ask for statistical information, and perhaps the hon. member would give notice or put it on the order paper.

AGRICULTURE

DAIRY PRODUCTS—REQUEST FOR CLARIFICATION OF STATEMENT ON STABILIZATION

On the orders of the day:

Mr. Hayden Stanton (Leeds): Mr. Speaker, I would like to direct a question to the Minister of Agriculture. Is the minister aware of the fact that concentrated milk manufacturers in their negotiations with producers have quoted from the minister's

statement on price stabilization for dairy products, reported in *Hansard* of April 23, to the effect that "the net result will be to reduce producers' returns by 15 cents per 100 pounds of milk used for manufacturing purposes" as a reason for reducing prices of milk used for manufacturing concentrated products? Can the minister clarify this statement?

Hon. D. S. Harkness (Minister of Agriculture): Yes, I would be glad to do so. As a matter of fact I have been informed by several people that one sentence in my statement has been lifted from its context in the paragraph dealing with support prices for butter and skim milk powder and has been quoted as if it also applied to milk used for concentrated products. It was never my intention that such an interpretation should be placed on my statement. In support of this I would point out that I announced support prices for butter, cheese and skim milk powder, but not for any other dairy products.

In the statement I recognized that the subsidy of 25 cents per 100 pounds of milk would not offset the 5 cent reduction in the price for skim milk powder, and that the difference would amount to approximately 15 cents per 100 pounds of milk used for the manufacture of butter and powder. However, my statement was not meant to include other manufactured dairy products such as whole milk powder, concentrated and evaporated milk, which are not under support, since it was assumed that prices paid for milk used in the manufacture of these concentrated products would be determined by negotiation as usual.

Since the statement of April 23 became public knowledge before negotiations were undertaken in Ontario, it is clear that both parties should have had full knowledge of the fact that the government proposed to pay a subsidy of 25 cents per 100 pounds on all milk used in manufacturing.

I need hardly assure the house that I am sorry to learn that my statement has been used in the way indicated by the question which was asked by the hon. member. Consequently I am glad to make this clarification in order that further negotiation or arbitration procedures may be conducted with full knowledge that it was not my intention to deal with the prices of product for which we have no support program.

HOUSE OF COMMONS

REQUEST FOR INCREASE IN PROTECTIVE STAFF

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): I should like to direct a question to the Minister of Public Works. In view of the anxiety of the house to encourage the tourist trade, and because of the very large number of week-end visitors, would the Minister of Public Works consider increasing the protective staff, as I understand that five members of that staff tried to look after approximately 24,000 visitors to the house last Sunday? I should also like to ask whether consideration might be given to extending the hour of closing.

Hon. Howard C. Green (Minister of Public Works): Fortunately this is not the responsibility of the Minister of Public Works. I suggest that the hon. member refer his question to you, Mr. Speaker.

Mr. Pickersgill: That is against the rules.

Mr. Tucker: I have much pleasure in doing so.

FISHERIES

NEWFOUNDLAND—STATEMENT ON STEPS TO RELIEVE BAIT SHORTAGE

On the orders of the day:

Hon. J. A. MacLean (Minister of Fisheries): Yesterday, Mr. Speaker, the hon. member for Trinity-Conception asked what steps my department is taking to cope with the shortage of bait for lobster fishermen in Newfoundland.

The hon. member is of course aware that last year the squid catch in Newfoundland failed almost completely and this, despite the efforts of the government to relieve the situation by importing bait even from Norway, placed an abnormal demand on herring used for bait. This situation has been aggravated by the fact that there has been a very light catch of herring over the past few months particularly in Newfoundland. However, we were successful in obtaining 250,000 pounds of herring for bait from Nova Scotia and this was distributed to depots last week. We are continuing to obtain supplies of bait whenever possible from every source that is feasible.

INQUIRIES FOR RETURNS

TRIPS ABROAD BY MINISTERS—AIR TRANSPORT FOR MEMBERS OF PARLIAMENT, EASTER RECESS

On the orders of the day:

Mr. M. A. Hardie (Mackenzie River): Mr. Speaker, on April 15 two questions standing in my name, Nos. 52 and 53, were passed as orders for returns. I wonder if the Secretary of State could advise me when I may receive those papers.

Hon. Henri Courtemanche (Secretary of State): As soon as possible, Mr. Speaker.

(Translation):

RETAINING WALLS, QUEBEC PROVINCE

On the orders of the day:

Mr. Yvon Dupuis (St. Jean-Iberville-Napierville): Mr. Speaker, may I ask the Secretary of State whether he intends to answer my question that dates back to February, about retaining walls? I have been waiting for the answer with a great deal of patience.

An hon. Member: As soon as possible.

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I admire the tenacity of the hon. member for St. Jean-Iberville-Napierville, and I can tell him that progress is being reported every day.

(Text):

PUBLIC SERVICE

ALLEGED DISCRIMINATION IN NORTHERN ALLOWANCES FOR GOVERNMENT EMPLOYEES

On the orders of the day:

Mr. M. A. Hardie (Mackenzie River): Mr. Speaker, I wonder if the Secretary of State could answer the question I asked him yesterday in regard to government employees in Hay River, Northwest Territories?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, as it does not come under my jurisdiction I shall ask the hon. member to direct his question to the Minister of Finance.

Mr. Hardie: Mr. Speaker, may I direct my question to the Minister of Finance?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, as I advised the hon. member some time ago, this matter is under consideration by the treasury board.

SHIPPING

STATEMENT ON MOVEMENT OF PILOTAGE STATION FROM FATHER POINT

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Last Thursday, Mr. Speaker, the hon. member for Montmagny-L'Islet asked if I could give him any information on the possible move of the pilotage station from Father Point. The recommendations of the pilots' committee at present in office are being given full consideration, together with those of the previous committee, which are at variance one with the other. It is agreed that a move of the pilotage station from Father Point to a location farther up the river is desirable; however, the choice of the new site has not yet been made. Considerable expenditures of public funds are involved in the decision, as well as navigational factors on which there are differences of opinion. A thorough study is being made of the sites suggested, and it is hoped that a decision will be reached in the near future when these studies are completed.

IMMIGRATION

INQUIRY AS TO REDUCTION IN BACKLOG OF APPLICATIONS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I wish to direct a question to the Minister of Citizenship and Immigration. Since approximately four weeks have elapsed since the minister made a statement about immigration, and since the summer immigration season is upon us, can the hon. lady indicate how the department is progressing in achieving a reduction in the backlog of applications from eligible immigrants in certain European countries?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): No, Mr. Speaker, I am afraid I could not report on that at the moment.

Mr. Fisher: A supplementary question, Mr. Speaker. Could the minister indicate when we might anticipate a report?

Mrs. Fairclough: Mr. Speaker, I do not think there will be any appreciable improvement in the situation until possibly the summer season has gone by. We may then have a better idea what the situation is.

Mr. Fisher: A further supplementary question, Mr. Speaker. When will the changes in the act be made? When will the whole new approach about which the minister spoke be undertaken? Will amendments be introduced this year or next year?

Mrs. Fairclough: Mr. Speaker, I do not think I understand what the hon. member is talking about.

Mr. Fisher: Mr. Speaker, in the minister's speech on April 22 she outlined the steps her department hoped to take. I wondered when she would be in a position to introduce those steps formally in the house.

Mrs. Fairclough: Mr. Speaker, all I can say is that I am not in a position to make a statement at the moment.

PRIVILEGE

MR. PICKERSGILL—REQUEST FOR CORRECTION IN REMARKS OF MAY 15

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, may I be permitted to

make two corrections in *Hansard* of Friday, May 15. In line 32 at page 3706 I am reported as having said, "which we put forward at that time and which was supported by all the members from Newfoundland". It should read "Liberal members".

In lines 15 and 16 at page 3727 I am quoted as having said, "these lectures about the rights of parliament are getting very repetitious". What I said was, "These lectures to members of parliament are getting very repetitive".

Mr. Fulton: That is not what the hon. gentleman said.

[*Later:*]

Hon. Howard C. Green (Minister of Public Works): On a question of privilege, Mr. Speaker, I do not think any hon. member has any right to get up and ask for a change in *Hansard* where there has been an interchange between members across the floor of the house. In the case of the changes asked for by the hon. member for Bonavista-Twillingate, I was here and I heard what he said and what he said is reported in *Hansard,* and he should not be allowed to change it.

Some hon. Members: Hear, hear.

Hon. Lionel Chevrier (Laurier): I agree with what the house leader has said, but it should apply as well to those who sit on that side of the house as to those who sit here. I have reference to an exchange which took place the other day during consideration—

Mr. Bell (Saint John-Albert): Order.

Mr. Chevrier: I am discussing the point of order.

Mr. Speaker: The hon. member is addressing himself to the question of privilege raised by the minister and not to another instance. I would prefer that he wait until the first one is disposed of.

Mr. Chevrier: I want to say on this occasion that if there is to be a ruling by Your Honour in connection with this matter the ruling should apply equally to both sides of the house.

Mr. Pickersgill: Since my word was called into question, it seems to me—

Mr. Speaker: That would be a further matter of privilege. I think it might be well to dispose of one at a time. As I understand the practice, where a member has been misquoted—

Mr. Fulton: He was not.

Mr. Speaker: —he is entitled to ask that a correction be made in *Hansard*; and I believe it has been the practice of the house to accept the statement of a member as to what he did say, for the purpose of making the correction. It is not in order, as I understand it—and I would be glad to have the views of the house on this matter—to change what was said for the purpose of clarifying the ideas the member intended to express. I think the correction suggested by the hon. member for Bonavista-Twillingate is in both classes. In the first one he added a word to clarify the meaning; in the second place he corrected *Hansard,* and the second one would be permissible.

Mr. Green: Mr. Speaker, this is very important, because the *Hansard* reporter will not make any change where there is a cross-play across the floor of the house. The record stands as the reporter takes it down. On this occasion there was a cross-play, and my hon. friend would not be able to change it in *Hansard,* but he comes here and asks for a change on the floor of the house. I suggest that it should not be allowed.

Mr. Pickersgill: Mr. Speaker, that is precisely why I asked for this second correction. In the first one, though I think I did say "Liberal members" and it was inadvertently omitted by the reporter, I am not making any point of that, since the minister has raised the matter. However, in the second instance, I looked at what was in *Hansard* and it was not my recollection of what I had said. It was sufficiently different from my recollection that I thought it would be quite improper to try to make the correction anywhere except in public, here in the house. That is what I believe I said, and that is certainly what I intended to say.

Mr. Speaker: Before leaving this matter, may I say to hon. members that when they rise to indicate that the *Hansard* reporters have incorrectly reported them, they do so on their own responsibility. They should do so only when they are sure that is the situation, and I feel that the house should then accept the correction. It is not a change in what *Hansard* has reported, because that stays and is in the record. It is an explanation of an error which the hon. member feels the *Hansard* reporter has made.

CIVIL DEFENCE

REQUEST FOR STATEMENT OF POLICY ON EVACUATION

On the orders of the day:

Hon. Paul Martin (Essex East): In view of the fact that some weeks now have passed since the provinces were communicated with, following the meeting on civil defence, may I ask the Minister of National Health and

Welfare whether the government is in a position to state its policy on evacuation?

Hon. J. W. Monteith (Minister of National Health and Welfare): Following the conference at which the provincial ministers and several federal ministers were present, the hon. member asked me a similar question and the answer which I gave on that occasion still holds. The matter is getting prior consideration.

Mr. Martin (Essex East): Am I correct in saying to the Minister of National Health and Welfare that from now on all questions on civil defence should be addressed to him, or should they be addressed to two others of his colleagues as well?

Mr. Monteith (Perth): I think, Mr. Speaker, if the hon. member continues to address questions on civil defence to myself as Minister of National Health and Welfare, for the time being that will be satisfactory.

NATIONAL ENERGY BOARD

PROVISION FOR ESTABLISHMENT AND OPERATION, APPOINTMENT OF MEMBERS, ETC.

The house resumed, from Monday, May 18, consideration in committee of the following resolution—Mr. Churchill—Mr. Rea in the chair:

That it is expedient to introduce a measure to provide for the establishment and operation of a national energy board and the appointment of its members and staff, to define its duties, to authorize it to exercise certain powers and to provide for other related and incidental matters.

Mr. Argue: Mr. Chairman, in his statement last night the minister outlined in some detail the powers that would be exercised by the national energy board and to some extent the type of policy that the government would wish it to follow. The minister stated, as found on page 3767 of *Hansard*:

We recognize the need for and welcome capital whether domestic or foreign for investment in the energy and associated industries, and we believe such capital, wisely invested, should enjoy a fair and reasonable rate of return. As to what is a fair return, it is not our intention to incorporate any fixed formula in the statute. Rather, our first premise is that returns on successful investment must be sufficient to attract capital for replacement and expansion, and our second premise is that the public interest requires that no pipe line company should exploit its monopoly or quasi-monopoly position to secure returns higher than are fair and reasonable.

I suggest, Mr. Chairman, that the stated policy of the government is far removed from what was once the policy of the Conservative party when it formed the opposition. We in the C.C.F. believe that natural monopolies such as gas pipe lines or oil pipe lines crossing interprovincial boundaries should in the national interest be publicly owned. We support that position not because of any theoretical belief that public ownership in every field is the right way to proceed but because we believe this is a particular example of the kind of utility, the kind of industrial facility, that should be publicly owned. If our natural gas pipe lines were publicly owned, if the trans-Canada gas pipe line were publicly owned, we feel that this would assist in providing energy sources for Canadian industry at the lowest possible price. At a time when the house is giving serious consideration to the whole question of inflation, to the whole question of our high cost economy—

The Deputy Chairman: Would hon. members please talk a little more quietly. It is rather difficult for the Chair to hear the member who has the floor.

Mr. Argue: Thank you, Mr. Chairman. I was saying that at a time when inflation is very much in the minds of members of the House of Commons, when the government has said that its policy is to prevent a further increase in price levels in this country, with all the warnings that Canada is becoming a high cost economy which is endangering our export trade, I feel the government should consider public ownership of interprovincial pipe lines as a means of securing for Canadian industry energy sources at the lowest possible prices. If energy is brought to Canadian industries at an inflated cost or at an unnecessarily high, cost, then this in turn means that the high cost of energy is passed on in higher and higher prices for finished products. This has a detrimental effect upon the development of the Canadian economy, both from the standpoint of Canadians and also from the standpoint of the development of a healthy export trade.

The government's announced policy is not only a great departure, a complete departure, from the position it has taken in the past, but is in fact very far removed from some of the recommendations made by the royal commission on energy. The report of the commission on energy contains the following recommendation on page 28. This concerns the prices, tolls and rates which should be set by the board of transport commissioners. The recommendation reads as follows:

That the prices, tolls, rates or tariffs of a company owning or operating an oil or gas pipe line as regulated by the board of transport commissioners for Canada, should be just and reasonable, non-discriminatory and calculated to yield a fair rate of return on the shareholders' equity, after making due allowance for reasonable and proper operating expenses, depreciation, interest, income and other taxes.

The important part of this recommendation, I submit, is that in the opinion of the royal commission tolls, rates and prices than can be charged should be set at levels to yield a fair rate of return on the shareholders' equity. Instead of that the government has said they will have the board follow a general policy of setting rates that will provide a fair and reasonable rate of return. These two things are far removed, because the assets of a company very often are so much larger than the shareholders' equity. A company which finances largely by bonds or by debentures is very often able to show a very high rate of return on shareholders' equity; and the announced policy of the government means the continuation, in all probability, of fabulous returns, fabulous profits that have been made from the oil and gas pipe lines of this country.

On page 33 of the energy commission report we find a table showing the percentage return on shareholders' equity in the Trans Mountain pipe-line company. In 1955 the percentage return on shareholders' equity was 27 per cent; in 1956, 43.5 per cent; in 1957, 38 per cent. There were tremendous profits and tremendous returns on the shareholders' equity. The profit of Interprovincial Pipe-line Company, based on a percentage return on shareholders' equity, was in 1953, 18.3 per cent; in 1954, 11.3 per cent; in 1955, 11.5 per cent; in 1956, 18.1 per cent; in 1957, 15 per cent. The percentage return on shareholders' equity in the Montreal Pipe-line Company, and of the Portland Pipe-line Corporation was as follows: 1953, 15.6 per cent; 1954, 9.94 per cent; 1955, 20.45 per cent; 1956, 19.51 per cent; 1957, 14.76 per cent.

These fabulous returns and fabulous profits on pipe lines have made millionaires almost overnight. These profits have accrued not only to Canadians but to United States citizens. These profits have accrued to the Texas buccaneers about whom we heard so much from hon. members opposite when they were in opposition. How they complained about the government's policy with regard to Trans-Canada pipe line company. How they complained that the government was allowing foreign capital to come into this country and make fabulous profits in the development of Canadian natural resources, fabulous profits which were made in a way that was endangering the very sovereignty of this nation, the very control of Canadian industry.

The Prime Minister himself, when he spoke on this subject in the past, has waxed very eloquent. The Prime Minister made many statements on this subject, and on page 4032 of *Hansard* for May 17, 1956 he had this to say:

[Mr. Argue.]

The perquisites here are that the Prime Minister (Mr. St. Laurent) should abdicate his belief in democratic principles and deny those in opposition the right to advance their arguments and to educate public opinion or to find out why there is such solicitude on the part of the members of this government. For five long years this pampered pet, Trans-Canada Pipe-lines, by deviation, by change of direction, by protestation, by alteration in course, has postponed that estimable end of securing a market for Alberta gas and the making available to other parts of Canada of that necessary form of energy. I ask the Prime Minister today to tell this house why he is so fearful of the facts; why he was afraid to allow the true facts of this nefarious scheme to be elucidated? I ask why he found it necessary, and the members of his government found it necessary, to muzzle the representatives of the people in advance of anything in the nature of a filibuster or an interference on the part of the opposition with the policy and program of the government. I ask him to explain that today, for certainly the day of silence is past. Are they afraid of the truth over there? Is that why they hide behind the caricature of parliament which they have substituted by the adoption of the parliamentary form of closure in a way that it has never been adopted before?

A few years ago, Mr. Chairman, the Trans-Canada pipe line scheme was a nefarious scheme in the words of the Prime Minister. The present Minister of Public Works, speaking in the same debate on May 15, 1956, as reported at page 3955 of *Hansard* said:

I conclude my remarks by this statement, and I make it after careful consideration. I believe that this measure now proposed by the government is the greatest betrayal of the Canadian people since confederation.

This resolution before us assures the continuation of this greatest betrayal of the Canadian people since confederation. The government, instead of going as far as the recommendation of the royal commission on energy to hold down profits to a fair return on shareholders' equity, has left the door wide open for the continuation of these fat and fabulous rates of profit that are accruing from the pipe lines of this country.

This is a complete reversal of the position the government has taken in days gone by. Not only is it a reversal of the position which was taken as far as the Trans-Canada pipe line is concerned; it would appear from the statement of the Minister of Trade and Commerce last night to be even much more than that, because the government has shifted its ground from the position it took in parliament in 1956. In those days it was to be Canadian capital developing these resources, but last night the Minister of Trade and Commerce had this to say, as reported at page 3767 of *Hansard*:

We recognize the need for and welcome capital whether domestic or foreign for investment in the energy and associated industries, and we believe such capital, wisely invested, should enjoy a fair and a reasonable rate of return.

That is opening the door wide for United States capital to come in and take over even to a larger extent the operation of pipe lines in this country as well as the control of Canada's energy resources. The government has retreated from the position it took when in opposition. It has now adopted the policy of the former government. It has now put its arms around something it once described as a nefarious scheme. It has now accepted as part of its own policy something that was once described as the greatest betrayal of the Canadian people since confederation, and this announced policy of the government leaves the door open for further betrayals of the Canadian people by a repetition in the future of the scandalous schemes of the past.

Pipe lines in this country, not only the Trans-Canada pipe line and interprovincial pipe lines, seem to be industries in which people make fabulous profits overnight. They seem to be industries in which many actions are taken which should not be condoned and which, apart from the law itself, are very questionable. We know of the pipe line scandals in the province of Ontario. We have read about alleged pipe line scandals in the province of Quebec. We know the way the people in the city of Winnipeg and in the province of Manitoba are being held up by exorbitant prices being charged for the use of natural gas by consumers, all because the Conservative party has turned its back on a policy of public development of these resources.

Public development has been used in the past by various governments as an important means of developing Canadian resources. We have a publicly owned railway. We have the Ontario hydro, which is doing a good job. We have the Manitoba hydro that has pioneered in that province the development and distribution of electrical energy. But the Conservative party has now closed its eyes to the great vision of public development which was once that of the Conservative party.

Out in the province of Manitoba the information I have is that consumers in the city of Winnipeg will have to pay 90 cents per thousand cubic feet of natural gas, a price which is at least 16 cents higher than the price paid by consumers in the province of Saskatchewan even after the additional cost of transportation of the gas is taken into account. In the province of Saskatchewan the distribution of natural gas has been undertaken by the Saskatchewan power corporation, a publicly owned company. Consumers in the city of Regina have to pay 70 cents per thousand cubic feet of gas, but in the city of Winnipeg, although it costs just 4 cents to transport a unit of gas from the city of Regina to the city of Winnipeg, the cost is 90 cents. The province of Manitoba and the city of Winnipeg are having to pay rates 20 per cent in excess of the rates paid in Saskatchewan even after one takes into account the cost of transporting the gas for the increased distance, and this 20 per cent is the fee the people of Manitoba have to pay for a policy that is against their own interests and is in favour of private capital, whether Canadian or foreign.

If Canada as a nation, Mr. Chairman, is to develop at a maximum rate, and if our industries are to have access to the cheapest possible power, then the policy the government has announced should now be changed. This is not a policy designed to provide low cost energy in Canada; it is a policy that will result inevitably in more scandal, in the lining of the pockets of more Texas buccaneers, in a further encroachment on Canadian sovereignty by United States capital. This policy announced by the government is the capitulation of the Conservative party to the Texas buccaneers and to the gas and oil barons in this country. This is the disappointing conclusion that the government has arrived at after studying the report of the royal commission on energy and after having been in office for almost two years.

Mr. Chairman, in my opinion this policy is uneconomic, it is un-Canadian, and it is a policy that will impose tremendous burdens of additional and unnecessary cost, until checked, on future generations of Canadians. I am surprised and amazed that a government that got to office to a very large extent by exploiting the need to develop Canadian resources by Canadians and by Canadian capital, a party which came to office because it advocated low cost energy sources in this country, should have now made a complete about face and embraced the policy which it once condemned so strongly. By the same token it has condemned Canadians for many years to come to paying exorbitant and excessive rates for energy sources in this country, at the same time turning over larger and larger shares of Canada's energy resources to foreign capital and foreign interests.

Resolution reported and concurred in.

Mr. Churchill thereupon moved for leave to introduce Bill No. C-49, to provide for the establishment of a national energy board.

Motion agreed to and bill read the first time.

VETERANS' LAND ACT

AMENDMENTS TO PROVIDE FURTHER ASSISTANCE FOR HOME CONSTRUCTION, TO FARMERS AND FISHERMEN, ETC.

Hon. A. J. Brooks (Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to amend the Veterans' Land Act to provide further financial assistance to veterans for home construction and to veterans presently settled under the act as full-time farmers or who may be so settled in the future and to veterans who may be settled as part-time farmers or commercial fishermen; and to provide further for certain changes in connection with the administration of the act.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

Mr. Brooks: Before the resolution carries I should like to make a short statement with reference to the proposed bill.

This measure, to amend the Veterans' Land Act, is one of the most important I have had the pleasure of introducing since I became Minister of Veterans Affairs. The settlement of veterans of a country's war on land on advantageous terms is one of the oldest forms of rehabilitation of which we know. It was introduced in Canada in the seventeenth century, and the veterans of the American revolutionary war, the war of 1812, the Fenian raid, the Northwest rebellion and the South African war were all given land grants to help them become re-established in civil life. The earlier schemes were in some measure responsible for the settlement of Upper Canada.

During world war I consideration was given to land settlement assistance as a means of rehabilitation for soldiers returned from that war, and in 1919 the Soldier Settlement Act was passed. This act provided financial assistance in the nature of a fully repayable loan to veterans with farming experience. Due to a combination of factors, including strains of the post-war depression, the success of the measure was not as great as anticipated.

Shortly after the beginning of world war II a study was commenced of various rehabilitation measures for veterans of that conflict. The fundamental importance of agriculture and the desirability of a sound plan for the settlement of veterans on the land were paramount considerations. Much thought was given to the determination of basic principles which would increase the social stability of the country and provide veterans with a reasonable opportunity to acquire land and home ownership through sound economic arrangements. A veteran who was willing to work and practise thrift should be able to reach that desired end within the best working years of his lifetime under a contract which could be observed from the outset to its conclusion.

As hon. members know the resulting legislation, the Veterans' Land Act, has been eminently successful in enabling a large number of veterans to attain that goal, and many others are now fulfilling the terms of their contracts and give every evidence that they too will be successful.

Some years ago it became apparent that the original Veterans' Land Act might, with advantage, be enlarged to give veterans who were not primarily interested in farming and related occupations an opportunity to secure assistance in building homes. Accordingly, in 1954 amendments to the act were considered that would be of material help in providing home construction assistance, and the present part II of the act was passed.

At the same time recognition was given to the effect of price increases which tended to make more difficult the acquisition of economic units of land within the financial conditions set forth in the act. Another new part, part III, was added to the act to enable full-time veteran farmers to secure additional loans to extend or improve their properties. These amendments have proven of great benefit to many veterans who have thus been able to secure home ownership or sound farming units.

Since 1954 there have been further developments in this field, and considerable study has recently been given to the credit needs of Canadian agriculture. The importance of the development of economically sound farm units is now perhaps more readily recognized than ever. Consequently a thorough review of the Veterans' Land Act has been under way for some time in an endeavour to learn whether, with appropriate safeguards, an extension of the loan provisions of part III might offer better opportunities for success for veteran farmers than are now provided.

A thorough study of the provisions of the act has revealed the desirability of rather extensive amendments. These do not reflect at all adversely on the very evident success of the act during the past 15 years, nor on its administration, which has been outstandingly successful. Rather, the need for amendment is evidence of progressive thinking on the part of the administration and the many others who are deeply interested in the progress of agriculture in Canada. The opportunity has also been taken to include in the proposed amendments to the act certain administrative improvements which experience has shown would be desirable.

The major amendment is contained in a number of interdependent clauses which together form an important development in the philosophy of the act. This series of amendments proposes to relate more closely the conditions surrounding the granting of farm improvement assistance under part III of the act with respect to the maximum loan and the amortization period to the corresponding conditions under the Canadian

Farm Loan Act. The amendment would increase the maximum amount available under part III to $20,000, less any indebtedness outstanding on an existing contract under part I of the Veterans' Land Act. This larger loan should enable a full-time veteran farmer, well established under the Veterans' Land Act, to extend his enterprise to one of sound economic proportions, which is beyond the present capacity of the act.

The present amortization period under the act is 25 years. In view of the increase in the amount of loan it is considered desirable to extend that period to 30 years.

The proposals also recommend that the purposes for which a loan under part III may be used be extended to include the purchase of livestock and equipment and the refinancing of existing indebtedness, and to increase the ratio of the loan to the security from the present 66⅔ per cent of the value of the real property to 75 per cent of the appraised value of the total security including land, buildings, basic herd livestock and farm equipment, with limitations on the percentage applicable to the latter two categories.

A further proposal would increase the maximum loan presently available under part III to small holders and commercial fishermen on establishment from $1,400 to $3,000, providing the veteran contributes $1 for each $3 so advanced. At present the veteran is required to contribute $1 for each $2 advanced. This proposal would increase from $8,100 to $10,000 the maximum amount available for the settlement of veterans as small holders and commercial fishermen. The need for this increase is evident when one considers the increase in cost of construction and equipment. It is anticipated that during the first 12 months some 2,000 veterans should be assisted by this proposal.

A further proposal would increase from $8,000 to $10,000 the maximum amount the director may advance on behalf of an eligible veteran for the construction of a home under part II of the act. Since the former limit was set the cost of land and construction has increased. The present limitation has in a number of instances forced veterans to defer plans for building their homes.

Hon. members will recall that an amendment to the War Service Grants Act recently passed by this house extended the period during which re-establishment credit may be available for the use of veterans. As this credit and benefits under the Veterans' Land Act are considered as alternative rehabilitation measures, it is deemed appropriate to set a similar time limit within which veterans may obtain a certificate of qualification under part I of this act. The proposed deadline is September 30, 1962, for veterans of world war II. For veterans of the action in Korea the time limit expires 15 years after their discharge from that service, which in most instances it will be in 1968.

There is a proposal that will confer eligibility for home construction assistance under part II to a small group of veterans who are now excluded from the benefits of the act. This group consists of those veterans who received university training allowances under the Veterans Rehabilitation Act for a period of more than nine months. Their part II eligibility will enable them to obtain financial assistance and expert technical advice during the course of construction of their homes.

I have outlined the major amendments to the act proposed by this bill. As I said earlier there are a number of administrative changes to which I need not refer now.

The financial implications of the various proposals of the bill lie generally in the increases which may be made available in loans to qualified veterans. There will undoubtedly be an increased demand for assistance, and this may require a relatively considerable demand on public funds for loans which will be repayable with interest. The net cost of the proposals will be confined to the additional administrative effort required.

I anticipate that when this bill is referred, as I trust it will be, to the standing committee on veterans affairs it will evoke considerable interest. I am confident that the committee will study thoroughly all the amendments proposed in this bill which, as I have intimated, is an important one, particularly to the continuing success of the Veterans' Land Act, and to the many veterans and communities who have benefited from the operation of this excellent and successful piece of legislation.

Mr. Carter: Mr. Chairman, the minister has just intimated that these amendments will go before the standing committee on veterans affairs, and last night the house leader told us it was hoped the committee might be able to work on this during this present week, so it is not our desire to delay the proceedings unduly. I would like to take this opportunity of indicating our support of these amendments, however, and to commend the minister for bringing them in at this time.

The historical background with which the minister opened his remarks was, I am sure, extremely interesting to all hon. members, because his remarks indicated that the rehabilitation of veterans on the land has been a concern of governments over the years, and one of the oldest benefits accorded to veterans. It is my belief that the Veterans' Land Act

has been the most successful of all the rehabilitation measures that make up the veterans charter. It has been extremely well administered at all levels, and in my opinion the department has been extremely fortunate in recruiting the right type of person to administer this legislation. The officials have always displayed the right attitude. That has been apparent from the beginning and maintained to this day. In all cases the interests of the veterans have been put first, and he has been given good advice even though it was perhaps not in accord with his own wishes.

The success of this phase of veterans legislation is due in large measure, I believe, to the frequent contact there has been between officials and the veterans concerned, and to the follow-up advice and guidance given in solving current problems. The passage of time has brought about changes, however, and many of the provisions in the charter have been rendered out of date. This is particularly true of the financial provisions. Land values have increased and the purchasing power of the dollar has declined, so the financial assistance available under the present legislation is no longer realistic in relation to today's prices.

I am sure the changes the minister indicated will be welcomed by all veterans everywhere, and particularly the changes in the maximum amount of the loan and in the extension of the amortization period from 25 to 30 years. The extension of the purposes for which grants under this legislation will be used will also be warmly welcomed.

Coming from Newfoundland I am particularly interested in that part of the act that provides for grants to commercial fishermen. I am very pleased to note that the minister is proposing to increase the maximum amount from $1,400 to $3,000.

For some reason or other it appears that the benefits available to commercial fishermen have not proved as attractive as those available to veterans who wish to settle on the land. I do not know what the situation is on the west coast, but it is my impression that in the Atlantic provinces we have not taken as much advantage of this legislation as we might. I hope the publicity that will attend this legislation on its passage through this house will induce more veterans to take advantage of this part of the legislation.

In addition to the changes consequent upon changing conditions there will also be other changes borne out of the experience of the department in administering the act. We hope that as far as the commercial fishermen are concerned the changes contemplated will bring this legislation in line with the changes that are taking place in the commercial fishing industry.

I am sure that all veterans will appreciate the extension of the benefit period, which will enable those who have not yet been able to take advantage of this legislation and whose time may be running out to have another chance.

Mr. Herridge: Mr. Chairman, on behalf of this group I want to express our support for the amendments to be introduced after this resolution has received the consideration of the committee. As this bill will be referred to the committee on veterans affairs for further study and consideration I am not going to speak at length, but I do want to take this opportunity of bringing a few points to the attention of the committee.

I am particularly interested in this type of legislation because I am one who firmly believes that if we do not maintain the family farm in Canada, and opportunities for the development of small-scale industry and small business, we will within a few years develop a monolithic state with all the horrors that go with it.

An hon. Member: Is that not the aim of the C.C.F. party?

Mr. Herridge: What was the interruption I heard, Mr. Chairman? Apparently an hon. gentleman over there is trying to massage his microscopic ego by interrupting me with rude noises but I can assure him he will not succeed.

I am particularly interested in the maintenance of the family farm because of the role it has played in Canadian society, the role it can play in the development of this country, and in the provision of a type of happiness that is lost to many who do not understand what rural life is and do not appreciate the advantages that attend it, despite the fact that on many occasions the financial returns are not equal to those available to people who take part in other activities.

The institution of the soldier settlement board shortly after the first world war was the first attempt to do something along those lines. It was almost in the nature of an experiment. Consequently many mistakes were made and there were many failures, but also there was a great deal of good done under the old Soldier Settlement Act. I know a number of veterans who benefited as a result of that act.

As a result of the experience gained over the years with the soldier settlement board in all sections of Canada, the government, the veterans affairs committee and the House of

Commons, when it came to consider the Veterans' Land Act, had a background upon which to base legislation. It was that previous experience with the Soldier Settlement Act that made it possible to draft the Veterans' Land Act which, without doubt, has been much more successful generally speaking than the Soldier Settlement Act was in the years prior to the second world war.

During recent years we have noticed increasing admiration—and this is true of the group I represent—for the work of the Veterans' Land Act and what it has accomplished. Why? Well, we have been very fortunate, Mr. Chairman, in having a director of the Veterans' Land Act who comes from a farming family of many generations, whose heart is wrapped up in the problems of the family farm. This has had a lot to do with the success of this act since the second world war, and in addition he has had the loyal support of a very competent staff.

I want to bring to the attention of the committee one or two documents which have been published by the Veterans' Land Act administration. The first one is entitled "A Decade of In-Service Staff Training, 1948-1958. The Story of 'Operation Good Earth' ", compiled by S. O. Robinson. It is well worth any member's time to read this document. It is a history of the experience of the Veterans' Land Act administration.

Then I come to another book issued by the Veterans' Land Act administration, and it is entitled "Production-line Farming". It is a loose leaf handbook by T. J. Rutherford, director of the Veterans' Land Act. I say without hesitation—and I have read a great deal of literature on agriculture throughout the years, as agriculture and forestry are two of my hobbies—that this is the best book of this type that has been published to date in this country to put into the hands of men who wish to be successful farmers and carry on practical farming. This book contains a fund of information which can be readily understood by those persons who are aiming to make a success of the family farm. I recommend that every member of this house get a copy of this book when it is available. I want to compliment the director and the members of his staff. No doubt he must have had a great deal of co-operation not only from the headquarters staff but also from the staff in the field to compile such a worth-while document.

To indicate the success our Veterans' Land Act administration has had in rehabilitating veterans on the land I want to refer to the last copy of the *Family Herald,* dated May 21, 1959, which was brought to my attention just recently and which contains a most interesting article with respect to the success of a settler under the Veterans' Land Act in Alberta. The title is "How We Remade a Ranch". Then there are pictures showing Mr. Peter Elko, who is a supervisor in the district and who won such great respect for the Veterans' Land Act. In brief, it is a story of the value of the Veterans' Land Act administration; it is a story of the success of supervised credit as advocated in the book published by the department to which I have just referred. I suggest that anybody who is interested in finding out what can be done in developing successful farming practices should read the books I have mentioned and this article in the *Family Herald.*

Mr. Harkness: I have read it; it is an interesting article.

Mr. Herridge: Most interesting, and it shows the value of supervised credit and the service that skilled, devoted people can give to farmers.

As further evidence of the success of the administration of the Veterans' Land Act I want to quote from the Legion brief presented to the standing committee on veterans affairs in March, 1959. The Legion presented a resolution to the committee entitled "Supervised Farm Credit". I am going to read only briefly from the brief; it is further evidence of the value of the kind of work the Veterans' Land Act administration has been accomplishing for veteran farmers in Canada. This resolution did not spring from the headquarters of the Canadian Legion. This is not office-inspired. We all know that this country is becoming infested with a multitude of propaganda experts. This springs from resolutions that come from branches across this country. From men and women, members of the Legion, who have had contact with veterans who are farming under the Veterans' Land Act administration. What does it say in part? It says:

> Through practical experience of the operation of the Veterans' Land Act it has been shown that carefully supervised government-sponsored credit extended to competent and progressive farmers in adequate amounts and at the right time can and will enable the farmer to enjoy a standard of living more comparable to that of the average Canadian in other industries and to meet his obligations when due. Government-sponsored supervised credit is urgently needed for those presently established V.L.A. settlers and other eligible veterans, as well as for the younger farm civilian and those farmers now in low income brackets.

I am very pleased indeed to see the concern of the Legion for the other young farmers in Canada. It indicates there is a growing number of people who realize the importance of the maintenance of the family farm in Canada. Then the brief goes on to say:

> The V.L.A. administration has proved to have adequately trained, experienced and efficient personnel available and capable of administering a

government-sponsored increased supervised credit plan. Full-time farming veterans still remaining under V.L.A. would be much better served by an expanding and virile organization serving all farmers than by one which must soon run down due to the fact that it will be serving only the rapidly decreasing residue of V.L.A. settlers. We believe that it is essential that a plan be developed which will improve farm management and production, thereby strengthening the entire national economy.

The Canadian Legion therefore recommends to the government:

That a plan of increased long term and short term supervised farm credit assistance under the jurisdiction of the presently well-established veterans' land administration applicable to veterans and civilians alike covering all phases of the Canadian agricultural industry, be undertaken.

I do hope, Mr. Chairman, that the experience of the Veterans' Land Act administration, and the experience of the veterans they have aimed to serve throughout the years, and this legislation will be a guide to later legislation coming from the government to serve the needs of those young people in Canada who wish to become established and practise life as family farmers in the days to come.

I was very pleased to hear the minister's reference to the fact that there will be an increase in the amount of loans available, that the time will be extended to 30 years, that money can be borrowed for livestock and equipment, and the other amendments he mentioned. The bill will go before the committee. No doubt we shall have full opportunity to study it and get further explanation at that time.

However, in conclusion, Mr. Chairman, I do want to say this. I hope that in framing its farm credit legislation, which I understand is being given consideration at this time, the government will give serious consideration to the success of supervised farm credit in Canada under the Veterans' Land Act administration and will then see fit to extend the same opportunity to all young Canadians who want to play their part on the farms of Canada in the days to come.

Resolution reported and concurred in.

Mr. Brooks thereupon moved for leave to introduce Bill No. C-50, to amend the Veterans' Land Act.

Motion agreed to and bill read the first time.

INTERNATIONAL LABOUR CONFERENCE

APPROVAL OF CONVENTION NO. 105 CONCERNING THE ABOLITION OF FORCED LABOUR

Hon. Michael Starr (Minister of Labour) moved:

That it is expedient that the houses of parliament do approve of convention No. 105, concerning the abolition of forced labour which was adopted by the international labour conference at its fortieth session at Geneva on the 25th day of June, 1957, and that this house do approve the same.

He said: Mr. Speaker, the purpose of this resolution is to obtain the approval of parliament to a convention adopted by the general conference of the international labour organization in 1957. This is convention No. 105, designated as the convention concerning the abolition of forced labour. I understand that copies of the text of this convention have been distributed to members of the house.

This convention provides that every member state which ratifies it undertakes to suppress and not to make use of any form of forced or compulsory labour as a means of political coercion or education or as a punishment for holding or expressing political views or views ideologically opposed to the established political, social or economic system, as a method of mobilizing and using labour for purposes of economic development, as a means of labour discipline, as a punishment for having participated in strikes, as a means of racial, social, national or religious discrimination.

We have no systems of forced labour in Canada, and to the best of our knowledge there is no legislation now in effect in Canada which would be inconsistent with or in contravention of the provisions of the convention. The opinion of the Minister of Justice is that in these circumstances no legislation is required to implement the provisions of the convention. It is hardly necessary for me to say that systems of forced labour are entirely repugnant to our social, economic and political institutions in Canada.

The adoption of this convention on the abolition of forced labour by the international labour conference in June, 1957 was the outcome of inquiries and discussions by and within the United Nations and the international labour organizations over the past ten years. In 1951 an ad hoc committee on forced labour was appointed jointly by the secretary general of the United Nations and the director general of the international labour office as a fact finding body to study the problems raised by the existence in the world of forced labour employed as a means of political coercion or in large scale economic plans. The committee's report in 1953 revealed facts that showed the existence of such systems of forced labour, and established that these systems seriously threatened fundamental human rights and jeopardized the freedom and status of workers.

A proposal to adopt a convention outlawing forced labour was placed on the agenda of the international labour conference for 1956 and 1957. Throughout the discussions

the Canadian delegation, representing government, workers and employers, supported the adoption of a convention which would identify and outlaw the kinds of forced labour which the committee's report had revealed. The convention for the abolition of forced labour was adopted by the 1957 international labour conference with no dissenting votes.

We are asking approval of this convention by parliament in order that we may proceed to ratify the convention immediately thereafter. This convention is an effort by the international labour organization to carry out one of its essential aims of abolishing conditions of labour which involve injustice, hardship and privation to large numbers of people by prevailing upon its member states to eliminate such conditions. A convention which receives a large number of ratifications becomes a powerful force. There is no doubt that Canada should ratify this convention to show our serious interest in and support for the universal abolition of forced labour, which is the objective of the convention.

I feel confident that approval of this convention by parliament will have the support of the vast majority of Canadians. Certainly this is so in the case of Canadian management and organized labour, whose representatives participated and played an active part in the formulation and approval of the convention by the international labour conference. Both these groups have also urged upon the government the ratification of this convention.

For the information of the house I might add that the United Kingdom was the first country to ratify this convention and Denmark was the second. The convention came into force 12 months after two ratifications had been registered, which in this case was January 17, 1959. It has now also been ratified by 18 other countries to date, Austria, Cuba, the Dominican Republic, Ghana, Haiti, Honduras, Ireland, Israel, Jordan, Malaya, the Netherlands, Norway, Poland, El Salvador, Sweden, Switzerland, Tunisia and the United Arab Republic. I trust that the house will give full support to this resolution.

(Translation):

Mr. Adrien Meunier (Papineau): Mr. Speaker, in introducing his resolution to the house, the Minister of Labour (Mr. Starr) is asking us to approve the convention which was adopted in Geneva on June 27, 1957, by the international labour organization. I heartily agree with the minister when he says that we do not have, here in Canada, a system of forced labour which, through racial, social, national or religious discrimination, would compel a working man to work, as a disciplinary measure, or because he has taken part in strikes.

Mr. Speaker, this resolution shows that today people respect organized labour and are anxious to raise the standard of living of people affected by racial discrimination or by methods other than free and voluntary work.

The hon. minister reminded us that this convention was first ratified by the United Kingdom. On reading the history of England, we realize that she was the first to recognize organized labour and to go out of her way, as it were, to satisfy the demands of labour.

In fact, if I remember rightly, it was under the Pitt administration that child labour was outlawed, that 11 or 12 year-old children were no longer allowed to work in factories, and that later on contractors were compelled to hire people over the statutory age limit.

Yes, England was the first country to recognize organized labour. She showed respect for the freedom of workers and for their labour. I do not think we have in Canada a forced labour system which compels a worker to accept a job, or to work for a disciplinary purpose or otherwise. To my mind, this convention passed by the international labour organization is all to the credit of civilized populations; it shows at the same time that they have respect for the worker's freedom, for his work and that he is allowed to earn a living under decent conditions.

(Text):

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we in the C.C.F. group are quite pleased that the government has introduced this resolution, and we shall certainly lend it our full support. As the minister has said in introducing the resolution, a number of countries have already approved it. Canada's approval is approval of the principle that forced labour should not exist. As the minister has said, in the terms of the resolution there is no forced labour in Canada and therefore there is no need for legislation. We are not abolishing forced labour because it does not exist in this country. In other words, the government is making a very proper gesture by approving of this convention and is showing its support for the abolition of forced labour wherever that might exist.

I think the government's position so far as the rights of labour are concerned would be greatly strengthened if the government would take action to restore the rights of

labour that have recently been interfered with in this country. It is quite easy for the government to introduce a resolution which, in the words of the minister himself, has no practical significance in Canada because there is no forced labour here, and therefore nothing will happen in Canada subsequent to the passage of this motion. But Canada's position in the councils of the world would be greatly strengthened if we showed, as a parliament or as a government, that we believed in labour having its full rights in all parts of this country.

In addition to the abolition of any infringement that now exists so far as the rights of labour are concerned, the government would also greatly strengthen its own position if we had in this country an amendment to the Canadian constitution that would make it impossible for any government or any organization to interfere with basic human rights and fundamental freedom. If this were the case, then of course Canada's position would be unassailable. However, until the government takes this additional action which is necessary in connection with Canadian human rights and fundamental freedom, and to restore the basic rights of Canadian labour that have been abrogated then, of course, the position of this government will not be completely sound in the eyes of the rest of the world.

Hon. L. B. Pearson (Leader of the Opposition): I have only a word or two to say about this international labour office convention which is number 105 in a long series of conventions which have emanated from that international organization and which have made their contribution to the betterment of labour conditions throughout the world. Indeed, I recall that Canada has ratified a great many of these conventions in the past. On one occasion the government of the day, under Mr. Bennett, thought that these conventions might be used for the passage of social security legislation in this country without reference to the provinces.

This fact persuades me to ask the minister a question in regard to this convention, the purpose of which we are heartily in accord. In asking the minister this question, I realize that this convention imposes no legislative responsibility, as I understand it, on Canada because as the hon. member for Assiniboia (Mr. Argue) has just said, none of the obligations in this convention has to be undertaken by us in the sense that the offences covered in the convention do not exist in this country. Nevertheless, the subject matter of this convention is one which, under our construction, falls within the jurisdiction of the provinces. I would ask the minister, therefore, whether this convention has been considered by or referred to the provinces for their consideration or for any comments they might wish to make concerning it, even though as I understand it no obligation to implement this convention is involved?

I should like also, if I may, to ask the minister—because I have not the information myself—whether, and if so how many, the communist states accepted this convention, and how many middle east Arab states and African states accepted this convention? The minister said when he was introducing the resolution that it had been accepted unanimously at the international labour organization conference called for the purpose of drawing up this convention. This might mean, of course, merely that no country voted against the convention but there might have been a long list of abstentions. Perhaps the minister could give us that information. Article 1 of this convention reads:

> Each member of the International Labour Organization—

That includes the Soviet union and other countries now.

> —which ratifies this convention undertakes to suppress and not to make use of any form of forced or compulsory labour—
>
> (a) as a means of political coercion or education or as a punishment for holding or expressing political views or views ideologically opposed to the established political, social or economic system;
>
> (b) as a method of mobilizing and using labour for purposes of economic development;
>
> (c) as a means of labour discipline;
>
> (d) as a punishment for having participated in strikes;
>
> (e) as a means of racial, social, national or religious discrimination.

In view of the social and economic organization of several communist states, and the attitude taken in those states towards free labour, it would be interesting indeed to know whether any communist state has accepted article 1 of this convention or indeed whether it has ratified it. I think the minister said in his opening statement that Poland had ratified the convention.

It would be interesting also to know whether states have accepted and ratified this convention whose labour legislation is so reactionary—and I think of one or two who used to talk about human rights and fundamental freedoms at the United Nations—and whose labour legislation is so reactionary that it is not an exaggeration to say that slavery is recognized in those states. However, that does not detract, Mr. Speaker, from the value of a convention of this kind. The fact that some states could not, without a change in social and economic organization, sincerely accept and carry out a convention of this kind is

no argument that the provisions of this convention should not be embodied in the law elsewhere so far as that is possible. We do, therefore, support the convention as an indication of the direction in which all countries should be moving, namely the abolition of anything that might approach forced labour.

I recall that when this subject used to be discussed, and it was discussed at every United Nations assembly, there was always an attack made by communist members of the United Nations against forced labour in what they called the colonial territories. These were supposed to be the places where forced labour provisions were most used. It was interesting and a little disillusioning to realize that some of the members who used to make the strongest attacks on forced labour in colonial territories under the guise of protecting human rights and fundamental freedoms were those states who had provisions in their own constitutions and who operated their own social and economic organizations in such a way that free labour, in our sense of the word, was not possible.

Nevertheless, as I have said, this convention perhaps will help in the movement toward the abolition of forced labour or anything approaching forced labour in any country. At least it is an ideal, and to put the ideal on paper in this way as an International Labour Office convention might do some good in those countries where it is most required, some of which I have ventured to mention.

Mr. Frank Howard (Skeena): Mr. Speaker, like other hon. members so far I just have a few brief comments to make about the resolution now before us. As the minister indicated, it does not apply in so far as Canada is concerned, and I, and I am sure every other hon. member in the house and citizen in the country, hope we never see the day when such a convention will have to be made applicable to Canada and steps taken to abolish forced labour.

Like the Leader of the Opposition (Mr. Pearson), who naturally has a rather detailed and considerable appreciation of conditions concerning forced labour which exist in other countries in the world, we too abhor very much the attitude and the approach to this retaliatory method of forcing people into certain types of labour because of political or religious beliefs. That has taken place in the Soviet union, and more recently on the mainland of China. Even though this convention does not apply to Canada, we may assist in promoting and setting an example to other countries of the world to follow our lead and allow to the fullest extent possible freedom as we know and understand it. I think that example could not only be set for the so-called communist countries but for other countries which are under colonial rule. That situation is changing gradually and I hope will be completely eliminated as the next few years pass by.

As has been indicated, I think the minister could have shown Canada to be much more concerned with the freedom and rights of individuals if he had been able to introduce into the house a motion concerning the endorsation or ratification of other I.L.O. conventions, and I have one in particular in mind about which I asked the minister a question some time ago. If we were to endorse and ratify I.L.O. conventions which would be applicable to Canada, and which if they were enforced would have the effect of deterring the actions of one province in particular in removing rights and freedoms of individuals, we would be doing something more concrete so far as Canada is concerned and not just in effect tagging along with other nations and agreeing with them on the ratification of a principle of this nature when, as I say, it does not apply to Canada. How much more acceptable it would have been if the minister had been able to suggest that we endorse or ratify I.L.O. convention No. 87 which deals with the freedom of association and protection of the right to organize, part of which says that workers' organizations—

Mr. Speaker: Order. I do not suppose that the hon. member who has the floor contends that the convention which is to be ratified today extends to the subject matter he is now proposing to discuss. Unless he does I would appreciate it if he would confine himself to the subject matter under consideration. I did allow the hon. member for Assiniboia (Mr. Argue) to follow that line a little, but I would not like it to be pursued.

Mr. Howard: All I was trying to do, Mr. Speaker, was to get as far along the road as my hon. friend from Assiniboia (Mr. Argue), and perhaps maybe a little bit further, but perhaps I have made my point. I merely say that this is acceptable—

Mr. Speaker: I did ask the hon. member to drop that point.

Mr. Howard: Yes, Mr. Speaker. I accept the endorsation of this particular resolution before us, and may I express our regret that the minister has not seen fit to go on and deal with other matters as well.

Mr. Speaker: Is the house ready for the question?

Mr. Pearson: There were some questions asked, Mr. Speaker.

Mr. Starr: An hon. member wishes to speak before I answer.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, it seems to me that supporting a convention or supporting the abolition of forced labour is almost akin to declaring oneself against sin. It is a sad reflection on the state of our 20th century civilization upon which we pride ourselves so much that such conventions are even necessary.

The purpose of this convention, as with previous conventions, is to spotlight public opinion on this problem of forced labour and to mobilize forces which will tend to eliminate it. This convention which is referred to in the resolution replaces a former one which I think came into existence around 1930. I believe soviet Russia was a signatory to that 1930 convention. One therefore cannot help but wonder what is going to be accomplished by merely declaring ourselves in support of a resolution when countries who are signatories do not even begin to take the matter seriously.

This problem of forced labour is perhaps a bigger one today than it was a generation ago or even two generations ago. We have now forced labour on a massive scale in Red China as a distinct part of government economic policy. We know that forced labour has always existed in Siberia and Russia, and those conditions exist today. If we are going to support a resolution of this kind, surely we should look into it a little further and try to find out exactly what it is we are supporting.

The minister read out different categories of forced labour. There is forced labour for political purposes; forced labour for economic purposes; forced labour for disciplinary or corrective action; and in many countries these are embodied in laws which exist on their own statute books. I think we should ask ourselves where we draw the line in these categories. Does this convention repudiate all forms of forced labour, or does it just repudiate the categories mentioned by the minister? Certainly if we are going to endorse the principle in this debate, as we are by supporting this resolution, we are declaring ourselves against all forms of forced labour which militates against the concept of human rights and the degradation of human beings. Unlike my hon. friends from Assiniboia (Mr. Argue) and Skeena (Mr. Howard), I do not see this as a matter of the rights of organized labour; I think it is a matter of human rights.

As far as labour is concerned, I think it is necessary to distinguish between labour that is forced and labour that is not forced. When whole villages are uprooted and mass transportations to other parts of the world are ordered, we know that that is something to be condemned. We know, also, that when people are herded together in concentration camps, no matter whether for political purposes or corrective action, that is something which we condemn. We cannot say that all labour is bad, because in the case of prisoners of war a certain amount of labour is both necessary and a good thing. What we are concerned with is where to draw the line. I think we are more concerned with the treatment that these men receive. We heard from the Hong Kong veterans in the committee on veterans affairs some while ago, and they told us how they had been subjected to long hours of labour and to physical strains quite beyond human capacity, while living on insufficient food in conditions which provided inadequate shelter, and subject to a complete lack of sanitation and medical care. They told us that the pay which they should have received by international convention for the kind of work they were doing was either given them in worthless money or stolen from them.

We know that these evils against which we declare ourselves cannot be corrected by education alone, though education is certainly a part of the process. If we intend to support the principle of this resolution and then forget about it I do not think we can be regarded as acting in a sincere way. Surely we can do more than that. If we accept this resolution we are imposing upon ourselves an obligation to seize every opportunity to mobilize public opinion against these evils. If we intend to make an effort in this direction we must recognize that these evils are mainly the result of a materialist ideology, an ideology which has been embraced by a large section of the world's population. If we are to do anything about it, we in the west must ourselves develop a superior ideology which will bring about changes in men's hearts from which all these evils flow.

Mr. Starr: The Leader of the Opposition (Mr. Pearson) asked two questions of which I made a note. One was whether we had ascertained the opinions of the provinces. I must say that we did not contact the provinces, but I am quite satisfied that there is no provincial legislation in this field.

Mr. Martin (Essex East): I know the point which the Leader of the Opposition had in mind, and since he is not in the house now, may I point out that under the constitution of Canada certain powers are reserved to the provinces and certain powers, as the minister knows, are reserved to the federal government. This gives rise to a difficulty with respect to conventions of this nature which is shared by other federations, such as the United States, but not by unitary states

such as Great Britain, Belgium and France. When the hon. gentleman says he has not consulted the provinces, does he not think—and I say this without in any way abridging our desire to ratify this worthy convention—that we should take into account the powers of the provinces as has been done, I am sure, in the past in the case of all these conventions. When the minister says he has not consulted with them, I am rather surprised.

Mr. Starr: There is no need to be surprised, because I have consulted the Department of Justice in order to satisfy myself on this very point. Since the provinces have no legislation of this nature, the federal government is taking no action which might deprive them of anything they have at the present time.

Mr. Martin (Essex East): No, but they have the power to pass legislation.

Mr. Starr: I think that is a matter which could be dealt with when the time arrives. This is only the ratification of an I.L.O. convention. I realize that only conventions have been ratified in the past—conventions passed by the I.L.O.—and failure to ratify in some cases was due to the fact that there was existing legislation in some of the provinces. In this case, there is none.

Of the 18 countries which have ratified this forced labour convention I can only think of one which is a communist country to my knowledge, and that is Poland.

An hon. Member: How many communist countries signed it?

Mr. Starr: I am sorry, but I do not have that information.

Mr. Martin (Essex East): I do not want to hold this up, but would the minister on another occasion let us have a list of the conventions involving powers of the provinces in connection with suggested ratification of I.L.O. conventions and with regard to which the provinces were not consulted? I am sure the minister will find that this is the first occasion when their views were not sought.

Mr. Starr: If the hon. member for Essex East would like to have this information, and if he will place his question on the order paper, I will be glad to provide it for him.

Motion agreed to.

EXCISE TAX ACT

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-47, to amend the Excise Tax Act.

Hon. Paul Martin (Essex East): Before this measure is further dealt with, I should like briefly to speak on a matter which, I regret, is not included in this bill, and that is the provision of relief, as the government promised, to the automobile industry regarding the Excise Tax Act, which in 1957 it felt was needlessly burdensome and calculated to increase the amount of unemployment in the automobile industry.

Hon. Donald M. Fleming (Minister of Finance): I think I must rise at once on a point of order, Mr. Speaker. The hon. member for Essex East has indicated he is about to speak on a subject which is completely outside the scope of this bill. There is nothing in this bill which has any bearing on the special excise tax on automobiles. This is simply a bill to amend the Excise Tax Act. We are not on the resolution stage of our discussions, and we are faced with the well-established rule that only those matters which are relevant and which are included in the scope of this amending bill can be the subject of debate.

Mr. Martin (Essex East): On the point of order, may I say that the Minister of Finance is again usurping functions which belong, by decision of this house, to you, Mr. Speaker. We are debating the principle of the bill and I am complaining about the fact that this bill does not include relief by way of substantial reduction or elimination of the excise tax on automobiles. There can be no doubt that I am perfectly in order in saying that this bill is deficient in that it does not make provision of a kind which, I am submitting to the house at the present time, it should. I take it that Your Honour agrees with me in recognizing this elementary principle of debate.

Mr. Speaker: I recall that in an earlier parliament a very similar situation arose as a result of an amendment which was accepted as an amendment declaring a contrary principle to the bill.

Mr. Martin (Essex East): Last session.

Mr. Speaker: Yes, last session. It might be possible that the same situation would arise again but generally speaking the matter before the house is the substance of the bill itself and although to my mind it is quite relevant to indicate the deficiencies of the bill I would think it would create very considerable problems for the house if hon. members were to be free to debate at length the various deficiencies which could be ascribed to any tax bill which covers as broad a tax field as the excise tax.

For example, one might raise discussion of 50 or 100 excise taxes which exist and are not covered by this bill. It does not seem to me that the practice of the house would

extend that far. I am not sure how far the hon. member wants to go in this matter but I would think that it would be in order to call attention in a general way to the deficiencies of the bill without getting into an extensive debate on any particular item that is left out unless it could be asserted as it was last year as a contrary principle to the bill. The peculiar circumstances of that case might not pertain today. I do not know if that assists the hon. member or not, but he may proceed.

Mr. Martin (Essex East): Your Honour has helped me up to a point but I would be inclined to say that Your Honour has not been as liberal in interpretation as I would think the situation warrants. I would have thought that under this bill any hon. member, no matter how time-consuming, would be allowed to rise and say that this bill was deficient because it does not provide for something which an hon. member felt it should provide. I think that is essential to the right of debate on the principle of the bill at this particular stage of our proceedings. If such intervention can be regularized by way of amendment as it was last year, perforce it could be done by way of a declaration or criticism such as the one I am now about to make to the minister.

Since Your Honour has recognized my right I shall briefly state my position as I tried to do on two other occasions, as the Minister of Finance will recall when we were entering into a discussion of the items that go to make up automobiles and at which time my hon. friend took strong exception to my right to do so. He objected to my discussing this particular matter then, as he does now.

I acceded to his request and am now taking the only course open in this session to put before the minister, other than in the form of interrogation, my complaint which is this. This government promised in my own city and in other communities in Canada that there would be at least a substantial elimination of the excise tax on automobiles. The Prime Minister said that because of the situation then confronting the country in terms of unemployment he would see to it that the tax would be eliminated or at least substantially removed.

Mr. Benidickson: He called it a scandalous tax.

Mr. Martin (Essex East): Yes, he referred to it as a scandalous tax and if I remember rightly my hon. friend the Minister of Finance on one occasion referred to it as an iniquitous tax. The fact is that the Minister of Finance has reduced the excise tax by only 1½ per cent.

[Mr. Speaker.]

Mr. Fleming (Eglinton): Two and one-half per cent.

Mr. Martin (Essex East): The minister reduced it by 2½ per cent after it was generally thought that the government was about to make a substantial reduction in the tax or eliminate it altogether.

The situation is this. The automobile industry has been confronted with very serious unemployment for some 18 months now. While this problem will not be completely relieved by any further substantial reduction in the excise tax, it would be greatly assisted. This would be an encouragement to many people who are now reluctant to purchase automobiles to do so. The automobile companies have been requesting this as indeed has the hon. member for Essex West (Mr. Spencer) who sits behind my hon. friend the Minister of Finance.

We are now discussing in Canada the manufacture of small cars. I note, by the way, that the Minister of Finance has not participated in those discussions. It would seem to me to have been very useful in respect of this particular problem if the Minister of Finance had arranged to be present to have discussions when the heads of these companies met the Prime Minister, one of them today and the three others last Saturday. I ask the Minister of Finance now if he does not think as a means of relieving the serious unemployment problem the elimination of this tax at this time would be very helpful as a contribution in that direction?

If my hon. friend the minister replies he will likely say that when hon. gentlemen opposite came into power the tax was 10 per cent. It is true that the excise tax had been 25 per cent at one time and it was subsequently reduced from 25 per cent to 15 per cent and then to 10 per cent. The head of the previous government in an important statement indicated that if it became evident to the government that the excise tax was a serious obstacle to reducing unemployment his government would not hesitate to take the step which such a situation warranted. That situation now confronts us and indeed it confronted us last year.

As a member of parliament from one of the constituencies heavily involved in this particular problem, a problem that affects thousands of people in an extremely serious way, I would ask the Minister of Finance as one of his last acts in the Department of Finance to accede to this request on the part of one of his dear friends who speaks on behalf of thousands of men who want

me to bring home to the minister at this time their serious plight. The Minister of Finance may shortly have the opportunity of doing something about peace; he now has the opportunity of doing something about giving men employment.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, as a native of Norfolk county, I want to reiterate my objection to this bill on the ground that it does the exact opposite of what was promised by the Prime Minister (Mr. Diefenbaker) in the election campaign, even in the second election which the Minister of Finance (Mr. Fleming) still recognizes as having some validity, although he says the promises in the first campaign were all wiped out.

Mr. Fleming (Eglinton): All carried out.

Mr. Pickersgill: Carried out? As the hon. member for Essex East (Mr. Martin) has pointed out, they were carried out the back door. I should just like to recall to hon. members' minds, in case they have forgotten them since the last time this matter was discussed, some of the promises made by the Prime Minister.

The Prime Minister made a very specific reference to the tobacco tax at Brantford on February 18, 1958, as reported in a Canadian Press release carried in the Ottawa *Journal* of that date. The reference is in these words:

> He also promised a review of taxes on tobacco, which he described as the heaviest on any industry in Canada.

I also have here a report from a reputable and indeed excellent newspaper, the Windsor *Star*, which after referring to the price of cigarettes and the tax, quotes the Prime Minister directly as having said:

> We are having this whole question looked into. A study is being made to ascertain what action should be taken to give the tobacco farmer a fair and reasonable return.

The hon. member for Norfolk (Mr. Knowles) speaking in the early election, it is true, but presumably he was still of the same mind in the second election, as reported in the newspaper of his own county the Simcoe *Reformer* of June 5, 1957, had this to say:

> The promises of John Diefenbaker and the Conservative party are not those from an old hat but have been brought up in the parliament time and time again so I say it is time for a change for the benefit of Norfolk and Canada.

That is a direct quotation attributed to the present hon. member for Norfolk. We have had the change for the benefit of Norfolk and the rest of western Ontario and of Canada to which he referred and in addition to the failure to do anything about the motor car tax, to which my friend the hon. member for Essex East referred, we have had this action on the tobacco tax which was the exact opposite of what was promised and which I think will not be forgotten in western Ontario.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I am rather surprised that members of the large government party are not rising at this time to take advantage of the opportunity, on second reading of this bill, to speak as they did on previous occasions when they were sitting on this side of the house. I agree with your ruling that one would not want to go into any particular omission in an exhaustive way with respect to this bill; but, on the other hand, I simply want to remind this house, and particularly new members of the house, that in past debates when another government was in office, at this stage of the debate we heard from the hon. member for Peel (Mr. Pallett) and we heard from the present Minister of Finance (Mr. Fleming) about the excise tax on automobiles; we heard from the member for Peterborough (Mr. Fraser) about the excise tax on clocks and watches; we heard from a former member of the Bennett government, the hon. member for Dufferin-Simcoe (Mr. Rowe) with respect to the desirability of having no taxes on the purchases by municipalities in the automobile field. We always heard from the Prime Minister (Mr. Diefenbaker) and from the Minister of Finance with respect to the elimination of taxes on what they called the necessities of life and they referred to boots and shoes, clothing and the like. None of these things was either in the legislation that was proposed in 1957 and 1958, or that which is proposed now. We heard from many members who showed no indication of rising at this time with respect to some other matters that are not referred to in the bill we have before us. I think of the hon. member for Lambton West (Mr. Murphy) who referred to municipal purchases. I think of the Minister of Finance who has forgotten some of his views in the past with respect to municipal purchases.

We, of course, always expected on this particular bill to have a very informative and helpful speech from the Minister of Labour (Mr. Starr) with respect to the automobile industry. That has not been forthcoming. I think, too, of the lack of any interest on the part of those in the majority party today because seemingly they do not want to rise to say anything in this debate. I think of what they said in the past with respect to the elimination of sales tax obligations for welfare associations. Nothing has been said today by any of those people in that respect. I think particularly of the hon. member for Oxford (Mr. Nesbitt) who used to make

speeches when he was in opposition about this. I wonder whether he has been making representations to the Minister of Finance and, if so, why they have not been successful?

I think, too, about the over-all rate. The Minister of Veterans Affairs (Mr. Brooks) in past years repeatedly used to assert that the actual percentage rate was unconscionable and should be reduced. I could refer to some speeches of this nature that he made in the past. But, Mr. Speaker, we are not hearing them today and indeed there was no attempt on anybody's part from the government party to rise to say anything on any of these matters that formerly seemed to be of concern to them.

I am not going to amplify what was said about the tobacco tax by the hon. member for Bonavista-Twillingate (Mr. Pickersgill), but we know that there was no bailiwick in Canada from coast to coast where there was an economic problem too insignificant for the Prime Minister to make pronouncements about in the elections of 1957 and 1958 and, as has been referred to, he was particularly vocal when near Norfolk county and speaking in Brantford on this particular subject.

This is the third stage of discussion of changes in our tax system as announced in the budget. Therefore, I do not want to over-emphasize some of those points. I have spoken upon some of them in the past, but I do want to say as briefly as I possibly can that the legislation we are now dealing with, which is one bill out of five resulting from the budget proposals, does in the words of taxpayers represent chickens coming home to roost kind of legislation. It spells out very well the kind of thing that I want to convey to this house. Somebody else has said that with respect to two election campaigns, after the ball is over, why, of course, now we are seeing in tax proposals many hearts broken. That, I think, is very much exemplified in this one of five bills that have been presented to us, all of which involve additional imposts on the Canadian taxpayers. We are dealing now with sales tax on municipal purchases, or the absence of any benefit for them. One of the ironical things that I think most of us noted was that even though all of the Canadian municipalities through their nationl organization called upon this government, we found that no relief was granted when the budget was announced, notwithstanding the many suggestions that had been made in the past by members of the present administration, as I have illustrated.

It is true that in this particular bill the consumer tax is not impressively raised. It was most impressively raised as a result of using the Excise Tax Act statute as a basis for the over-all 1 per cent increase and the amendment to the Old Age Security Act. I am not going to refer to that except to say that that was a very large increase in taxation upon the Canadian people. The Minister of Finance and I had something in the nature of a difference during the budget debate on this particular point and I said that taxes—and I had reference to corporation taxes—that were likely to be passed on to consumers were a very substantial portion of the over-all $352 million annual increase proposed in this budget. The minister said, "Only a quarter".

Mr. Fleming (Eglinton): What page number?

Mr. Benidickson: I am referring to page 2613 of *Hansard*. Well, quite irrespective of the extra imposts on corporations which I believe will be passed on to consumers—and in this respect I often find that our friends in the C.C.F. group seem to applaud increases in corporation taxes as a very worthy method of raising funds—I find that in 1953 the then leader of the C.C.F. group, Mr. Coldwell, in a debate with the then minister of finance, Mr. Abbott, admitted that corporations, for the most part, passed on those extra taxes to the consuming public of Canada.

Mr. Howard: That is not an admission. It is a straight fact.

Mr. Benidickson: I am saying it is a fact.

Mr. Speaker: Order. Is the hon. member not rather getting back into the realm of the budget debate when he talks about corporation taxation?

Mr. Benidickson: Mr. Speaker, I do not want to be over-lengthy at this particular stage of the debate in view of the fact that this is the third time we have discussed some of these elements. However, I did say in the past that greatly enlarged costs would be imposed on the consuming public as a result of the amendments to the Excise Tax Act and as a result of the passing on of the increases in the Income Tax Act, and I think this has borne fruit. Many more millions of dollars than this parliament is obliged to raise for fiscal purposes are being extracted from the Canadian people as a result of price increases that were, as I said before, triggered off by the budget.

When the minister is discussing the amendments to the act I hope he will bring the house up to date, as he himself in the past asked the then minister to do, with respect to the over-all revision of the particular statute which we are amending in a very

minor way today. I remind the house that in 1955 the Canadian tax foundation prepared a very worth-while brief with respect to the application of this tax to the Canadian people. After receiving their recommendation the then government acted very promptly and as a result a special sales tax committee was established. Some inquiries were made about this matter in the estimates committee but we were told frequently there that changes of substance depend upon the recommendation of the Minister of Finance. I wonder to what extent the minister is moving along with respect to amending the basic features of the act referred to not only in the sales tax committee report but in the recommendations of the Canadian tax foundation. I hope the minister will say something about that before the debate concludes.

Mr. Hubert Badanai (Fort William): Mr. Speaker, since Your Honour has ruled out discussion of the excise tax on motor cars—

Mr. Martin (Essex East): Oh, no.

Mr. Badanai: —I will confine myself to saying a few words first in support of submissions made to the government by the confectionery industry and the toilet goods manufacturers. We all realize, of course, that taxes in some form, while not desirable, are necessary. But there are items on which taxes represent clear discrimination, especially when they affect food. I have in mind the 11 per cent sales tax on chocolate products as an example. This tax also applies to biscuits if they are coated with chocolate. In the submission made by the chocolate and cocoa industry of Canada it is pointed out that the imposition of a tax on chocolate and confectionery items is a flagrant form of discrimination.

Confectionery items are in direct competition with bakery and ice cream products which are tax free, as are also the ingredients of these basic foods. I say that when a chocolate bar, which delights the spirit of a child, is taxed and caviar enjoys exemption from tax—caviar, if you please, a delicacy indulged in only by people who can really afford to pay taxes—it is not only discrimination but it is an absurd paradox which should be corrected without delay. On page three of their submission to the Minister of Finance (Mr. Fleming)—

Mr. Speaker: Order. May I say to the hon. member for Fort William that, although I have considered it relevant and have permitted members to indicate the shortcomings of this bill in general terms, what he is saying now would have been perfectly relevant in the debate on the budget where he could go into the particulars and amount of another kind of excise tax enactment. If a debate of that kind were to be allowed on a bill of as narrow a scope as this, the house would never, within its rules, be able to conclude if members did not wish to conclude. I would consider that references to the deficiencies of the bill would be appropriate by way of illustration but if the hon. member wishes to repeat the budget debate it seems to me he is going beyond the limits.

Mr. Badanai: Then I shall only quote a paragraph or two from the submission made by the chocolate and confectionery industry.

Mr. Speaker: Is that not exactly the point concerning which I took the liberty of interrupting the hon. member? I rather hoped that he agreed with me in what I said.

Mr. Martin (Essex East): Mr. Speaker, I am a little disturbed about your ruling particularly in the light of what I, as one of the longer term members of the house, know has been the practice over the years. As the hon. member for Kenora-Rainy River (Mr. Benidickson) has just pointed out, the Minister of Finance (Mr. Fleming) used to indulge in this sort of thing at every juncture and particularly at this particular phase of the discussion of the bill.

Mr. Fleming (Eglinton): You cannot back that up by reference to the record.

Mr. Martin (Essex East): Well, the hon. member for Kenora-Rainy River has just done so.

Mr. Fleming (Eglinton): He was quite wrong.

Mr. Martin (Essex East): I say with great respect, Mr. Speaker, that the view Your Honour has expressed is not in conformity with the practice of this house. This is the second reading of a bill and the reason why we have these various stages is so that hon. members will be given the opportunity of stating their position with regard to problems and even repeating their position. That is one of the purposes behind second reading and, particularly in the case of a new member. Having in mind the character of what he has said so far, it seems to me that it would not be interpreting the rules of debate properly to restrict him in the way that Your Honour seems to suggest.

Mr. Speaker: I shall have a look at previous debates on the second reading of amending taxation bills and see how far the house has permitted discussion to go. I am sure the hon. member for Essex East does not advocate repetition of the budget debate on the bill at this time.

Mr. Martin (Essex East): Of course not.

Private Bills

Mr. Speaker: It is very difficult to draw the line and I find a great deal of difficulty in doing so. I see that the hour of five o'clock has arrived. I shall give some thought to this matter before we resume the debate at eight o'clock.

It being five o'clock the house will now proceed to the consideration of private and public bills, the former having precedence, pursuant to section 3 of standing order 15.

PRIVATE BILLS

Mr. Speaker: The Clerk calls my attention to the fact that there are a great many bills standing for consideration in committee of the whole. Is it the pleasure of the house that all private bills standing for consideration in committee of the whole be taken in one motion?

Some hon. Members: Agreed.

THE CANADIAN LEGION OF THE BRITISH EMPIRE SERVICE LEAGUE

The house in committee on Bill No. S-19, respecting the Canadian Legion of the British Empire Service League—Mr. Macdonald (Kings)—Mr. Rea in the chair.

On the clause 1—*Change of name.*

Mr. Macdonald (Kings): Mr. Chairman, before this clause carries, I think it might be well if I were to make a few remarks concerning this bill. The Canadian Legion was first organized under the Companies Act by a charter granted by the secretary of state on July 17, 1926. It is rather interesting to note that the present amendments have been submitted to the parliamentary counsel, Dr. Maurice Ollivier, Q.C., who in 1926 drafted the original charter. It was the successor to the great war veterans' association and other original ex-servicemen's bodies which were formed after world war I. The latter half of the title includes the name of the parent organization to which the Canadian Legion belongs, even though it is practically an autonomous body in Canada.

There was no change in the original charter until May 14, 1948, when the Legion was incorporated by a private act of parliament, being chapter 84 of the statutes of Canada. The official title of the Legion remained unchanged, but the various provisions necessary for the proper functioning of the organization as a large nation-wide body, which it had become after the heavy influx of veterans from world war II, were spelled out. This legislation brought it in line with bodies of similar size scope functioning on a dominion-wide basis.

[Mr. Martin (Essex East).]

In 1951 a few amendments were made to the act of incorporation, pertaining mostly to minor changes in the by-laws and restrictions on the use of legion insignia. Bill No. S-19 recommends several changes which are required at the present time but which do not change the original purpose or setup of the present organization.

Clause 1 merely changes the legal name of the Canadian Legion of the British Empire Service League to the Canadian Legion. It will be noted from the bill that this change of name does not "in any way impair, alter or affect the rights or liabilities of the legion." The principal reason for this request was the recent change in the name of the parent organization to the British Commonwealth Ex-Services League, and the possibility of another change at a future date. This would naturally be an upsetting factor and create again considerable confusion and expense, so it was decided to adopt the simple title of "The Canadian Legion".

Clause 2 makes identical and necessary alterations to accommodate the ladies auxiliary of the Legion by striking out the words "of the British Empire Service League" in paragraph (r) of section 4 of chapter 84 of the statutes of 1948.

The intention of clause 3 is to enlarge the objects of the Legion. A perusal of the present purposes and objects as given in the explanatory notes of the bill indicates that they are particularly related to the problems and welfare of the veteran and his dependents, perpetuation of the fallen, fostering loyalty and education in the principles of patriotism, duty and unstinted public service, as well as many other matters pertaining to veterans' affairs exclusively. In this field members of the Legion have done a magnificent job. Motivated by the same high purposes and spirit of unselfish sacrifice which prompted them to serve their country in time of emergency, they have carried on a great work of voluntary service on behalf of their fellow veterans all across the nation.

If I were to pay the proper tribute to the Legion, a great deal of time would be required, and I am sure that is not necessary. Members of this house, many of whom are veterans and active members of the Legion, as well as most of our Canadian people, daily witness the great work being carried out by its members. This organization enjoys the standing of being one of the largest and most respected groups in the country, and now numbers almost a quarter of a million members. It has been somewhat confined, however, in its activities and in the use of its name beyond the purposes outlined by the present act.

In order to participate officially and more widely in other affairs, it is requested that its objects be enlarged by adding to section 4 of chapter 84 of the statutes of 1948, the following paragraph (v):

(v) "To encourage, promote, engage in or support all forms of national, provincial, municipal or community service, or any charitable or philanthropic purpose."

Clause 4 would amend section 6 of chapter 84 of the statutes of 1948, as amended by chapter 86 of the statutes of 1951 (first session), and would provide for more flexibility in the internal operation and efficiency of the Legion. Conventions are held only every second year, and it can be readily realized that considerable business must be carried on by the executive council, which is the governing body between conventions. This clause provides for an extension of powers to the executive council from the dominion convention more in line with the 1948 statutes. It should be noted that there is ample safeguard for any action taken by the executive council, as such action must be placed before a subsequent convention and ratified or modified to remain effective, or it can be deleted if the convention so wishes.

In closing, Mr. Chairman, probably I should point out to the committee that these changes have been requested by the Legion and were passed at its last dominion convention as recommended by the committee on constitution and laws of the Legion.

Mr. Carter: Mr. Chairman, as the hon. member for Kings (Mr. Macdonald) has just pointed out, this is a very simple bill which merely proposes to change the name of the Canadian Legion of the British Empire Service League and its related auxiliaries and to enlarge the scope of the activities of their organization.

The Canadian Legion, as everyone knows, is a patriotic, non-sectarian, non-political organization of Canadian service men and service women. Following world war I Canadian veterans banded themselves together into an organization which was known as the great war veterans' association. In 1925, following a visit from Earl Haig to Canada, it at once decided to change its name to the Canadian Legion, and as the hon. member has pointed out, this organization became incorporated under a dominion charter in 1926. The new organization then affiliated itself with the British legion and other similar organizations in various parts of the commonwealth which became known as the British Empire Service League. The British Empire Service League has recently changed its name, and that in turn has made it necessary for the Canadian Legion to make corresponding changes in the name of the Canadian organization.

The membership of the Canadian Legion, of course, is formed from members of Her Majesty's services and auxiliary services who have served in a theatre of war and who have been honourably discharged. The primary objective of the Canadian Legion has always been to look after the welfare of veterans, their families and dependants. To this end they have raised funds and assisted veterans with advice, and in various ways according to the need. They have also assisted various governments with advice in connection with veterans' legislation. In this connection too they have always made a special point of looking after the burial of deceased veterans and seeing that they are buried with due ceremony and given a funeral service in which their wartime service is commemorated. The Legion has sponsored an annual poppy fund every year and the proceeds of this fund are devoted to the vetcraft industries which have afforded employment to a great many veterans who otherwise would not be able to make a living.

One of the most important activities of the Canadian Legion during the last war and in the postwar period was the institution of the Canadian Legion educational service. This was a brave experiment in adult education in the armed forces which was eminently successful and which set the pattern which was followed by many countries after the war. The inauguration of this service enabled many veterans to improve their educational standing and even to acquire knowledge of a technical nature during their spare time in the armed services. I think that has paid great dividends to Canada in the development of our human resources, which after all are the most precious resources that any country possesses.

In addition to the welfare of the veterans, the second great objective of the Canadian Legion has been to keep alive the spirit of comradeship and to keep before the nation those traditions and ideals for which our comrades fought and died. We are now approaching a period where the business of looking after the welfare of veterans will perhaps diminish, because already in this session we have revised certain legislation providing benefits to veterans, and only today we passed a resolution concerning the Veterans' Land Act. So it is clear that in the future veterans' welfare will be very well taken care of, and the Legion's efforts in this respect will be confined mainly to those veterans who need assistance and who for some

reason or other are not eligible to receive assistance under the various acts of the veterans' charter.

As the role of welfare diminishes, the role of leadership in the nation will increase. We are living today in a world of ideological conflicts, and we see every day that our values are disappearing before our very eyes, the very values for which so many of our comrades fought and died. We all know that the first world war was fought to end all wars. The big slogan in those days was, "Might is Right". Our comrades fought and died because they believed that might was not right, but that slogan is widely accepted today in many parts of the world, and even in the United Nations we find big countries doing things just because of the sheer weight of their military might and we have to accept and tolerate it because we feel we cannot do much else about it.

One of the big contributions which I feel the Legion can give to this generation of Canadians and to succeeding generations is to revive the emphasis on the moral principles which inspired so many of our comrades and for which so many of them paid the supreme sacrifice. As the hon. member for Kings has pointed out, clause (c) of this bill will enlarge the scope of their community and national activities, and we welcome that. But I think that their main role in the future must be the role of moral leadership, and just as the Legion has been a tremendous force for good in the past so it can become an even greater force for good in the future.

Mr. Herridge: Mr. Chairman, I listened with great interest to the explanation of the purpose of this bill given by the hon. member for Kings and his outline of the activities of the Legion and its history. I well remember joining the old great war veterans' association in 1919, and I am a charter member of the Canadian Legion. Naturally I have taken an active part in that organization since its formation and I am fully aware of the excellent work being done and which has been done for veterans and their dependants throughout the years. Since coming to this house I have been more particularly concerned with their representations before the veterans affairs committee.

I should also say that the Legion does keep alive the spirit of comradeship. When you have stood alongside a chap in the face of heavy fire in the field, it promotes a bond between you which is very difficult to dissolve; in fact, it rarely is dissolved, fortunately. The purpose of clause 1 is to change the name, to meet, I assume, changing constitutional circumstances within the commonwealth. I am going to be quite frank and say I am very sorry to see that the name is to be Canadian Legion only. I cannot understand why it is not to be the Canadian Legion of the British Commonwealth Ex-servicemen's League, because I think the ex-servicemen's organization is one of the best cementing influences between the various countries of the commonwealth. I am a firm believer in the value of the commonwealth in the world today, and in the major and continuing role it can play in world affairs.

I presume there is some valid reason for the omission at this time, but as a member of the Canadian Legion I say that I look forward in the near future to the introduction of another amending bill which will complete the name of the Canadian Legion by calling it the Canadian Legion of the British Commonwealth Ex-servicemen's League.

The second major change in this bill, as I see it, is to enlarge the objects of the Legion as outlined in section 3 which reads:

> To encourage, promote, engage in or support all forms of national, provincial, municipal or community service, or any charitable or philanthropic purpose.

I think that this is, in fact, merely giving legal status to activities which have been going on in the Legion throughout the years. And why have these activities been in effect? The answer is this: because the membership of the Canadian Legion and its auxiliaries are people who have a sense of responsibility to Canada and to their communities, and on that account for many years past their activities have extended far beyond the primary objectives of the Legion, which are the welfare of veterans and the welfare of their dependants.

I know that our provincial command is engaged in a number of province-wide activities at the present time. One of them is devoted particularly to the welfare and guidance of youth. As far as our branches in Kootenay West are concerned—they are very active branches—donations—and they are not small donations in relation to the size of the branch in question—are made periodically to hospitals. Legion branches have also undertaken activities for the welfare of our aged citizens. They have assisted voluntary fire brigades in small and incorporated communities by undertaking financial drives; they have helped to develop local libraries; they have taken part in local celebrations; and they have interested themselves in the development of recreation grounds and the raising of money for the development of small parks which are of value to the district in which they are situated. They have also assisted in the building of curling rinks.

Quite recently the zone council of the Canadian Legion in Kootenay West has become very interested in promoting sports for young people on a district-wide basis as a valuable contribution to the welfare and development of our young citizens, and to this end in the very near future we are going to have the first Legion-sponsored sports in the West Kootenay district. The ladies' auxiliaries have also been singularly active. In most cases they have co-operated with the local Legion branches in efforts such as I have just described. All through the years, this kind of activity has gone on. There seems to be a greater activity in the smaller communities than in the larger towns, because there is not the same number of smaller organizations and less tendency for a person's activities and energies to be divided into so many diverse channels.

I say once again that in my opinion this part of the bill simply gives legal status to a situation which has existed in the Canadian Legion and its branches for many years. In conclusion, I wish to repeat that I trust the hon. member will soon introduce a further amending bill which will complete the name of the Canadian Legion as the Canadian Legion of the British Commonwealth Ex-servicemen's League, as one of the major organizations in the commonwealth today.

Clause agreed to.

Clauses 2 to 4 inclusive agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill SD-161, for the relief of Audrey Isabella Wanda Patterson Gray.—Mr. McCleave.

Bill SD-162, for the relief of Raymonde Gagnon Tremblay.—Mr. McCleave.

Bill SD-163, for the relief of Aline Brunette Farago.—Mr. McCleave.

Bill SD-164, for the relief of Martina Bernice Patterson Baker.—Mr. McCleave.

Bill SD-165, for the relief of Nelly Hugentobler Larsen.—Mr. McCleave.

Bill SD-166, for the relief of Jean Trachtenberg Levy.—Mr. McCleave.

Bill SD-167, for the relief of Louise Martel Abel.—Mr. McCleave.

Bill SD-168, for the relief of Marie Louise Fauteux Roy.—Mr. McCleave.

Bill SD-169, for the relief of Helen Lyon Bain Gardeler.—Mr. McCleave.

Bill SD-170, for the relief of Joan Brazer Brazier.—Mr. McCleave.

Private Bills—Divorce

Bill SD-171, for the relief of Marie Luise Ahnhudt Sandberg.—Mr. McCleave.

Bill SD-172, for the relief of Susan Gilda Levin Klein.—Mr. McCleave.

Bill SD-173, for the relief of James Alvin Bradley.—Mr. McCleave.

Bill SD-174, for the relief of Emily Mary Kredl Keller.—Mr. McCleave.

Bill SD-175, for the relief of Raymond Winston Farren.—Mr. McCleave.

Bill SD-176, for the relief of Marie Lucille Pauline St. Jacques Parent.—Mr. McCleave.

Bill SD-177, for the relief of Mario Baldo.—Mr. McCleave.

Bill SD-178, for the relief of Frank William Staples.—Mr. McCleave.

Bill SD-179, for the relief of Zdenek Nosek.—Mr. McCleave.

Bill SD-180, for the relief of Margaret Viola McCullough Morrow.—Mr. McCleave.

Bill SD-181, for the relief of Sheila Carole Neidik Schwartz.—Mr. McCleave.

Bill SD-182, for the relief of Gordon Clarence Hunting.—Mr. McCleave.

Bill SD-183, for the relief of Ida Shlafman Zimendstark.—Mr. McCleave.

Bill SD-184, for the relief of Audrey Elsie Asbury Ross.—Mr. McCleave.

Bill SD-185, for the relief of Patricia Anne McKenna Coombes.—Mr. McCleave.

Bill SD-186, for the relief of William Lawrence Hughes.—Mr. McCleave.

Bill SD-187, for the relief of Armand Lacombe.—Mr. McCleave.

Bill SD-188, for the relief of Rita Steinbach Gruia.—Mr. McCleave.

Bill SD-189, for the relief of George Meredith Scott Burton.—Mr. McCleave.

Bill SD-190, for the relief of Helen Borer Marcovitch.—Mr. McCleave.

Bill SD-191, for the relief of Emilia Mildora Kavalas Chesna.—Mr. McCleave.

Bill SD-192, for the relief of Clarice-Mae Barraclough King.—Mr. McCleave.

Bill SD-193, for the relief of Margherita Elaina Milano Di Pietro.—Mr. McCleave.

Bill SD-194, for the relief of Lucille Gagne Labonte.—Mr. McCleave.

Bill SD-195, for the relief of Jean Louis Mathieu.—Mr. McCleave.

Bill SD-196, for the relief of Llui-Amoy Wheatley Fraser.—Mr. McCleave.

Bill SD-197, for the relief of Phyllis Pamela Allen Ashburner-Collins.—Mr. McCleave.

Bill SD-198, for the relief of Albert Reginald Bissonnette.—Mr. McCleave.

Private Bills—Divorce

Bill SD-199, for the relief of Alexander Abraham Hendy.—Mr. McCleave.

Bill SD-200, for the relief of Winifred Martin Collier.—Mr. McCleave.

Bill SD-201, for the relief of Jeannine Aimie Alice Mercier Mahaut.—Mr. McCleave.

Bill SD-202, for the relief of Claude Desroches.—Mr. McCleave.

Bill SD-203, for the relief of Mildred May Eunice Charron Roblee.—Mr. McCleave.

Bill SD-204, for the relief of Pierre Joseph Gabriel Sorba.—Mr. McCleave.

Bill SD-205, for the relief of Gaston Vadnais.—Mr. McCleave.

Bill SD-206, for the relief of Theodora Cornell Moore Martin.—Mr. McCleave.

Bill SD-207, for the relief of Rose Ange Lorange Gadoury.—Mr. McCleave.

Bill SD-208, for the relief of Brenda May Newbury Sherwood.—Mr. McCleave.

Bill SD-209, for the relief of Lillianne Reed Volchuk.—Mr. McCleave.

Bill SD-210, for the relief of Fernand Filiatrault.—Mr. McCleave.

Bill SD-211, for the relief of Elisa Gislena Maria Blankaerts Juneau.—Mr. McCleave.

Bill SD-212, for the relief of Louis Gustave Rey.—Mr. McCleave.

Bill SD-213, for the relief of Gertrude Mary Prosser Hortig.—Mr. McCleave.

Bill SD-214, for the relief of Mary Barbara Jex Light.—Mr. McCleave.

Bill SD-215, for the relief of Joan Elizabeth Healy Watson.—Mr. McCleave.

Bill SD-216, for the relief of Franz Prader. —Mr. McCleave.

Bill SD-217, for the relief of Emilienne Celestine Mallard Grossin.—Mr. McCleave.

Bill SD-218, for the relief of Gertrud Maria Meta Wauer Macovetsky.—Mr. McCleave.

Bill SD-219, for the relief of Mohammed Dijiro.—Mr. McCleave.

Bill SD-220, for the relief of Aurore Giguere Gourd.—Mr. McCleave.

Bill SD-221, for the relief of Lucinda Marguerite Vaughan Flood.—Mr. McCleave.

Bill SD-222, for the relief of Joan Turvey Fields.—Mr. McCleave.

Bill SD-223, for the relief of Patricia Elizabeth Tobias Garber.—Mr. McCleave.

Bill SD-224, for the relief of Marian Ida Rex Ross.—Mr. McCleave.

Bill SD-225, for the relief of Mary Ann David Arial.—Mr. McCleave.

Bill SD-226, for the relief of Marjorie Barbara Hawthorn Morrison.—Mr. McCleave.

Bill SD-227, for the relief of Sarah Friberg Lazare.—Mr. McCleave.

[Mr. Herridge.]

Bill SD-228, for the relief of Marie Adrienne Maryse Dagenais Garlick.—Mr. McCleave.

Bill SD-229, for the relief of Alexandre Pare.—Mr. McCleave.

Bill SD-230, for the relief of Norman Grover, otherwise known as Norman Bernard Grover.—Mr. McCleave.

Bill SD-231, for the relief of Marjorie Winifred Joyce White Young.—Mr. McCleave.

Bill SD-232, for the relief of Helga Fischer Dollard.—Mr. McCleave.

Bill SD-233, for the relief of Marguerite Louise Agathe Piche Chartrand.—Mr. McCleave.

INDIAN ACT

AMENDMENT TO GIVE INDIANS RIGHT TO VOTE IN FEDERAL ELECTIONS

Mr. Frank Howard (Skeena) moved the second reading of Bill No. C-15 to amend the Indian Act.

He said: I have but few comments to make in speaking to the second reading of this particular bill. As the title indicates its purpose is to amend the Indian Act. Inasmuch as we have established a joint committee of the House of Commons and the Senate which will be holding its first meeting tomorrow morning it would seem appropriate that either the bill itself or the subject matter should be referred to that committee for consideration. However, if this course does not meet the wishes of the house I am sure that some of the members present would like to take this opportunity of expressing their views with regard to the particular amendments which are now proposed, and this in itself may be of some guidance to the joint committee on Indian affairs when it begins consideration of these particular sections of the Indian Act.

While the amendment itself relates to the question of income tax exemptions for Indians in certain circumstances its main purpose is to implement a proposal which I have made in three successive sessions regarding the right of native Indians to vote in federal elections.

Subsection (2) of section 86 of the Indian Act allows for one arrangement by which Indians may have the opportunity of voting in federal elections. It is my purpose to repeal this subsection so that an Indian desiring the right to vote would not have to sign away his statutory right to income tax exemption in respect of the use of reserve land. Perhaps I should read the pertinent portions of section 86. Section 86, subsection 1, reads in part:

Notwithstanding any other act of the parliament of Canada or any act of the legislature of a province,

but subject to subsection (2) and to section 82, the following property is exempt from taxation, namely,

(a) the interest of an Indian or a band in reserve or surrendered lands, and

(b) the personal property of an Indian or band situated on a reserve,—

The section then goes on to make reference to succession duty, inheritance tax, and so on.

An extensive study was given to the Indian Act by a committee of this house in 1951. When some hon. members of the present government were in opposition they clearly expressed their opinion as being that the subsection to which I have referred should be deleted from the act. The present Minister of Justice (Mr. Fulton) was a member of the committee in 1951 as was the hon. member for Brant-Haldimand (Mr. Charlton). The Prime Minister (Mr. Diefenbaker) and the Minister of Public Works (Mr. Green) also made comments about this section and expressed their desire to have it repealed or deleted. I am sure they are of the same opinion today and that they were not making a purely political speech expressing an attitude that may change depending on which side of the chamber one finds oneself occupying. I am convinced that the attitude they expressed in 1951 was sincere.

I submit that subsection (2) of section 86 applies to very few native Indian people. The great majority of Indians earn their livelihood from fishing, logging or other occupations not confined to the reserve. If an Indian earns his income from commercial fishing for instance, he is in the same position as any other fisherman and must pay tax on the income he receives. The same is true of logging or any other occupation. The exemption applies only to the use of reserve land or income received for its use. In order to have the right to vote an Indian must waive his right to that exemption.

The most significant point about this question is the psychological attitude of the Indian. An Indian does not like to sign away, give up, or have taken away any right he may have. It is not important to an Indian whether or not those rights are applicable in an individual case. An Indian looks upon the signing of the waiver form as an example of the white man asking him to give away some of his hereditary, aboriginal or treaty rights. We know that it is a statutory question having no relationship to treaty rights. This is a justifiable attitude based on the experience of Indians with white people over the years. It is immaterial to the Indian whether or not he will earn any money on the reserve and in all probability only a few would be affected by these provisions. The Indian considers it an attempt on the part of white men to take from him a part of his hereditary, aboriginal or treaty rights.

Indians are suspicious of the attitude of non-Indians with respect to their rights and this, I submit, is justifiable because we have a record of shameful exploitation of Indians, their resources and their rights. If we were to remove this section from the act the Indians would consider it an act of good faith on our part as non-Indians indicating that we do not want to interfere with their hereditary, aboriginal or treaty rights. It would indicate that we would want to go half way toward meeting him, and seek to achieve an understanding of his background, history and culture as we insist he understand and accept ours. This action in my opinion would be an act of good faith such as should have been demonstrated by our forefathers in their dealings with the native Indian people. These are the only remarks I have to make at this stage.

Mr. G. C. Fairfield (Portage-Neepawa): Mr. Speaker, as I understood the remarks of the hon. member for Skeena (Mr. Howard) this bill represents one step toward giving the franchise to the original inhabitants of Canada in that it will protect them from surrendering certain rights when they wish to vote in federal elections. In examining the speech made by the hon. member last year as reported at page 1009 of *Hansard* of June 10, 1958, I have reached the conclusion that the premise on which the hon. member seeks to obtain the vote for Indians is wrong. On that occasion the hon. member stated:

In my view this matter is important to the welfare of our Indian people. It would be a first step toward assisting them and our people to appreciate and understand each other's ideas and cultures to a greater degree than we have in the past.

Mr. Howard: Can the hon. member tell us what was under consideration at that time?

Mr. Fairfield: At that time the house was discussing Bill No. C-8 to amend the Canada Elections Act which was moved by the hon. member for Skeena. The hon. member made a statement about the psychological attitude of the Indians. In my constituency I have two rather large reservations, and I have practised amongst them for many years and on other reservations as well. Having seen many Indians I can understand the psychological attitude. The Indian still has a very defensive attitude toward the white man. Any time that you give the Indians anything they begin to look for the joker or the nigger in the woodpile. In this instance I would like to know more fully than the hon. member has been able to explain to us what the general attitude of the Indian is toward this modification or amendment to give him the franchise in the future.

As he well knows, in Manitoba we enfranchised the Indians in 1954. Any observations that I have to make along this line will be personal, of course. I find that the Indian has not taken great advantage of that enfranchisement other than the fact that he may now enter the white man's pub. I feel that that is no advancement in so far as culture is concerned, at least. I find that he is not too impressed with the political field provincially.

In the past few months we have had practically a revolution in the Six Nations down near Brantford who would, I am sure, rather abdicate or secede from the dominion than accept any further kindnesses from the great white chief. I should like to say this. Since a committee is being set up, I would rather see this question gone into more fully, to have witnesses brought from all parts of Canada particularly, as the hon. member for Skeena has said, in view of this psychological attitude of the Indian.

No doubt in his own case he has known many Indians and has had some dealings with them. In my own case I do know it is very difficult to approach the Indian and to get his real feelings on anything about which you may want to deal with him or to treat him in a different way. He has this defensive attitude and I am sure that after deliberation in committee we shall have to be sure that they will understand exactly what we are giving them before we ever try to give them the vote federally. Too often, as he has said, in the past what we have given with our left hand we have taken away with our right. Therefore, rather than see this bill debated and voted on today, I would like to see it given a great deal more examination and a great deal more thought.

Mr. D. R. Gundlock (Lethbridge): Mr. Speaker, may I say that I am heartily in agreement actually with the comments made by the hon. member for Skeena (Mr. Howard) for I, too, feel that the privilege of voting in federal elections particularly should be extended to the Indians who are, after all, our first Canadians. For too long the Indian population of Canada has been sheltered and protected as wards of the crown, until their desire to make decisions of their own has almost gone. However, with better educational facilities being provided for their children by the government and religious organizations and the resultant higher level of education being attained by each succeeding generation, our Indian populations in Canada have begun to wish to do their own thinking and to make their own decisions in more and more matters pertaining to themselves and to their affairs.

I would like also to put on record here the expression of my sincere appreciation for the work of the priests and the sisters of the Oblate Order in the education of the Indian children and people in my constituency more particularly. As is well known to hon. members, various provinces have in varying degrees in the past few years been extending to the Indians the privilege of full citizenship and in some of these provinces these Indians are allowed to vote in provincial elections. That is not so, however, in Alberta.

Most of the Indian problems are of a social nature. In the past they have been particularly educational problems. We as a government in Canada have a responsibility to the Indians in this matter. If I may, I should like to say to the hon. member for Skeena, as I did when I began my remarks, that I am in particular agreement with this problem. To me it is probably a little more serious than it is to him. I think there are many things that come before the problem of the franchise, particularly that of education. Indians have not only the problem of assimilating Canadian education but also the terrific problem, as the hon. member who spoke before me mentioned, of retaining their own particular Indian culture. This culture is not only valuable to themselves but it is a valuable addition to Canadian culture, and it is certainly one to be retained if for no other reason than a purely historical one.

In talking to members of the Blood band of Indians from Cardston, which is in my constituency—naturally it is the only one with which I am particularly familiar—I found that they almost unanimously endorse the thought of the franchise for Canadian Indians. But before you much more than commence to talk about the subject you are suddenly brought face to face with the many other problems that the Indians have, everything indeed from the liquor laws to the desperate attempt to retain their own culture.

I would like to submit to hon. members that in my humble opinion, and from my experience with the Blood band of Indians in Alberta, we must consider those other problems. In other words, first problems must come first. I can well imagine Indians being given the franchise. In fact, you might compare it to a young bird or a young child being turned loose in the world without being properly prepared to fend for itself. There are a few Indian people who I understand have attained Canadian citizenship on their own initiative. They have been enabled to do this by a sort of sponsorship. When I mention the word I mean simply this. It is very hard for an Indian person to go out into the everyday life of Canada and educate

himself to the point where he can convince the proper authorities that he is ready for full Canadian citizenship.

If I may, Mr. Speaker, I should like to dwell for a moment on the Blood Indians and their particular problems with respect to education. Certainly if we as members of the House of Commons are to enable them to continue or improve their education we must as well take a look at our own methods and standards. The Blood Indian reserve has a population of some 2,500 of our first citizens of the highest order and also, I might add, with problems of the first magnitude. The Indians on the Blood reserve are a very fine and proud people, particularly proud of one of their own who was appointed not long ago to the Senate. This appointment did a great deal for the Indians of Canada. It gave them a renewed interest in the government of Canada and a new zeal to become more useful, better informed and respected members of the Canadian family.

The Indians of the Blood reserve have many problems, as I mentioned before, and I should like to take a moment to point out some of the troubles of this band. I feel this is very closely integrated with the problem of citizenship. Incidentally, I do not mean to criticize our Canadian Indians in any way in this house. Rather, the criticism is of the Canadian government and when I say "Canadian government" I assure hon. members that I am speaking generally.

With these Indians, as with most of us, the chief social interest, of course, is the education of their young people and the need of increased facilities for improvement and refinement in the manner in which this is carried out. May I point out something that is now and has been for some time of great concern to our friends on the reservations in Canada, namely that educational standards are almost completely and entirely those of the white man, neglecting to consider the fact that these people on the reservations have a certain culture and way of life which it is very important to them to retain, and for us to enable them to do so would be most welcome.

Perhaps I might take a moment to refer to Canadian education, and I think this is relevant to the matter under debate. It would be desirable for Canada that a uniform standard of education prevail regardless of whether different regions are economically favoured, and certainly our reservations must be considered in this light. I would hope that educational opportunity for Canada's future citizens will soon be on an equal basis in all parts of the country. I would hope that before long the federal government would find a way to provide support and leadership throughout Canada for the purpose of establishing a basic standard of education in all provinces through some financial support and by providing leadership that will equalize every province's ability to provide this basic standard. Certainly this must carry down to the reservations to fill the great need of our Canadian Indians today.

The need for such assistance has been proven beyond doubt to all those in Canada at present interested in education by the very great percentage of high school students entering universities who are having so much trouble with reading, writing and arithmetic. There should be a way for the federal government to provide leadership to all Canadians to solve this national problem which is rapidly becoming one of great concern to the people of the nation for, as some have said, our very survival is at stake and the days of grace are few. Some have also said, and I can see no reason to question their judgment, that our very way of life cannot be expected to survive longer than a period of from 25 to 50 years unless important steps are soon taken to remedy this situation.

Mr. Speaker: Order. I have not interrupted the hon. member up to this point because he related the question of education of Indians to their exercise of the franchise but it seems to me that education in general is a little remote from the bill.

Mr. Chevrier: Does Your Honour not think that there is another point of order involved as well?

Mr. Gundlock: If I may continue, Mr. Speaker, I have very little left to say. If the question of education must be confined to the Indians and not discussed generally, I rather hesitate to suggest something for the Indians of the nation that Canadians as a whole could not partake of, but in conclusion I should like to point out the basic need of the Indian which does pertain to obtaining full rights of citizenship in order to be able to vote in federal elections in particular.

There is one very important point having to do with local government. The Indians have had no training whatsoever in the municipal field which includes health and welfare, justice, education and all the other aspects of local government. I think it is most needed that the government give leadership to the Indians to help them to assimilate these things so that they will have become proper Canadian citizens by the time they are ready for the vote. May I call it six o'clock, Mr. Speaker?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

EXCISE TAX ACT

The house resumed consideration of the motion of Mr. Fleming (Eglinton) for the second reading of Bill C-47 to amend the Excise Tax Act.

Mr. Badanai: Mr. Speaker, if I may continue, I wish to point out that taxes are not levied on confectionery items in the United States or in the United Kingdom. They are taxed here because of an unwarranted assumption that a chocolate bar or cocoa is a luxury, even though the principal consumers of these products are children.

Mr. Speaker: Does the hon. member intend to pursue the argument in favour of the removal of the tax on chocolate bars and confectionery? That is where there seems to be a difference of opinion as to what is relevant. If he is citing that instance by way of an example of deficiencies of this bill, I would allow him to go that far. But if he wants to make out a complete case with respect to a tax that is not in the bill, it seems to me that he is going beyond the precedents which I have had an opportunity to look at over the dinner recess.

Mr. Chevrier: May I remind Your Honour that you did not rule the general discussion out of order, if I understood your statement in dealing with the point raised by the hon. member for Essex East (Mr. Martin). I think Your Honour said that while a member should not go into details about the automobile tax, but that if he dealt with it in a general way you thought perhaps that procedure would be within the rules.

Mr. Speaker: Yes, I think that is where one should draw the line. The hon. member has spent some time on this matter and has quoted from a brief in support of the view that the confectionery tax which is not covered by the bill should be removed. I think if it is used by way of illustration it would be sufficient to meet his point; but if he wishes to elaborate the argument, it seems to me that we are going back into the budget debate. In the opportunities I had to review the debates in former years on bills to amend the Excise Tax Act I could not find that former Speakers permitted an excursion into taxes which were left out of the bill, except by way of illustration of deficiencies of the bill. If he keeps within that scope, I shall permit the hon. member to continue.

Mr. Badanai: With your permission, Mr. Speaker, I will move into another class of goods which I trust will come under this bill which is under discussion, namely an act to amend the Excise Tax Act. It is a class which could not, by the wildest stretch of the imagination, be considered as a luxury. I am now referring specifically to toothpaste. Surely this is one commodity that could be exempted from any tax and, indeed, other toilet preparations intended for use in connection with sanitation, the care of the human body—including besides teeth, hair, eyes, nails —such as shaving soaps and shaving creams. Perhaps the latter may be considered as a luxury. Maybe we should quit shaving and let our beards grow. It might give us a look of superiority or of the intellectual, however mistaken the notion may be. I notice that some of our distinguished members of the press gallery have given up shaving or at least they are getting away with only a partial job. Perhaps some of our members may start a fad which could mean a loss to the treasury.

The tax on toilet goods was imposed as an emergency measure in 1933 in the era of the great depression. Subsequently it was reduced and then it was raised again. But now, 26 years later, it is about time that it should be abolished once and for all.

The hon. member for York-Humber (Miss Aitken), speaking in the throne speech debate on January 22 last, made a valiant plea for the elimination of the tax on cosmetics in general and lipstick in particular, a tax which she described as incongruous and discriminatory, a situation which she said should be corrected. I fully endorse the sentiments expressed by the hon. lady with respect to toilet goods. These are more or less in the nature of nuisance taxes, but in the aggregate they form a distinct barrier to the expansion of manufacturing facilities because of a low return on investment, when one considers the need for continuous research development and the replacement of machinery required in this particular industry. But the real sufferer here is the consumer who pays a tax on tax. I have here a short quotation which I wish to have on the record. It is from a brief which was prepared by the manufacturers of toilet goods last February and submitted to the Minister of Finance (Mr. Fleming).

Mr. Speaker: I wonder whether the hon. member would consider dealing with cosmetics and toilet preparations when we come to the details of the bill. Mention is made of these items in the bill and I would think he could properly discuss the details in committee.

Mr. Badanai: In this particular, Mr. Speaker, if I may say so, the quotations are brief and it seems to me that they apply to the principle of the bill. They are only short quotations.

Mr. Speaker: I do not follow the hon. member when he says that they apply to the principle of the bill. If he could indicate in what way they apply I might feel more disposed to permit him to continue with this detailed line of discussion.

Mr. Benidickson: Mr. Speaker, in this amending bill there is reference to the commercial articles of toilet wares and so on. I would therefore think it was most appropriate for the hon. member to discuss these matters on a second reading debate.

Mr. Speaker: Perhaps the hon. member had better proceed and let us see how closely he can keep to the bill.

Mr. Badanai: I promise that I shall be brief, Mr. Speaker. From this submission I merely wish to quote two paragraphs which are, I believe, pertinent to the discussion:

> Both medical and dental professions will attest that toothpastes, mouth washes, baby oils, skin care creams and like items, are necessities for physical health, as will psychiatrists that shaving creams, deodorants, lipstick, dandruff and hair products etc., are necessary for mental health.
>
> Mounting costs are accentuated by the special tax. Our general costs have risen with staggering rapidity. During 1958 over 200 items were increased in price—but we have not increased prices commensurate with the rise in prices of other products. The future indicates continued price increases—unless tax relief is forthcoming.

Then it goes on with a survey of the cost of various items which I will omit for the sake of brevity. In any event, I merely wish to conclude by saying in the present set-up both the retailer and the wholesaler make a profit on the tax and it pyramids with each retail price increase. I therefore submit that this special tax imposed in the early thirties as an emergency measure should be removed.

Mr. Speaker: Is the house ready for the question?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker—

Mr. Speaker: I must inform the house that if the hon. minister speaks now he will close the debate.

Mr. Fleming (Eglinton): Mr. Speaker, I shall be very brief in my comments upon the remarks made by hon. members opposite in the course of this debate on second reading. I do think that in general it may be said of their speeches that they were speeches which might well have been made, indeed I think should have been made in the debate on the budget. However, as reference has been made to several of these subjects with your permission, Mr. Speaker, perhaps I should comment very briefly upon them.

First is the matter of the excise tax on motor cars. I am not going into that because we had a debate on that matter a year ago, and we had another debate on it in the session previous to that. The hon. member for Essex East (Mr. Martin) is wrong in ascribing to the Prime Minister (Mr. Diefenbaker) the statement that that tax would be removed. What the Prime Minister said, and this was made very clear in previous references to this subject in debate in this house, was that consideration would be given to this subject, and hon. members will recall that in the fall session of 1957 in December that tax was reduced from 10 per cent to 7½ per cent. Hon. members are aware that there has been in recent months a very great improvement in the automotive industry both in Canada and the United States.

Another subject which was mentioned was cigarettes. We will be coming to that in the committee of the whole on the clause in the bill, so I spend no time on that other than to say that we did discuss this subject at some length in the resolution stage. Nothing new has been introduced, and that earlier discussion is to be found at pages 3308 to 3313 of *Hansard*.

Reference was made to the application of the sales tax to certain purchases by municipalities. I would remind the house that at the 1958 session in the budget proposals we removed the tax on a wide range of purchases by municipalities.

The fourth and last matter to which I shall make brief reference is the subject introduced by the hon. member for Kenora-Rainy River (Mr. Benidickson) when he asked about the over-all revision of the Excise Tax Act and alluded to the report of the Carter committee. I think this was a proper matter to be introduced in the debate on second reading, because it is a matter of a general nature applicable to any amending bill which has any relationship at all to those matters which were embraced within the scope of the reference to the Carter committee. I would say that in general many of the provisions of the present bill are in line with the recommendations of the so-called Carter committee which submitted its report to my predecessor, Mr. Harris, on January 12, 1956. Indeed, in the budget speech at page 2422 of *Hansard* I made reference specifically to one of the important provisions in this bill which stems directly from the report of the Carter committee in reference No. 3 in its report; that is the reference having to do with the tax

on packaging. One could point to a number of other provisions in this bill which are in line with or have been inspired by the report of the Carter committee.

Mr. Benidickson: Mr. Speaker, would the minister permit a question. When he says specific changes in this bill, would he relate them to the sections, or perhaps later in the debate do so?

Mr. Fleming (Eglinton): Mr. Speaker, I think it would be quite out of order at this point. We are not at this moment dealing with the clauses of the bill.

I leave the matter with this repetition, that a number of the provisions of this bill stem from or are in line with the report of the Carter committee. I may say that the recommendations of that committee have not been overlooked and it is not the intention of the government to overlook them where they can be usefully implemented. The former government did not fully adopt or subscribe to the recommendations contained in that report. There is one finding in the report or one of the references on which the committee was not unanimous, but these recommendations are before us and as opportunity arises, Mr. Speaker, certainly regard is had to these recommendations as far as they do commend themselves to the government.

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

The Deputy Chairman: Shall clause 1 carry?

Mr. Benidickson: Mr. Chairman, as a matter of procedure would you call subclause (1), subclause (2), subclause (3) and so on?

The Deputy Chairman: Is it the wish of the committee that I call the clauses by the subclauses, and are these subclauses to be discussed only or voted on? Shall I call each subclause for consideration separately?

Some hon. Members: Agreed.

On clause 1.

On subclause 1—*Cosmetics.*

Mr. McMillan: Mr. Chairman, I would like to ask the Minister of Finance if he has had any representations from any pharmaceutical companies in connection with these preparations?

Mr. Fleming (Eglinton): The first subclause, of course, is a matter of definition only. So far as some of the later clauses containing provisions pertaining to pharmaceutical products are concerned, I must say that there have been some communications from pharmaceutical companies and I am informed that they have expressed approbation of the contents of the bill.

Mr. Benidickson: Mr. Chairman, on this point I would like to ask if there is a possibility of revising the act in a way that certain of these articles would not be subject to the extra 10 per cent tax? I am thinking of toothpaste and things of that kind which are very practical for all of us and which I do not think should in any sense of the word be subject to what is called a luxury tax.

Mr. Fleming (Eglinton): The hon. member is referring to two taxes. There is, of course, the sales tax imposed by this statute and there are also the special excise taxes. I can only refer him to the remarks of one of my predecessors who imposed the special excise taxes on a number of products. He at one time referred to these as luxuries and later, I think, regretted having referred to them in that way because obviously some of them are not to be regarded as luxuries by modern standards. Nevertheless the special excise tax was continued in effect as applied to them.

Mr. Benidickson: That is perfectly true, but I am sure the minister is sufficiently ingenious to devise a phraseology in the statute which would exempt some of the things such as I spoke of from this extra 10 per cent tax. I think the minister will be familiar with the fact that the Canadian tax foundation made a survey among its correspondents, and one of the prominent results of that survey was the feeling that toothpicks, for example, should not be subject to an extra 10 per cent tax by the government.

Subclause agreed to.

On subclause 2.

Mr. Mitchell: I notice that in this particular paragraph pharmaceuticals are again mentioned. Speaking at the resolution stage I asked the minister to make it quite clear that there is no discrimination in the field of repackaging as far as pharmaceuticals, and I might even include toiletries, are concerned. With these remarks in mind I should like to have a definite assurance from the minister that there will be no discrimination as far as the actual packaging of pharmaceuticals by different types of retail organizations is concerned, and I include cosmetics in this. In other words, if the packaging is done by a central warehouse which is the distributing warehouse of a company owned and controlled by the same company it would fall into the category of a packager or wholesaler who does not have a retail connection with his outlets. In other words,

they would be treated as packagers and be liable to pay the extra tax at that level which is over and above the manufacturers' level. I should like to have a definite assurance from the minister that this is the intention of this bill, otherwise there would be some discrimination as I see it.

Mr. Fleming (Eglinton): The hon. member spoke on this subject on April 22 when the resolution was under discussion, and his remarks will be found at page 2950 of *Hansard*. There he expressed the view that this provision created discrimination between retailers. I hope I can set his mind at rest on that point.

First, I should like to point out that care has been taken in this provision to make certain that retailers who package in their own retail stores and sell directly to consumers through such stores are not affected by these proposed changes. In other words, retailers do not become manufacturers if the packaging is done by them in such conditions. However, any retailer who packages with a view to selling other than directly to consumers becomes a manufacturer. This means that anyone, including a retailer, who does packaging at a central point, say in his warehouse, with a view to selling or transferring the packaged goods to his own retail stores or to other retail stores becomes the manufacturer of such goods. Therefore, when retailers buy either from packagers or directly from a person who fully manufactured cosmetics or pharmaceuticals, the tax will be applied at the same level in the distribution process.

These resolutions are in fact aimed at a discrimination which has been occurring at a different level than that of retailers—one that occurs between the manufacturer who carries out the complete process of manufacturing, including packaging, and one who divides the manufacturing process between himself and others. The latter in this way has been paying the tax and at a much lower level than the person who fully manufactures. This tax inequality was pointed out by the Carter sales tax committee, and these resolutions are based on the recommendations of that committee for the removal of this discrimination. The purpose is to provide a more uniform base for the tax.

Since the cost of packaging and advertising these products represents such a large proportion of the final selling price, a tax levied on these products manufactured for sale in bulk or imported in bulk is considerably less than a tax levied on the sale price of a Canadian manufacturer of similar products who also packages and advertises these products. This means that the Canadian manufacturer is put at a disadvantage in competing with products imported in bulk for packaging and distribution in Canada. He is also at a disadvantage in competing with a distributor in Canada who has products made up in bulk for him to package and distribute under his own brand name or trademark.

Accordingly the definition of manufacturer is now extended to include any person who packages toilet preparations, cosmetics or pharmaceuticals for sale, except where this is done in a retail store for sale directly to consumers. The definition of manufacturer will also be amended to include any person who markets toilet preparations, cosmetics or pharmaceuticals made up for him to be sold under his own private brand, except a retailer who sells directly and exclusively to consumers or users.

I might point out that this principle of regarding packagers as manufacturers has been in the law for years in applying the special excise tax on cosmetics, and the same principle has also been in the law with respect to sales tax on candy.

I recall the remarks made by the hon. member on April 22. I think, if I may say so, that he did not appreciate then that once a packager becomes a manufacturer under the proposed amendments, he becomes a licensed manufacturer. This means that he may buy his supplies, either bulk or partly manufactured goods, under his licence, without any payment of tax at that time. The tax will then apply on his sales of the packaged or finished article in the same way as it applies to the sale of goods of a manufacturer who carries out all the manufacturing processes himself.

Mr. Mitchell: I wish to thank the minister for that explanation. My conclusion is that a sales tax is not paid to the manufacturer but that it is paid to the government at packaging level. That is correct, I believe. Then, in turn, the tax is passed on. In other words the department is collecting a larger amount of money because the goods are marketed at a higher level. Am I correct in saying that?

Mr. Fleming (Eglinton): Mr. Chairman, if the hon. gentleman is referring to the case of a retailer who is buying from a packager then he will pay the tax once at that level.

Mr. Mitchell: Mr. Chairman, the tax goes on at the manufacturer's level and he in turn packages in the back of his drug store. The tax is at the manufacturer's level and not at the packaging level, is that not so?

Mr. Fleming (Eglinton): The packager in the case we are dealing with becomes a

manufacturer; and the tax is levied then, as always, at the manufacturer's level, in this case the packager being the manufacturer for this purpose.

Mr. Mitchell: That would include the packager's extra cost and naturally his profit and therefore it would be a higher tax at the packaging level than at the manufacturing level, is that not right?

Mr. Fleming (Eglinton): Yes, Mr. Chairman.

Mr. Mitchell: Therefore it would have to be passed on to his retail outlet which is not his own immediate retail outlet? Could you assure me, Mr. Minister, that the person in between who has his own retail outlet would be classified in the same manner? That is what I am trying to establish.

Mr. Fleming (Eglinton): I think my hon. friend means an outlet to retailers?

Mr. Mitchell: To his own retail store?

Mr. Fleming (Eglinton): Yes, if he has several of them.

Mr. Benidickson: On this point, Mr. Chairman, I think perhaps we have to look at section 4, is that not correct? To get the status of a retailer you would have to assume that the packaging was done in each retail unit where a customer bought at the retail unit, is that so?

Mr. Fleming (Eglinton): Yes.

Mr. Benidickson: In consequence, the fears we expressed before that chain stores and others who might do central packaging are not likely to compete to better advantage as a result of this legislation than before have been borne out?

Mr. Fleming (Eglinton): Mr. Chairman, I shall give my hon. friend again a sentence from the statement I made earlier:

> This means that anyone, including a retailer, who does packaging at a central point, say in his warehouse, with a view to selling or transferring the packaged goods to his own retail stores or to other retail stores becomes the manufacturer of such goods—

For this purpose.

Mr. Chevrier: Mr. Chairman, I should like to address myself to part II concerning the export of duty on electricity. I should like to ask the minister if this is just transferring to his department—

The Deputy Chairman: We are on subclause 2 of clause 1 and I think perhaps the hon. member is dealing with another. Shall subclause 2 of clause 1 carry?

Subclause carried.

[Mr. Fleming (Eglinton).]

Subclause 3 agreed to.

Clause agreed to.

On clause 2.

Mr. Benidickson: Mr. Chairman, I think the hon. member for Laurier is going to speak on clause 3.

Mr. Fleming (Eglinton): I thought the observation of the hon. member for Laurier was on clause 2 of the bill. I may give him assurance at once that the purpose and effect of clause 2 is to transfer out of the Exportation of Powers and Fluids and Importation of Gas Act the existing tax on the export of electric power and to lift it and insert it in this act unchanged. There is no change in the tax, and that is the reason there was no resolution introduced with respect to it. It abolishes the provision in the Exportation of Power and Fluids and Importation of Gas Act which provides for the tax.

Mr. Chevrier: I take it there is nothing new in clauses 8, 9 and 10 of part 2?

Mr. Fleming (Eglinton): Only that there is this improvement on that section of the act. This act with the long title, the Exportation of Power and Fluids and Importation of Gas Act, contains a feature which I must say I cannot approve and I hope my hon. friends will join with me in that respect. Section 4 of this act of 1955 which will now be repealed if this clause is adopted by the committee gave the governor in council the power to make regulations imposing export duties. This is the language of the clause:

> 4. The governor in council may make regulations imposing export duties, not exceeding ten dollars per horsepower per annum, upon power exported from Canada and respecting the manner in which such duties, shall be calculated and paid.

The feature of that existing law, which I must say I could not approve, is that it gives power to the governor in council subject to a ceiling to establish the rate of the tax. It happens that the rate of tax on the export of power is 3/100 of 1 per cent kilowatt hour. What we are doing is to make that a statutory tax and to remove any power to establish the tax by order in council. I hope that change will commend itself to the committee. There is no change in the rate of tax. We are proposing that this clause which I have read from the Exportation of Power and Fluids and Importation of Gas Act shall be repealed, and the tax imposed by order in council under that power is now being inscribed in statutory form in this present measure.

Mr. Chevrier: But under clause 9 you are giving the governor in council the power to make certain regulations?

Mr. Fleming (Eglinton): Yes, Mr. Chairman. That is just the general power to make regulations respecting the time and manner in which it shall be paid, but there will be no power to fix the rate. The rate will now be established by this act.

Mr. Benidickson: Hithertofore had the Department of Trade and Commerce been the recipient of any revenue of this nature?

Mr. Fleming (Eglinton): Yes, Mr. Chairman, the standards division of that department.

Clause agreed to.

On clause 3.

Mr. Benidickson: On this point, Mr. Chairman, would the minister assure those hon. members of the committee who were on the estimates committee that this is probably just implementing a recommendation contained in paragraph 40 of the report of the Auditor General?

Mr. Fleming (Eglinton): Yes, Mr. Chairman.

Clause agreed to.

Clause 4 agreed to.

On clause 5.

Mr. Benidickson: Mr. Chairman, on (d) of clause 5, is this related entirely to budget resolution number 6?

Mr. Fleming (Eglinton): Yes, Mr. Chairman.

Mr. Benidickson: Has this any relationship to the remarks of the minister on second reading about the recommendations of the Carter sales tax committee?

Mr. Fleming (Eglinton): No, not this one, Mr. Chairman.

Clause agreed to.

Clause 6 agreed to.

On clause 7—*Cancellation of bond.*

Mr. Benidickson: It seems reasonable to ask what difficulties have been experienced by the department and to what extent the department has advised the insurance companies about this kind of thing?

Mr. Fleming (Eglinton): Yes. I am speaking now of clause 7, Mr. Chairman. Bonds provided for the department now have a clause in them stating that the bonds shall remain in force in relation to all goods in possession of the licensed wholesaler in case the bond should be cancelled. Legal opinion has been given that when a bond is cancelled the provision to which I have referred is cancelled with it. Therefore, the law is now being amended, if the committee approves, so as to provide for the continuation of the clause that I have mentioned in the cancelled guarantee bond because it relates to the goods on hand at the time of the cancellation.

Clause agreed to.

On clause 8—*Cancellation of licences.*

Mr. Benidickson: This is a matter for your attention, Mr. Chairman. Since it has reference to amending certain basic sections of the whole act which refer to such things as playing cards, wines, beverages and cigars, I think that you, as a definite chairman, should consider this item, as to whether or not it should not provide members on second reading an opportunity to discuss matters that might relate to this section. I have no point to make at this time, but it is referred to here. I found that the act was being amended with respect to a part; therefore, I think this is a very important question for the legal authorities of this house.

Clause agreed to.

Clauses 9 and 10 agreed to.

On clause 11—*Schedule II amended.*

Mr. Benidickson: Again, Mr. Chairman, I am not going to repeat myself, but the hon. member for Bonavista-Twillingate and some others at other stages of this debate put on record the feelings expressed by the Minister of Finance in past days and by the present Prime Minister in past days, that there was a likelihood of diminishing returns with respect to this particular proposal of taxation. I know the minister gave some information to the committee at the resolution stage. I am not going to ask him to repeat it, but I must say that I rather share the feeling that this is a heavily taxed product, and I question very much whether the returns will be in accordance with the forecast in the budget as a result of this legislation. I repeat, it must be very embarrassing for many members from Norfolk and from areas in Quebec where tobacco is grown who support the government to have this particular proposal. We have heard from them that they were encouraged by this government in the current season to grow more tobacco; but the feeling among the industry is that there will be a curtailment of consumption along this line. Consequently, the industry has indicated that it is not going to take the advice of the federal Department of Agriculture and it is worried about the result of this particular clause.

Mr. McPhillips: Who are these people you are talking about?

Mr. Nesbitt: Will the hon. member permit a question? If the tobacco industry, that is the manufacturers, Imperial Tobacco and others, are so concerned about the law of

diminishing returns, perhaps the hon. member will give some explanation of why they raised the price of cigarettes one cent more than was necessary because of the addition of the tax?

Mr. Benidickson: Mr. Chairman, on that point, of course, I took the earliest opportunity to warn this house that that was the inevitable result of an increase in taxes; namely that the consumer would pay more than the amount of the tax. The hon. member comes from Oxford county. I just ask him whether or not in subsequent speeches to his electorate in that area he can defend this tax and still defend what he said on previous occasions at this stage of budget debates about the inequity of a high level of taxation on tobacco products.

Mr. Nesbitt: The hon. member has not answered my question. He has said he thought there was concern about the law of diminishing returns because of the increase in price. Apparently, Mr. Chairman, the tobacco companies are not concerned about the law of diminishing returns in this respect. They raised the price of cigarettes an extra cent more than was necessary.

Mr. Benidickson: I am not speaking for the tobacco companies; I am speaking for the consumer. The consumer has had triggered an unjust excess cost to him as a result of this particular clause.

Mr. Pickersgill: Before the clause carries I should like to ask the hon. member for Oxford whether he is not concerned about going back and explaining to the people who elected him the Prime Minister's promise in Brantford to reduce this tax as compared with what is happening here tonight?

Mr. Nesbitt: The Prime Minister never made any such promise. Unlike the hon. member for Bonavista-Twillingate, I happened to be at that meeting.

The Deputy Chairman: Shall clause 11 carry?

Mr. Benidickson: No. For the benefit of the hon. member for Oxford,—and I think he has the same respect for the *Globe and Mail* that I have—on February 17, 1958, his leader, in Brantford, near the tobacco-raising counties, had this to say:

> Prime Minister Diefenbaker last night dropped a clear hint that the taxes on cigarettes, cigars and tobacco soon may be cut.

I leave it at that. There is much more in the quotation, but I leave that to the thinking of the hon. member for Oxford.

Clause agreed to.

Clauses 12 and 13 agreed to.

[Mr. Nesbitt.]

Title agreed to.

Bill reported, read the third time and passed.

INCOME TAX ACT

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-48, to amend the Income Tax Act.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, we are now discussing a bill very similar to the previous bill, one of five related to the budget. I was amazed that on the introduction of this bill there was not the same enthusiasm and applause on the part of the overwhelming majority that we have heard in this house for the minister's suggestion. I think this results from the fact that after reflection they realized that the budget speech involved the kind of thing upon which we are now asked to legislate. We have 10,000 more civil servants to pay for.

Mr. Fleming (Eglinton): No, that is not true.

Mr. Benidickson: Yes, Mr. Speaker, I can support that. There is great inconsistency on the part of the minister in his desire to keep down costs. I pointed out on budget night that all these elements of taxation would enter into the cost of products and would perhaps reduce our opportunity to sell in competitive markets abroad. I think that the bill we have before us is very consistent with that fact.

I also said in the past and I repeat that we are not only concerned with the fact that this particular bill and the other four we have dealt with involve an over-all tax load on the Canadian people for the current year of $245 million but we are concerned with the fact that the minister's own statements indicate that the take from the Canadian people in the current fiscal year is $640 million more than in the past year and the highest of any year of which we have any recollection. I am not projecting these figures for a full year with respect to the taxes involved in this amending bill.

I also want to remind the minister and all my colleagues in the house that when I say that in the current year Canadian taxpayers in aggregate are being asked to find another $640 million for the government this has no relation whatsoever to the legislation we dealt with last week respecting unemployment insurance which involved another $75 million for the taxpayers of this country.

Mr. Fleming (Eglinton): Mr. Speaker, I do not know whether my friend has concluded this part of his remarks or whether he proposes to go on developing this theme, but obviously this is a budget speech he is making.

He is talking about the over-all balance of ways and means and questions of that kind and here we are dealing with a bill to amend the Income Tax Act.

Mr. Speaker: Perhaps the minister would indicate for the guidance of the Chair what is the principle of the bill. It is a bill to increase certain income taxes and to make various detailed amendments to the act, as I understand it.

Mr. Fleming (Eglinton): Exactly so, Mr. Speaker.

Mr. Benidickson: Mr. Speaker, I am one who, as I have said before, does not want to take undue time to repeat what has been said at an earlier stage, but we are being asked to consider a bill which increases the taxes on persons and corporations and I say that the reason for it is that the government has had no idea of economy. I think that is a very legitimate criticism. In other words, we are getting in this bill the harvest of the election promises that were seeded by the Minister of Finance (Mr. Fleming) and his colleagues in recent times.

Having in mind Your Honour's ruling, and I approve of it, we cannot complain too much except by way of illustration about things which are not in the amending bill that has been presented to us. But there are so many things that are not here that I think we have every reason to examine the bill closely. I think the house will recognize that this is just one of five bills and therefore we cannot be limited too much with regard to the over-all extra tax take that is contemplated.

I suggest to the house that we are on very dangerous ground even if we accept what the minister says that, granted no inflation, granted no war, granted several other things, the gross national product may increase in the next year by $2,200 million. The minister is proposing, as a result of this bill and the other four we have been discussing, to take out of that increased productivity $640 million plus $75 million for the unemployment insurance fund, and I pose the question to all hon. members who have to vote upon this legislation whether or not that is an undue proportion of the possible increase in the gross national product for the forthcoming year.

When we come to the clauses of the bill I am going to deal with some other features of the legislation now before us. I think one of the most unnecessary and silliest features of the bill is the amendment advocated by the minister that we should no longer include in medical expenses the amount that is paid by the duly authorized agent of the taxpayer. This is another prime example of the somersault on the part of the minister. He always advocated the elimination of the 3 per cent floor. I have said before and I repeat that surely the basic cost to start with in the case of any taxpayer is the hospital account. The right to claim that for purposes of exemption is being removed and therefore I say that any other adjustments to the Income Tax Act are straight camouflage and are not treating the taxpayer in a fair and square manner. The minister is removing the base upon which the taxpayer has been able to make a claim for exemption and I suggest to the minister that when he takes away the opportunity to claim for purposes of exemption the hospital bill paid in the past by a duly authorized agent, government or insurance company or otherwise, the other amendments he is proposing are completely meaningless and, to extend my term, I think they are a fraud.

Mr. M. W. Martin (Timmins): Mr. Speaker, I should just like to say a few words at this time on this particular bill. It appears to me that this bill follows very closely in line with most of the legislation that has been introduced by this government. It is a modern Tory variety of the old army stew consisting of equal parts of horse and rabbit—one horse and one rabbit. We have in this legislation rabbit that is good and horse that is bad. Sometimes we have a bigger horse and sometimes we have a smaller rabbit but it is always in equal proportions.

One thing that I think is driven home to the people is this. No matter how much you try to dress it up, there is one cold hard fact which stands out, namely that taxes are up along with interest rates and along with many other things that are rising day by day. It is true, of course, that wages are rising in certain cases, but it is also equally true that in many other cases they are not rising. One thing that seems to be ignored as completely by this government as it was by the last one is that in conjunction with these rising costs and rising taxes there should be a rise in the exemptions. If the cost of living is higher, surely the basic tax exemption should also be higher in order to correspond with the cost of living. This factor, of course, has been ignored again and I think it is most unfortunate that such is the case.

Another thing that disturbs me, Mr. Speaker, is the change that we have with regard to the exemption for medical expenses. I think everybody in this country was agreed that some changes were due. The hon. member for Kenora-Rainy River (Mr. Benidickson) mentioned one. I certainly think that the people of this country were not looking for the changes that were made. I am a bit concerned as to just what effect this

change is going to have. To a great many people it appears to be a bit discriminatory against the very hospitalization plan that has been advocated and, in fact, finally implemented by this present government, although it was put in the process of implementation by the previous government.

I understand the deductions will remain the same as they were in the past, with medical insurance through private companies but that as to the hospital insurance through the federal and the provincial hospital insurance plan the basic exemption will no longer be under the same formula. I sometimes wonder whether it might not be much easier for the wage earners of this country if they could just deduct the premiums paid to the hospital insurance plan or to a private insurance company from their actual costs of hospital and medical insurance. I am sure it would simplify the tax form considerably. It might save many people a great deal of money by not having to go and get a lawyer or a chartered accountant or someone else to make out their income tax forms. There would be a saving in two or three ways. But in the main I should like to sum up my few remarks by saying that regardless of how well it may be dressed up this bill is just a little bit more bad news to the people of this country.

Mr. W. H. McMillan (Welland): Mr. Speaker, the increase in the personal income tax is quite considerable. It amounts to two percentage points on everything over $3,000. I was a little bit surprised at this increase because the Prime Minister (Mr. Diefenbaker) is reported to have said that every family in Canada was overtaxed by $120. I think I saw some references to the Minister of Finance (Mr. Fleming) also having said that taxes were too high and should be reduced. I can say that in my part of the country he has in effect been right because a good many of these people have been unemployed practically ever since and have not had to pay any income taxes at all. When a person fills out his income tax form and makes out his cheque to the Receiver General of Canada, he finds that he also must pay an increase in tax for the old age pension fund. There are other taxes also such as sales tax which I will just mention in passing, and the increase in excise taxes. But when we take all of these taxes together, and take into consideration the 7 per cent increase in the gross national product, we do not go halfway in covering our deficit. I think the taxpayers of this country look to the future with foreboding. I think they feel that a better way in which to increase income taxes is to have a fiscal policy that would provide more people and more corporations paying these taxes.

I was looking over the corporation tax and I think this year it is up to the highest point in any peacetime year. In Ontario and in Quebec they are paying combined taxes—I mean by that the income tax plus the contributions to old age pensions—of 52 per cent. The other corporation taxes are very high, particularly when you add other provincial taxes and municipal taxes. Every tax adds to the cost of production. We know that our cost of production here in Canada is extremely high. We are having a hard time now to maintain our position in the highly competitive markets of the world. Representations have been made to Ottawa by manufacturers who say that they cannot compete in our own domestic market with foreign producers.

I have said before—and I will just refer to it here again—that the climate in Canada has not been good for United States capital to come in. It is really not good for our own corporations because of this increase in income tax. Our corporations in this country have already been heavily taxed and we are in the process of adding another $80 million a year to their costs by the fact that they are obliged to pay, along with their employees, for seasonal unemployment. I should think that the minister ought to know that the more industry we get in this country and the more people we get working, the more income taxes we shall collect. He should realize that the unemployment will then be taken up, more people will be working and we shall be able to tax more people instead of the fewer that we are taxing at the present time.

Hon. Paul Hellyer (Trinity): Mr. Speaker, there is just one aspect of this bill about which I should like to speak briefly, namely the change in the provision for deduction of hospital expenses. This is a principle with which many of us, I know, cannot agree. In the province of Ontario we are still obliged to pay the premiums which we paid before the new hospitalization plan came into effect. These premiums are not deductible from taxable income. They are paid out of net income but still the hospital bills are not going to be deductible from taxable income as they have been in the past.

This principle of allowing expenses in excess of a certain percentage of income is well established and has worked well because it alleviates much of the hardship which accrues when people undergo extensive illness personally or in their families. I know of many cases where the financial circumstances in the family have been such that without

the taxation relief granted they would have had to undergo severe and serious financial dislocation. As you know, we reduced the ceiling once or twice. There was considerable pressure in this house in years gone by to reduce it even further.

It was always stated that certain medical expenses were incidental to all people and that it would be administratively difficult to allow deductions for all medical expenses, and I think most people will agree with that. The expenses over and above a certain percentage of income are extraordinary expenses and certainly an exception can and should be made in those circumstances. Now this change has been made, part of the exemption which previously existed has been taken away and it is in fact, Mr. Speaker, just another form of taxation.

Surely the government did not have to squeeze the last drop out of the suffering of people who undergo lengthy and serious illness in order to increase its tax revenues. The minister in his budget speech indicated that in a full year some $9 million would be recovered by the federal treasury. This is a considerable amount of money, but I am positive that that amount of money in the hands of people who have suffered because of serious illness would do far more for Canadians generally than it would in the consolidated revenue fund.

It is therefore with regret, Mr. Speaker, that we have to consider a bill which contains this provision. I hope that the minister will give this matter some consideration between now and the time the next budget is brought down, and if he still occupies his present position at that time I hope that he will see fit to reverse himself.

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

On clause 1.

Mr. Benidickson: Will the minister explain this clause? I confess I have not got my copy of the bill before me.

Mr. Fleming (Eglinton): Mr. Chairman, clause 1 simply adds the words "life, sickness or accident" to the terms of section 5 (1) (a) of the Income Tax Act. This addition is necessary because of the detailed amendment which follows in clause 2 with respect to group life insurance. Without these qualifying words, the words "group insurance" could cover any kind of insurance purchased by a group. This provision which will follow in clause 2 of the bill is confined to group life insurance.

Mr. Benidickson: Sickness and accident.

Clause agreed to.

Income Tax Act

On clause 2—*Portion of premium under certain group insurance policies.*

Mr. Crestohl: Mr. Chairman, I address myself to clause 2 only because I find it extremely difficult to understand this complicated formula which by statute law is to me a little unique. There are set up five sections which do not state law but which state mathematics. You have for instance:

(i) dividing that proportion of the total premium—

(ii) multiplying the quotient obtained—

(iii) subtracting from the product obtained—

And so on and so forth. I confess, Mr. Chairman, and I also confess to the minister too, that as a lawyer I find it most unusual to make statute law in the form of pure mathematical calculation. I do not think the average person could follow it easily, and I certainly would not relish having to argue before a court if I had to deal with this lengthy section on page 2. I ask the minister purely as a lawyer, would he explain how one could argue before a court a mathematical formula, because if there is something wrong mathematically with this formula there will be some difficulty because it is the law. Even though the mathematics may be wrong they would have to be considered as right because it is statute law. I do find that extremely difficult and unusual.

Mr. Fleming (Eglinton): Mr. Chairman, I think the hon. gentleman is much too modest in disclaiming ability to understand this section. There are lots of provisions in the Income Tax Act which are much more lengthy and involved than this one.

So far as the mathematical formula is concerned, it is not part of the statute. It is here as one of the notes on the bill to give an illustration of the way in which the subclauses which are part of clause 2 of the bill will operate.

I think the hon. member is aware of the situation out of which this section has emerged. Group insurance policies which are provided, let us say, by an employer for an employee are exempt from income tax. In making use of that exemption we have found that a number of persons, let us say senior executives, have had very substantial policies written on their lives, and these enjoy an exemption which I am sure parliament did not intend in such large amounts. For instance, just because an executive happens to control a corporation, is it any good reason why he should enjoy the benefit of payment of premiums on a policy of, let us say, $100,000 on his life, tax free?

Mr. Benidickson: May I ask the minister if this is beyond the other sections of the bill

with respect to group policies? This is a possibility with a controlled company; is that right?

Mr. Fleming (Eglinton): No, Mr. Chairman, I am speaking about group policies. These are commonly known, I believe, as jumbo policies, and they exist in many cases where there is no general provision assuring equality of treatment or even proportionate treatment on the part of employees of the company concerned. Therefore it seemed to us that there should be some limitation placed upon the exemption now enjoyed. That is why we brought forward the proposal that premiums paid on these policies should be exempt in the case of any person up to $25,000 of life insurance, but as to the excess of the insurance over $25,000, whatever premium is paid on behalf of the individual should be regarded as income received by him and he should be taxable upon it. Otherwise, it would be relatively simple for a senior executive to take a substantial portion of his remuneration not in the form of salary but in the form of an extraordinarily large insurance policy upon which premiums would be paid on his behalf. That is the background out of which this proposal has come to the committee.

This clause deals—and deals in a straight forward way, I think—with the person who has been enjoying the benefit of a policy of more than $25,000, or who will in future be enjoying the benefit of such a policy under one of the group insurance plans. How are you going to tax such a person in respect of the premium on the excess over $25,000? That is the situation with which this clause deals. One could go about it in two ways, broadly speaking. One could say: we will regard as income in the hands of such a man the premium which he would pay at his age on that particular policy according to its amount and its provisions. But that might not be fair, because the man might be advanced in age; he might, indeed, have reached a point where insurance premiums are very heavy. He might even have passed the point where he can obtain insurance on an individual policy. What we have done, therefore, is, in effect, to work out an average so that what such a man will have to pay is the average premium on the whole group under the group plan. That is the essence, briefly, of this clause. It is well understood, I can assure the hon. gentleman, by the insurance companies. They understand what this means, and the way in which the plan works out.

Mr. Crestohl: May I ask whether an estimate has been made as to the additional revenue which is expected to flow to the government from this source?

[Mr. Benidickson.]

Mr. Fleming (Eglinton): No, Mr. Chairman. It was not possible to work out any such calculation at all precisely. This proposal is put forward in the interests of the fair and equal treatment of taxpayers and to put an end to a situation in which some taxpayers were enjoying what was regarded as an unfair advantage under an existing exemption.

Clause agreed to.

Clauses 3 to 7 inclusive agreed to.

On clause 8.

Mr. McMillan: I realize the difficulty experienced in such legislation as this, but it seems to me that there is discrimination not only between people in different provinces but also between people in the same province. For instance, in Ontario it is optional whether people contribute to hospital insurance or not. I think the person who takes the insurance is penalized because his hospital bill is not deductible for income tax purposes. But if a person takes out an insurance policy which pays for hospitalization, those payments are deductible. Then, in connection with the provinces, if a person resides in a participating province there will be practically no hospital bills eligible for deduction, whereas in a province which does not participate every bill will be eligible for deduction. Thus I think there is a good deal of discrimination in this particicular clause between, as I said before, individuals in a province such as Ontario and persons in non-participating provinces.

Mr. Benidickson: I think with regard to this particular proposed change the minister has made a very grave mistake. Reference has been made to the increased amount of revenue, but in the minds of the people—their imaginations in this respect stimulated very largely by some of the good speeches made by the hon. gentleman on this subject when he was sitting in the opposition to the effect that this was a proper tax deduction—the government's present intentions are causing great consternation. I just want to read a short excerpt from a letter I received on this point which, I think, will impress the minister. The letter comes from the international association of machinists and it says:

> We protest the noncontinuance of hospitalization payments as paid by the provincial hospitalization plan as an income tax deduction.

I raised this matter on two or three other occasions in the debate which was open to all of us. Someone said—I think it was tonight—that the tax saving would amount to $9 million. That may be so, but I think the principle which existed in the past is

still valid. I was impressed, also, by a letter I have received from a doctor practising in Ontario who after hearing the proposal of the Minister of Finance in this respect pointed out that the actual cost to the taxpayer for Blue Cross insurance in Ontario under the former scheme was not much less than a person is now required to pay under the new set-up in Ontario. He also points out that inasmuch as the important province of Quebec is not participating in this hospitalization scheme the taxpayer had an opportunity of having a recognized insurance agency, the Blue Cross or whatever it may be, as his authorized agent for the purpose of presenting accounts to the Minister of National Revenue when income tax time comes around as a proper deduction if the over-all expenditure is more than 3 per cent of taxable income. I repeat that if we eliminate hospital expenses, as the minister is proposing, everything else in this bill is completely meaningless as long as you have this so-called 3 per cent restriction or floor with respect to untoward expenses resulting from illness.

Mr. McMillan: Would the minister comment on the discriminatory aspects of this clause?

Mr. Fleming (Eglinton): They were commented on fully in the discussion which took place in this house on May 4. I can refer the hon. member to pages 3290-3297 of *Hansard* where this matter was threshed over thoroughly. There is no discrimination here. The method we have chosen is the only one that does prevent discrimination.

Mr. Pickersgill: The minister just repeats and repeats that there is no discrimination. He never attempts to meet the argument that a person who pays a private premium and has a hospital bill can deduct it and a person who pays a public premium and has a hospital bill cannot, and if that is not discrimination it is very difficult for anyone to say what discrimination could be.

Mr. Fleming (Eglinton): Premiums were never deductible, Mr. Chairman.

Mr. Pickersgill: I never said that. I referred to hospital bills. The minister should listen to others occasionally.

Mr. Fleming (Eglinton): I have outlined the basis of deduction under this law. Any other basis would mean creating discriminations because of the fact that there is the widest variety across this country in the methods by which provinces collect the provincial share of the cost of the hospital and diagnostic services provisions. We had also to take account, as I pointed out in the budget speech, of any province which does not enter into this scheme at all.

I put the fundamental question, as I have on previous occasions. Here it is costing the federal treasury something like $160 million this year to provide the federal share of this hospital insurance cost. When that federal share of the cost of this scheme is being completely underwritten by the treasury, surely in order to avoid the discrimination which would otherwise result we ought to proceed as we are doing here to make provision that the bills that are paid pursuant to the provisions of this Hospital Insurance and Diagnostic Services Act should not themselves be deductible. They will have been paid out of the treasury. As against the $160 million which is being provided out of the treasury this year, what this means in terms of reduction of exemptions to individual taxpayers, as I pointed out before, is $3 million in the course of the present fiscal year or $9 million in a full year.

Mr. Hellyer: Mr. Chairman, I wonder if the minister would consider making that part of the hospital bill which is paid by private premium deductible?

Mr. Fleming (Eglinton): Mr. Chairman, again we were over this ground on May 4. Whatever is payable by premium under a private insurance scheme will as heretofore be deductible to the extent to which hospital costs are paid. In that way we are not taking anything away from anyone in that respect. We are simply saying that where hospital costs are being paid under this scheme—this Hospital Insurance and Diagnostic Services Act to which the federal treasury has contributed—hospital bills paid in that way are not eligible to be treated as medical expenses under the act.

Mr. Hellyer: Mr. Chairman, the minister is not thinking as clearly tonight as he sometimes does. He just said he is not taking anything away and yet that is precisely what he is doing. He is allowing private premiums, he says, and yet in Ontario part of the ward care hospitalization is being paid for by private premium and he is allowing no deductions in respect of that private premium. How does he reconcile that with what he has just said?

Mr. Fleming (Eglinton): Mr. Chairman, I am afraid the hon. member has not put the proper interpretation on the word "private" in this instance.

Mr. Hellyer: I was using the minister's interpretation.

Mr. Fleming (Eglinton): No, you were not.

Mr. Benidickson: Mr. Chairman, my point was that the expense to the taxpayer in the province to which I belong seemingly is no

different under Blue Cross according to a medical doctor in a letter to the Kingston *Whig-Standard*. I was not a subscriber to Blue Cross. He indicates that the cost was $4.20 monthly for family service before the governments entered the picture. He says that the present expense is just the equivalent of that.

As a result of what the minister now proposes to do if the taxpayer sustains an emergency health problem—hospitalization and all the antecedents—the hospital cost cannot be used as a base in order to calculate his entitlement for income tax deduction.

Mr. McMillan: Mr. Chairman, page 5 of Bill No. C-48 in line 38 indicates that a taxpayer or his representative shall be entitled to be reimbursed hereunder. Suppose that a person had hospital insurance and allowed his premium to lapse through forgetting to pay his premium. If he received a hospital bill for treatment in that period would it be deductible?

Mr. Fleming (Eglinton): If the bill were not paid under the provision of the Hospital Insurance and Diagnostic Services Act to which the federal government contributes.

Mr. Robichaud: Mr. Chairman, since the province of Quebec does not come under the scheme may I ask the minister would the hospital costs paid on the eve of an election by a member of the Union National be deductible for income tax purposes?

Mr. Martin (Timmins): Mr. Chairman, I was interested in the points raised by the hon. members for Welland and Kenora-Rainy River. It is fine to say that you have a choice but many people in the province of Ontario do not have a choice. If they employ over 15 they must belong to the plan. They cannot claim hospital bills as they could under Blue Cross or any private plan. Certainly this seems to weigh heavily against the plan brought into being by this government and very much in favour of private insurance plans. Why was not some compensation given under the plan to subscribers to replace what they lost?

Mr. Fleming (Eglinton): Mr. Chairman, I thought the hon. member supported the idea of providing these hospital services. If you accept the fact that we support the idea of providing these hospital services then surely it is not to be contended that some hardship has been inflicted on someone who is brought under this plan of hospital insurance. The hon. member speaks as though some hardship had been inflicted upon those in the group of which he spoke who were brought within the provisions of this act. I do not take that view at all. I think that those who have been brought under the provisions of this Hospital Insurance and Diagnostic Services Act and under the Ontario scheme to which he referred have every reason to congratulate themselves, because it is a good scheme.

Mr. Martin (Timmins): I agree wholeheartedly with the minister in that respect, Mr. Chairman, but the fact remains that it costs the same now as it did before and subscribers are losing the privileges they had previously and those enjoyed by their neighbours who belong to a private insurance plan and probably pay the same rate.

Mr. Fleming (Eglinton): Mr. Chairman, if the neighbour is carrying insurance with a private insurance company then he is carrying it because he is not under the public plan or he is carrying private insurance in addition to the plan in order to give himself some better hospital accommodation. It is only in that case to the extent to which the hospital bill is paid by some means outside this government scheme that any right to a deduction is retained in respect of the hospital bill so paid.

The provision is quite clear. The hospital bill which can no longer be included in the definition of medical expenses in that case is the hospital bill that is paid under the provisions of the Hospital Insurance and Diagnostic Services Act.

Mr. Hellyer: Mr. Chairman, in the days before the minister's generosity we used to get exactly the same thing; but in those days the hospital bills were deductible from income if the bills were part of the medical expenses exceeding 3 per cent of the person's taxable income. Now, since the days of the minister's generosity, we pay the same amount but it is not deductible and that is the difference. What kind of giving is this?

Mr. Benidickson: We pay a higher tax.

Mr. Fleming (Eglinton): The hon. gentleman is not paying the same amount. He is putting forth the extraordinary proposition that he was paying just as much before for hospital insurance as he is paying under the Ontario plan approved under the Hospital Insurance and Diagnostic Services Act, if he is under it.

Mr. Hellyer: Does the minister deny that?

Mr. Fleming (Eglinton): I say that for the vast majority of people it is not true.

Mr. Hellyer: Would you say for the vast majority of people in the province of Ontario?

Mr. Fleming (Eglinton): Yes; I would say that this plan has brought more substantial benefits to the great majority of the people in this province.

Mr. Hellyer: Does the minister know that the vast majority of people in Ontario had a plan, namely the Blue Cross plan, before this and they were getting the same benefits then as they are getting now?

Mr. Fleming (Eglinton): A substantial number of people were members of the Blue Cross plan, Mr. Chairman, and they can continue to be members of that plan as to hospital services which are not covered by the act.

Mr. Robichaud: Does the minister agree that in the province of New Brunswick, under the plan that is to come into effect on July 1, the residents of that province will have to pay—that is, those who want semi-private room service—$8 more under the hospital insurance plan which will be introduced than they were paying under the Blue Cross, so that they are having an extra tax of $8 imposed on them? Besides that, they are not allowed to deduct the medical expenses over and above 3 per cent of their taxable income. I want to repeat what I said on May 4 when this bill was introduced. If the minister wants to be logical, the residents of New Brunswick should be allowed to deduct at least 50 per cent of their medical expenses over and above 3 per cent of their taxable income.

Mr. Benidickson: I want to ask the minister a forthright question on section 8. I compliment him on introducing this amendment to the bill. But in view of the other things that he is taking away, can he tell this committee that the underlined words are really going to help any taxpayers and, if so, to what extent? I know that the minister is always advised by the tax collecting officials before these recommendations appear in statute form, and they give him an estimate as to what the costs to the treasury might be of things like this. The underlined words relate to beds for poliomyelitis victims, and so on. Actually, if the minister is taking away the right in most provinces to include the cost of hospitalization, what is the estimate of the tax loss as a result of the amendment we are asked to make here with respect to the underlined words?

Mr. Fleming (Eglinton): There is no estimate, Mr. Chairman. It was not possible to make an estimate of the tax loss in extending these exemptions.

Mr. Robichaud: I want to come back to the argument I just made. Fifty per cent of the cost is not being paid by the federal government; 50 per cent of the cost is being paid by the residents of the province of New Brunswick. Can the minister explain why we are not allowed to deduct this 50 per cent of our medical expenses?

Mr. Fleming (Eglinton): I say to my hon. friend that he is getting a great deal more than he got before in this respect. The federal government is paying half of the cost of all hospitalization and diagnostic services provided by this act. It is costing the federal treasury this year $160 million in those provinces which have subscribed.

Mr. Robichaud: Fifty per cent of the cost?

Mr. Fleming (Eglinton): It averages 50 per cent across the dominion. In some provinces the federal share is more than 50 per cent.

Clause agreed to.

Clauses 9, 10 and 11 agreed to.

On clause 12—*Transferred pension fund contributions to be subtracted.*

Mr. Benidickson: Mr. Chairman, I want to do what I do not often do, namely compliment the minister on this change. I think it does make it possible for a little greater freedom in transferring from one employment to another. The minister explained this on the resolution stage.

Mr. Fleming (Eglinton): I thank the hon. gentleman.

Clause agreed to.

On clause 13—*Associated corporations.*

Mr. Fleming (Eglinton): I think I would like to make a comment on clause 13, as it may be of interest. This provision which we are making by way of continuing the benefits enjoyed by the corporation which has an income of less than $25,000 is, of course, subject to certain terms in the act. I draw attention particularly to the provisions of section 39, subsection 4 of the act. I may say that my attention has been drawn to certain problems connected with this provision. It sets forth rules which are followed in determining whether or not corporations are associated with one another through ownership of shares. In particular, a corporation is not regarded as being associated with another corporation unless 70 per cent of its shares are owned by the other. This latter percentage was inserted in the act several years ago by an amendment. It was intended to relieve corporate taxpayers of certain difficulties with which they were being confronted. As a result, however, there are indications that it may be becoming too easy under this provision to divide a corporation into a number of smaller components, each of which qualifies for the lower rate of tax on its first $25,000 of income.

Although no conclusion has been reached as yet on this matter, I should like to inform the committee that consideration is being

given to the possible necessity of introducing in the future some further change in this respect.

Clause agreed to.

Clauses 14 to 18, inclusive, agreed to.

On clause 19—*Application of section.*

Mr. Fleming (Eglinton): There is an amendment to clause 19, notice of which was given, which is to be found in yesterday's *Votes and Proceedings* on page i of the appendix. I would ask my colleague, the Minister of Public Works to move this amendment.

Mr. Green: I move:

That Bill C-48, An act to amend the Income Tax Act, be amended by striking out lines 25 to 34 on page 11 thereof and substituting therefor the following:

'unless,

(a) in the case of a corporation that had a taxation year ending before 1959, the corporation was during its last taxation year ending before 1959 and each subsequent taxation year, if any, previous to the particular taxation year a foreign business corporation,

(b) in the case of a corporation incorporated on or before April 9, 1959 that did not have a taxation year ending before 1959, the corporation was during its first taxation year ending after 1958 and each subsequent year, if any previous to the particular taxation year a foreign business corporation, or

(c) in the case of a corporation that had a taxation year ending on or before April 9, 1959, the corporation was during its taxation year in which that date occurred and each subsequent taxation year, if any, previous to the particular taxation year a foreign business corporation, and had during that part of its taxation year in which that date occurred that was before April 10, 1959 business operations that complied with one of the conditions contained in paragraph (c) of subsection (2).'

Mr. Fleming (Eglinton): I may say, Mr. Chairman, that the purpose of the amendment is to enlarge the conditions under which corporations can qualify as foreign business corporations under this provision.

Mr. Benidickson: Mr. Chairman, the minister will recollect the debate we had at the resolution stage. It was only because of a little better assistance from the hon. member for Bonavista-Twillingate that we got from the minister some indication of why the administration felt that a change was necessary here. I am not going to deal further with it. I realize in effect we have a pause. The administration indicates that in the meantime they are giving consideration to all the aspects connected with this. I just want to say, because this seems to be the best opportunity of saying it—and I am not scolding—that in every possible way I think the minister should, in introducing a bill of this kind which imposes a tax upon people, see to it that it is presented to the house at a time when it will get the widest possible publicity among the trade and financial papers and people who are expert in these matters. I mentioned this to the minister before, I think. As it happens, there was a delay in presenting this bill. I think it only came before the house for first reading on Wednesday last, and the bill amending the Excise Tax Act on the same day. A humble member was not able to get a copy of the bill until Thursday. I simply want to say to the minister that to my mind it is important in a democracy that the widest possible advance notice be given of amendments such as he is now proposing, resulting from presentations that have been made to him.

The minister and the administration should seek to have their views in this respect put in bill form at a time sufficiently in advance of debate in the house to ensure that people from coast to coast in our widespread country will have the opportunity to know the implications. I must also confess that it is a great advantage to humble people in the opposition to receive comments from these people.

But this was not possible in one or two respects and irrespective of whether or not the minister is moving on I suggest to him but more particularly to the officials that they should always see to it that amendments involving changes that are not in the resolutions and the bills are announced to the public before the House of Commons is asked to deal with them.

Mr. Fleming (Eglinton): I think we have tried to do that. This is a shorter bill than usual in the case of the amendments to the Income Tax Act. The bill follows the provisions of the resolutions which were before the house and the country for three and a half weeks prior to being adopted in committee of ways and means, and six days have now passed since the bill was introduced and given first reading. I think the bill has had wide publicity. We had the benefit of the usual discussion between officials of the department and the representatives of the Canadian tax foundation. They were here last week for detailed discussion which, as the hon. member knows, is customary, and following that detailed discussion Mr. Perry, the director of the tax foundation, intimated to me that they had no submissions to make on the bill.

So far as the amendment now introduced is concerned, it is one which widens the provisions of the bill and to that extent it can be regarded as a relieving section.

Mr. Benidickson: I simply want to say that the minister and his officials should be well aware that our financial papers usually come out on Wednesday or Thursday. They have

a wide circulation and if a bill is presented to the house on Thursday, prior to the time that these national papers can give it some comment, there is a possibility, particularly when there are amendments and changes not announced at budget time, that the public as a whole have not had a proper opportunity to present their views to their members of parliament.

I should like to ask the minister my usual question with respect to this amendment. No amendment was indicated at the resolution stage or when the bill was presented a little late, as I say, last Wednesday. Have there been any protests by anybody in the industry who has seen the purport of the amendment?

Mr. Fleming (Eglinton): Several submissions were received with respect to the extent and terms of the original proposal.

Mr. Benidickson: And this is the result.

Mr. Fleming (Eglinton): The amendment which I introduced in the committee was commended by those who had made the original submissions and this further amendment was suggested by one of them.

Amendment agreed to.

Clause as amended agreed to.

On clause 20—*Amount of premium deductible.*

Mr. Herridge: I should like to ask the minister a question largely prompted by a combination of my dullwittedness and suspicious nature. In subclause 2 of clause 20 the amending words are:

—or in the case of a taxpayer who is an employee of a life insurance corporation and is a beneficiary, contingently or otherwise, under a registered pension plan instituted or established by the corporation.

The explanation of the amendment on the opposite page reads as follows:

This amendment adds the underlined words to make it clear that employees of life insurance corporations, who are members of a registered pension plan established by such corporation for their employees, are subject to the limitations on the amount they may deduct as premiums under a registered retirement savings plan in the same manner as other taxpayers who are members of employee pension plans. The present wording of the paragraph being amended does not cover employees of life insurance corporations because these corporations have special rules for computing their taxable income.

Was this amendment found necessary because of some discovery as to the method of computing income tax of life insurance companies on the part of the minister's officials, and can he explain what is meant by the words "these corporations have special rules for computing their taxable income?"

Mr. Fleming (Eglinton): Questions were asked as to whether the persons here referred to were in fact so bound. That is what gave rise to a consideration of this question. I might say broadly in reply to the hon. gentleman that taxpayers who are members of registered pension plans may also deduct premiums paid under registered retirement savings plans but the combined total of the contributions into the two kinds of plans may not exceed 10 per cent of income or $1,500 per year. Taxpayers who are not members of registered pension plans may deduct premiums not exceeding 10 per cent of income up to a maximum $2,500 per year.

This amendment makes it clear that life insurance employees who are members of registered pension plans are subject to the $1,500 maximum the same as other employees who are members of such plans. The purpose of the bill is to achieve equality of treatment. The limit on the amount deductible is lower for those who are members of registered pension plans because, in addition to deducting their own contributions, they also exclude from income during their working years amounts paid into the registered pension plan on their behalf by their employer.

Mr. Herridge: Was the amendment occasioned by a misunderstanding on the part of some people filing income tax returns or some irregularities on the part of employees of these companies?

Mr. Fleming (Eglinton): There was no discovery in that sense. No irregularity was discovered. It was a matter of a normal review and an attempt to assure equality.

Clause agreed to.

Clause 21 agreed to.

Clauses 22 to 28 inclusive agreed to.

Title agreed to.

Bill as amended agreed to.

Bill reported.

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

Mr. Fleming (Eglinton): By leave, now.

Mr. Benidickson: Now, by leave.

Mr. Argue: Next sitting of the house.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire what the house leader intends to do tomorrow? Perhaps he might also give us the program for the rest of the week.

Mr. Green: Tomorrow we shall commence with third reading of this bill. Then we shall take item No. 13 on today's order paper,

a resolution concerning Austria; then second reading of amendments to the Veterans' Land Act, the intention being to refer that act to the standing committee on veterans affairs.

Mr. Chevrier: Would the minister give us the number of the item?

Mr. Green: That resolution appears on today's order paper as item No. 17. Then we shall take item No. 14, a resolution concerning the Bretton Woods Agreements Act; then item No. 10, a resolution concerning the Royal Canadian Mounted Police Act; item No. 9, a resolution dealing with the Defence Services Pension Act; and item No. 8, which concerns the convention on the nationality of married women. If we finish this business we would then go into the estimates of the Department of Labour.

On Thursday we intend to take second reading of the National Energy Board Act and to continue with that business until it is concluded. If we should finish it by Friday night, then there would be a supply motion on Monday.

Mr. Chevrier: May I indicate to the house leader that Bill No. C-49 which he intends to take on Thursday was just handed to us a few moments ago; as a matter of fact it was handed to us when the evening session had begun. This is an extremely important bill. We have co-operated with the government in getting the resolution through in excellent time, I believe. But here we are handed a bill which has 101 clauses extending over 28 pages. I do not think it is equitable on the part of the government to ask the opposition, on this short notice, to be ready to discuss second reading of a bill of this importance. I wonder whether the house leader would not give consideration to putting this bill over, as surely must have been the intention of all the members of the house, for discussion on Monday.

Mr. Green: Mr. Speaker, I always try to meet the wishes of the opposition but in this case I am afraid I cannot do so. There is a great urgency to get this measure through on the part of the people of western Canada. There comes times when we just cannot give the extra time that is requested. As the hon. member has mentioned, we arranged to distribute the bill this afternoon. There will be a day tomorrow and until 3.30 p.m. approximately on Thursday. I am sorry but I cannot accede to the wishes of the hon. member.

Mr. Chevrier: My submission is that on 24 hours' notice we cannot possibly give to this bill the attention that it requires and that I am sure parliament should give. The point I am making is this. While it might be urgent to get this measure through, surely it was just as urgent to bring it on earlier. If we had had it brought on earlier I am sure we would have had the requisite amount of time in which to consider it. It seems to me that this is taking an unfair advantage of the members of the opposition in asking them to deal with a matter of this importance, with the time that is being given at the moment.

Mr. Benidickson: It was mentioned in the speech from the throne.

Mr. Pickersgill: It seems to me, Mr. Speaker, that this is really an outrageous way in which to treat the House of Commons. Hon. gentlemen opposite used to talk about a deadline.

Mr. Speaker: Order. Unless the minister is prepared to change his position, there is no point in pursuing the matter further. It being ten o'clock—

Mr. Chevrier: Mr. Speaker, I rise on a point of order. I think we have been rather fair on this side of the house tonight. We have allowed the excise tax bill and the income tax bill to go through. We have sat after ten o'clock. It seems to me that this matter is one of extreme importance. I repeat that we are going to consider carefully the attitude which we shall have to take on this bill in view of the position taken by the leader of the house. I repeat that the position he has taken is not fair to us on this side of the house. This is the first time that I have made this protest on any of the matters that have been brought to the attention of the house for the next day's business. I am sure the leader of the house will bear me out when I say this. This is the first time in my recollection that I have risen, on an occasion such as this, to protest the inadequacy of the time given us for consideration of a bill of this importance. I gave the information which concerns this matter to the leader of our party and he thinks it just unconscionable that we should be asked, with barely 24 hours' notice, to deal with this bill. I ask the leader of the house whether in fairness he will not reconsider his position and allow us to deal with it over the week end so that we can discuss it intelligently on Monday.

Mr. Green: The hon. member has been extremely co-operative and I appreciate his actions throughout. However, in this case I regret that I cannot accede to his suggestion. I would point out, Mr. Speaker, that I think he is under-rating his intelligence.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

PENAL INSTITUTIONS—VISITS BY MEMBERS OF PARLIAMENT

Question No. 348—**Mr. Howard:**

1. Since January 1, 1955, have any members of parliament visited any of the penal institutions under federal government jurisdiction?
2. If so, (a) which members; (b) which institutions; (c) on what date?

Answer by: **Hon. E. D. Fulton (Minister of Justice):**

Institution	Member	Date
Federal training centre	Mr. R. Bourdages	Sep. 2/58
St. Vincent de Paul	Mr. Guy Rouleau	May 6/55
	Mr. Yvon Dupuis	May 6/55
	Mr. R. Bourdages	Nov. 18/57
	Mr. R. Bourdages	Sep. 2/58
Kingston	Senator M. Fergusson	June 14/55
	Senator D. Cameron	June 18/56
	Mr. H. E. Winch	Mar. 5/55
	Mr. W. Dinsdale	Feb. 8/57
	Mr. F. Howard	Oct. 7, 8/57
	Mr. F. Howard	Dec. 13/58
	Mr. B. G. Allmark	Apr. 28/58
Collin's Bay	Mr. A. Nicholson	Apr. 2/57
	Mr. F. Howard	Oct. 8/57
	Mr. B. G. Allmark	Apr. 22/58
Joyceville	Mr. W. J. Henderson	Apr. 29/57
	Mr. F. Howard	Oct. 7/57
	Mr. B. G. Allmark	Apr. 29/58
	Hon. E. D. Fulton	Sep. 23/58
	Mr. B. G. Allmark	Sep. 23/58
	Mr. B. G. Allmark	Dec. 10/58
Penitentiary staff college	Mr. B. G. Allmark	Apr. 28/58
	Mr. B. G. Allmark	Sep. 23/58
	Hon. E. D. Fulton	Sep. 23/58
Manitoba	Mr. W. G. Weir	Sep. 17/56
	Mr. G. C. Fairfield	Nov. 21/58
Saskatchewan	Hon. E. D. Fulton	Apr. 12/59
British Columbia	Mr. T. Goode	Sep. 1/55
	Mr. H. E. Winch	Oct. 25/55
	Mr. H. E. Winch	Dec. 13/56
	Mr. J. R. Taylor	Aug. 1/57
	Mr. F. Howard	Aug. 29/57
	Mr. G. Hahn	Sep. 26/57
	Mr. C. Cameron	Oct. 11/57
	Mr. F. C. Christian	Feb. 19/58
	Mr. H. E. Winch	Jan. 9/59

ROYAL ROADS COLLEGE—SWIMMING POOL

Question No. 366—**Mr. Fisher:**

1. Has the military college of Royal Roads a swimming pool?
2. If so, to what size, when and at what cost was it built?
3. During the school year how many students use the pool, at what hours of the week?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. Yes.

2. An extension to the gymnasium at Royal Roads, housing a swimming pool, a spectator gallery, squash courts, locker rooms, store rooms, heating, pumping, filtration and chlorination plants and other facilities was completed in April of 1958 at a cost of $358,851. The swimming pool measures 75 feet in length and 30 feet in width.

3. As swimming is a compulsory sport at this college the entire student body, consisting of 134 cadets, makes use of the pool. The pool is in regular use throughout the day and evening on Saturdays and Sundays and on afternoons and evenings from Monday through Friday.

HOUSE OF COMMONS

Wednesday, May 20, 1959

The house met at 2.30 p.m.

BUSINESS OF THE HOUSE

INQUIRY AS TO RESUMPTION OF DISCUSSION OF BILL NO. C-49

Hon. L. B. Pearson (Leader of the Opposition): On a matter of privilege, Mr. Speaker, I should like to direct a question to the Prime Minister arising out of the exchange which took place last night with regard to parliamentary business. Can he give the house any indication whether we are to follow the order of business mentioned last night, or whether it will be possible to have a change made in order that the business of the house may be more effectively and expeditiously carried out?

Right Hon. J. G. Diefenbaker (Prime Minister): I looked over the record last evening and considered the arguments which were advanced by the hon. member for Laurier. I am at all times desirous of having that spirit of co-operation which has been apparent in the last few days, during which the legislation has received full though somewhat more accelerated consideration than heretofore.

The measure dealing with the national energy board is a very long and important bill, and one which we should like to get through as soon as possible, or as soon as it is convenient. It is a bill which is important to the people in the areas covered by its provisions, but I feel that if the house would agree there should be some further time during which the opposition may acquaint themselves with this very comprehensive piece of legislation. We are all desirous of having it implemented at the earliest possible date, and I suggest that if hon. members have tomorrow to work on it we may proceed on Friday with the consideration of this measure and then carry on next week until it has received the approval of the house or otherwise.

BANKING AND COMMERCE

Fourth report of standing committee on banking and commerce—Mr. Cathers.

SHIPPING

GREAT LAKES—TABLING OF AIDE MEMOIRE ON PILOTAGE

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I should like to table in English and in French copies of an aide memoire regarding pilotage on the great lakes which was delivered to Washington on Saturday, May 16.

AGRICULTURE

SUGAR BEETS—ANNOUNCEMENT OF CONTINUATION OF SUPPORT PRICE

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I should like to announce that the agricultural stabilization board has been authorized to continue its sugar beet price support on the 1959 crop of sugar beets, with the prescribed price being the same percentage of the 10-year average price as for the 1958 crop, that is 93 per cent. The 1958 sugar crop is not all marketed, but it is expected that there will be some payment since sugar prices have declined in recent months.

For the 1959 crop the amount of payment, if any, will be calculated as the difference between the average gross market price for sugar delivered from each producing area and a prescribed price for Alberta sugar of 9.79 cents per pound, for Manitoba sugar 9.26 cents per pound and for Ontario sugar 7.90 cents per pound. As indicated above, this prescribed price is based on 93 per cent of the 10-year average in Alberta, Manitoba and Ontario, and is about one tenth cent per pound lower than for the 1958 crop due to the fact that the 10-year average has declined. In the case of Quebec, provision has again been made for similar payments per unit, if any, to those made in Ontario.

Present indications are that there will be an increased acreage planted to sugar beets in Ontario and Manitoba this year, with about the same or slightly reduced acreages in Alberta and Quebec. At present it would not appear that sugar prices would improve to any great extent during the current year.

Hon. Paul Martin (Essex East): Mr. Speaker, the statement the minister has just made will, I think, bear further examination. I note that while it is based on 93 per cent of the 10-year average the price will be about one-tenth cent per pound lower than for the 1958 crop, and one would want to examine the whole statement in detail.

May I ask the minister if he hopes to be able to pursue this generous mood he has begun today by a statement on soybean prices and on Ontario wheat, perhaps tomorrow?

Starred Questions

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we are glad that the government is continuing to support sugar beet prices. This, however, seems to follow the consistent pattern of recent announcements, namely that the support prices are often lower. We are pleased that the lowering of the price has not been more than one-tenth cent per pound, but with the continuing increase in the cost of agricultural production we are looking to the time when the government will implement its policy of providing floor prices based on the farmer's cost of production and therefore floor prices that would increase as the farmer's cost of production increases. The government is following the opposite policy from that which we were led to expect, in that it continues to reduce support prices.

Mr. Churchill: You are out of order.

Mr. Harkness: I think you will find that the sugar beet growers are very well satisfied.

Mr. Argue: In response to that interjection I might say that I have found—

Some hon. Members: Order.

Mr. Argue: —that many of the minister's interpolations in the past have been highly inaccurate.

Mr. Ricard: It is impossible to satisfy that hon. gentleman or the party he represents.

INDUSTRY

MEASURE TO PROMOTE INDUSTRY AND REDUCE UNEMPLOYMENT IN ATLANTIC PROVINCES

Mr. R. C. Coates (Cumberland) moved for leave to introduce Bill No. C-51, to provide for the development of certain provinces by the distribution of industry and for the reduction of unemployment therein.

Some hon. Members: Explain.

Mr. Coates: Mr. Speaker, the purpose of the bill is twofold, to encourage the development of industry in the four maritime provinces and to reduce high-level unemployment by the development of industry in areas in those provinces where unemployment persists. The method used is to adapt the facilities of the Industrial Development Bank Act, which is general to all Canada, to the specific economic needs of the maritime provinces.

Motion agreed to and bill read the first time.

STARRED QUESTIONS

EXPLORATORY OIL AND GAS PERMITS, NORTHERN CANADA—ACREAGES

Question No. 74—**Mr. Hardie:**

1. For what total acreage, if any, were exploratory oil and gas permits issued between July 1, 1957 and March 31, 1959, on the mainland of northern Canada i.e. in the Mackenzie district of the Northwest Territories and in the Yukon?

2. What percentage of any such acreage under permit rights is held by (a) Canadian corporations; (b) United States corporations; (c) Canadian subsidiaries of United States corporations; (d) British corporations; (e) Canadian subsidiaries of British corporations; (f) others?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the answer to the first part of the question is 60,942,006 acres.

The answer to the second question, part (*a*), is 29.32 per cent (17,918,074 acres); part (*b*), 33.22 per cent (20,203,085 acres); part (*c*), 30.06 per cent (18,294,054 acres); part (*d*) nil; part (*e*) nil; part (*f*), 7.40 per cent (4,526,793 acres).

These figures, Mr. Speaker, refer just to the mainland of northern Canada, that is, the Mackenzie district of the Northwest Territories and the Yukon. In answer to a previous question on April 29, asked by the hon. member for Ottawa West (Mr. McIlraith), a set of figures were given. To get the total for the whole of the northern part of Canada these two sets of figures should be added together.

So there will be no misunderstanding as to the figures which were reported at that time, and for the interest of the house, the percentages are as follows: Canadian individuals and corporations for the whole of the north since July 1, 1957, 55.54 per cent (81,912,041 acres); United States corporations, 22.34 per cent (32,941,271 acres); Canadian subsidiaries of United States corporations, 20.22 per cent (29,828,608 acres); British corporations, nil; Canadian subsidiaries of British corporations, 1.90 per cent (2,777,452 acres).

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to raise a question of privilege, since my name has been brought into the answer to the question. The minister in answering the question sought to refer to an answer given to a question I asked some days ago. He did not give the full answer. He repeated only part of it. In that case the answer given did not deal with permits issued at all, and his present answer is therefore quite misleading to the house. Since it purports to involve information given to me I want to be dissociated in every way from anything he said indicating that the figures he has now given were given to me previously and are related to this question.

Mr. Hamilton (Qu'Appelle): I am perfectly willing to have the hon. member for Ottawa West dissociate himself from these facts I have just given to the house.

Mr. McIlraith: Why mislead the house? No permits were issued at all.

[*Later:*]

On the orders of the day:

Mr. M. A. Hardie (Mackenzie River): Mr. Speaker, I rise on a question of privilege. This afternoon the Minister of Northern Affairs and National Resources answered a question of mine, which is No. 74 on the order paper today. I asked for the oil acreages on the mainland of Canada, and he has attempted to mislead the house by adding to the answer he gave me—

Some hon. Members: Order.

Mr. Hardie: —acreages which—

Mr. Speaker: Order. I would like to remind the hon. member who is stating a question of privilege that it is one of the privileges of all members of this house that members do not have imputed to them a deliberate attempt to mislead. While it is very often said that members have misled the house, it is not in order to say that an hon. member deliberately misled the house, and I would ask the hon. member to withdraw that statement and proceed with his question.

Mr. Hardie: I withdraw that remark, sir; but in any event the minister in answer to my question added acreages in the Arctic islands as though permits had been issued for those acreages, when no permits to date have been issued. My question dealt with permits issued on the mainland of Canada. I am sure the minister would tell the house that no permits have been issued for the Arctic islands, and if he were to—

Mr. Speaker: I am not sure I understand what the question of privilege is which the hon. member is raising. I take it he is dissatisfied with the answer of the minister, but surely that is a matter for debate and discussion at the appropriate place.

Mr. Hardie: He misled the house by adding—

Some hon. Members: Order.

Mr. Hardie: The part he added was not relevant to the question I asked.

Mr. Speaker: That is a point of order which the hon. member might have taken at the time. I noticed that the minister's answer went beyond the question, and for future guidance I doubt whether that is in accordance with the practice. But points of order of this kind ought to be made at the time.

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Minister of Northern Affairs and National Resources whether he considers acreage taken up for oil and mineral development, which was the subject of a question on April 29, the same as exploratory oil and gas permits, the subject of a question today, both of which he lumped together in his answer.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I think this question posed by the Leader of the Opposition can best be answered by letting our minds run back to that unfortunate episode in this house when the Leader of the Opposition took advantage of a question about a partial acreage to try to establish a certain position for the whole north. What I have done here today is to make absolutely certain that there is no misunderstanding about asking for percentages in a certain area, and so I gave the percentages over the whole area. If it is a question of quibbling over permits for oil exploratory licences and oil exploratory permits as related to mineral exploration, I do not think that is the real issue at all.

Mr. Pearson: May I now ask the minister if he would answer the question whether he considers acreage taken up for oil and mineral development the same as exploratory oil and gas permits? Perhaps he would answer that question.

Mr. Hamilton (Qu'Appelle): If I were a Philadelphia lawyer I could probably spend two or three hours in answering this question. It is one which is yes and no at the same time.

Hon. Paul Hellyer (Trinity): May I direct a question to the Minister of Northern Affairs and National Resources. In his answer to question No. 74 this afternoon, did the minister include in section (a) as Canadian corporations those corporations in which the majority of common shares are held outside Canada?

Mr. Hamilton (Qu'Appelle): Mr. Speaker, I am not going to enter into debate here as to the definition of a Canadian corporation, but I think the one we have assumed is the obvious one. If the Canadian corporation is formed in Canada and operated by Canadians with its stock on the market, I do not think I have to go out and examine who owns a major proportion of the common shares, which proportion changes from day to day. I think the sensitivity of the opposition on this subject indicates the tremendous regret they have for the episode of two weeks ago in this house.

REGULATIONS GOVERNING OFFICERS' MESSES

Question No. 81—**Mr. Hellyer:**

1. Has the Department of National Defence any regulations governing the use that can be made of officers' messes?

Starred Questions

2. If so, is there any regulation governing their use for political purposes?

3. Was a meeting recently held in the officers' mess of the 44th field regiment at St. Catharines, Ontario, and presentations made by the president of the Ontario young Progressive Conservative association?

4. If so, on whose authority?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, the answer to the first and second parts of the question is in the affirmative. The answer to the third and fourth parts of the question is as follows. A member of the mess, not an officer of the unit, asked the mess president whether he might invite some guests on a certain day to the mess. He did not say who the guests were or the purpose of the meeting. He has since apologized and expressed his regret at any embarrassment which might have been caused.

Mr. Martin (Essex East): A supplementary question; was not there—

Mr. Speaker: Order. Would the hon. member defer his question until we reach the orders of the day.

Mr. Martin (Essex East): There was something in the papers on that.

[*Later*]:

On the orders of the day:

Mr. W. H. McMillan (Welland): I should like to direct a question to the Minister of National Defence. Was the minister aware when answering starred question 81 that the meeting in the armouries at St. Catharines was advertised in the local press as a meeting of the Ontario young Conservative association?

Hon. G. R. Pearkes (Minister of National Defence): No, Mr. Speaker.

PURCHASE OF LAND FOR PUBLIC BUILDING, FORT COULONGE, QUE.

Question No. 82—**Mr. Dumas:**

1. Has the federal government purchased land at Fort Coulonge for the construction of a public building?

2. If so, from whom?

3. How much did the government pay for this land?

4. When was the payment made?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, the answers are as follows:

1. The Department of Public Works has given approval for the acquisition of lots 258, 259 and a portion of lot 260, located on Main street, Fort Coulonge, as a site for a federal building.

2. Payment is to be made to Mrs. Marie Marion.

[Mr. Hellyer.]

3. Agreed payment to be $4,000.

4. Payment has not yet been made.

C.M.H.C. APPROVAL OF LOANS AND MORTGAGES LOW-COST HOUSING

Question No. 83—**Mr. Fisher:**

1. Has Central Mortgage and Housing Corporation approved any loans or mortgages for houses in the low cost, minimum standard group, the plans for which were announced in 1958?

2. If so, how many and to what total value for each office of the corporation?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, the answers are as follows:

1. Yes.

2. Loans approved as of April 30, 1959, for houses in the low cost, minimum standard group (plan No. 2,000 and adaptations thereof).

C.H.M.C. Office	Units	Loan Amounts
Fredericton	1	$ 7,665
Halifax	1	8,160
St. John's, Newfoundland	1	4,590
Chicoutimi	54	386,417
Quebec	1	6,866
Kitchener	3	20,094
North Bay	3	24,668
Peterborough	6	49,080
St. Catharines	7	54,299
Sault Ste. Marie	40	411,700
Sudbury	2	17,020
Edmonton	2	18,855
Lethbridge	10	81,059
Regina	7	64,397
Prince George	68	618,827
	206	$1,773,697

Note: Loan amounts shown are based on the lending value of house and land.

TOMISLAV BEZIC—YUGOSLAV IMMIGRANTS

Question No. 87—**Mr. Pickersgill:**

1. Is Tomislav Bezic of Toronto a landed immigrant, and, if so, on what date was he landed and from what country?

2. Has the said Tomislav Bezic applied to the immigration branch to sponsor his wife as an immigrant and, if so, on what date?

3. Has the said application been rejected? If so, for what reason?

4. How many immigrants were admitted from Yugoslavia between October 1, 1958 and March 31, 1959?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, the answer to the first part of this question is yes, on February 13, 1958, from Yugoslavia. The answer to part 2 is yes, on March 28, 1958. The answer to part three is no; the department is still awaiting completion of necessary inquiries. The answer to part four is 550.

MOTIONS FOR PAPERS

CHIPPEWA INDIAN RESERVE, SARNIA—LAND DISPOSAL

Motion No. 105—**Mr. Hellyer:**

For a copy of all correspondence, telegrams, reports and other documents exchanged between the Minister of Citizenship and Immigration or any official of the department, and any person or persons since January 1, 1958, regarding the option, sale, lease or other disposal of any of the lands comprising the Chippewa Indian reserve, near Sarnia.

Motion agreed to.

CHIPPEWA INDIAN RESERVE, SARNIA—SALE OF LAND

Motion No. 106—**Mr. Hellyer:**

For a copy of contract, option or agreement for sale of part of the Chippewa Indian reserve, between the Chippewa Indians and Dimensional Investments Limited.

Motion agreed to.

C.N.R. AND C.P.R.—AGREED CHARGES

Motion No. 107—**Mr. Fisher:**

For a copy of agreed charges entered into by the Canadian National Railways and the Canadian Pacific Railway, pursuant to section 32 of the Transport Act, and posted at the headquarters of the railways as set out in general order 818 of the board of transport commissioners.

Motion agreed to.

BUSINESS OF THE HOUSE

REQUEST FOR DROPPING OF QUESTION NO. 309

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, by agreement with the hon. member for Assiniboia I would ask that question 309 be dropped, as it involves information that cannot be given out by the department.

Mr. Speaker: Is the house agreed to dropping this question?

Some hon. Members: Agreed.

Order discharged and question dropped.

FINANCE

PROPOSED INTERNATIONAL DEVELOPMENT ASSOCIATION—INQUIRY AS TO CANADIAN CONTRIBUTION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I wish to direct a question to the Minister of Finance in connection with a press report concerning a United States proposal for a new billion dollar international development association. I should like to ask whether Canada has agreed to this proposal, as reported, and if so what capital contribution can be expected to be made to the resources of the proposed development association by this country.

Inquiries of the Ministry

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the answer is in the negative. Canada has not agreed to the establishment of any such fund. As a matter of fact no proposal has ever been made to us in concrete form. There were discussions of a preliminary nature last year on the proposal to establish an international development association, but these have never passed beyond the preliminary stage.

SAILS—IMPROVEMENT OF COMPETITIVE POSITION OF CANADIAN PRODUCERS

On the orders of the day:

Mr. L. R. Crouse (Queens-Lunenburg): Mr. Speaker, may I direct a question to the Minister of Finance. In view of the fact that finished sails enter Canada under special duties of 15 per cent British preferential and 22½ per cent most favoured nation, while Canadian sailmakers must pay on sailcloth a duty of 22½ per cent plus 25 per cent and 30 cents per pound most favoured nation, will the minister advise the house if any action is contemplated to improve the competitive position of Canadian sailmakers?

Mr. Speaker: It seems to me that this question is rather like the one with which I dealt previously. Taxation problems are properly budgetary matters. However, as has been pointed out the budget has been passed, and perhaps the minister is willing to comment upon it.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, this matter is within the scope of the reference to the tariff board and is before the board.

EXTERNAL AFFAIRS

U.S. INTERFERENCE WITH CANADIAN TRUCKS IN TRANSIT

On the orders of the day:

Mr. J. F. Browne (Vancouver-Kingsway): I should like to direct a question to the Prime Minister. Can the Prime Minister advise the house whether or not the report in the Toronto *Telegram* of Tuesday, May 19, to the effect that the United States has agreed to lift its ban on Canadian trucks transporting imports of Red Chinese foods over United States highways, is in fact true; and if so, can he indicate when an official announcement may be expected?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the government has no information on this matter as yet. Representations were made to the United States but there has been no indication of any final decision. As soon as a decision has been made the house will be made acquainted therewith.

Inquiries of the Ministry

AIRPORTS

DORVAL—REQUEST FOR STATEMENT ON PROGRESS OF CONSTRUCTION

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport. Is the minister aware of the many criticisms that have appeared in the Montreal press concerning delays in the completion of Dorval airport? I wonder whether the minister would tell the house when he expects the airport to be in use. Perhaps he might also be good enough to make a statement as to the progress of construction of the terminal.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask this question. I should like to tell him that during the years I was in the opposition I used to read regularly the complaints in the Montreal press about the delay in connection with this airport. Upon receiving his question this morning I made inquiries of my air services branch and received from them the following report.

The substantial delays that plagued the Dorval airport terminal building during the early years of its construction—and I might remind my hon. friend that those were the years when the government of which he was a member had responsibility for these things —have now been substantially overcome, and progress has been satisfactory and indeed rapid in the completion of the interior of the building over the last year and a half—and I might say that is the period during which we have had responsibility—so much so that the main building is now well advanced toward completion.

Mr. Speaker, I see no reason to vary my earlier estimate that the building will be ready for occupancy next year.

Mr. Chevrier: May I ask a supplementary question. In view of the non-political answer the minister has made may I put this question to him. In the two years during which his government has been in office, what progress has been made toward the opening of the terminal which, after all, the air-minded people of Montreal are anxious to have?

Mr. Hees: When we took office I would estimate that the terminal was about five years from completion. We have been in office for two years. It is now one year from completion. Therefore, by simple arithmetic, we have gained two years over the progress made by the former administration.

[Mr. Diefenbaker.]

GRAIN

INQUIRY AS TO REPORT ON ALLOCATION OF BOX CARS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce. Can the minister say whether progress similar to that being made in the Department of Transport can be made in the minister's own department in the bringing in of a better system of box car allocation? What further consideration has now been given to the report of the Bracken commission? My specific question is this. What action is contemplated to remove this festering sore?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, these are rather extravagant statements, especially the talk about the festering sore. The situation with regard to box cars is not nearly as difficult as it was a few years ago under the former administration, when grain congestion plagued the prairies. Under the active measures taken by the Department of Trade and Commerce and the wheat board, equal to those taken by the Department of Transport, grain is being moved off the prairies to such an extent that there is no problem in connection with box car allocation such as there was a few years ago.

With regard to action concerning the report of the Bracken inquiry, I have purposely delayed any action in order to give every opportunity to those people who made representations to Mr. Bracken to study the report and make their comments upon it. I have been receiving comments from interested individuals over the past few weeks, and I think it is rather important that everybody have a full opportunity to study that report. I have only just heard from the Canadian wheat board their comments concerning that report. These steps must be taken before a policy can be formulated and an announcement made in the house.

Mr. Argue: May I ask a supplementary question. In view of the government's willingness to lay before parliament its legislative program, can the Minister of Trade and Commerce say whether any amendments to any existing acts will be necessary this session as a result of the report of the royal commission?

Mr. Churchill: Any such amendments that are determined upon will be announced in due course.

NATIONAL DEFENCE

REPORTED ESTABLISHMENT BY U.S. OF AERIAL TOWERS ACROSS CANADA

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of National Defence. Is the minister aware of a news report last evening to the effect that a series of aerial radio towers are being established across Canada to be operated in part by the United States and in part, I believe, by Canada, following a lease of the ground rights for the construction of the towers from Canada to the United States? Is the minister able to enlighten the house on whether that report is accurate?

Hon. G. R. Pearkes (Minister of National Defence): No, Mr. Speaker, the report is not accurate.

AGRICULTURE

PRICE STABILIZATION—LIMITS ON QUANTITIES ON WHICH DEFICIENCY PAYMENTS TO BE MADE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I would like to direct a question to the Minister of Agriculture. Has the Minister of Agriculture yet had any advice from the Department of Justice as to whether an amendment or amendments to the Agricultural Stabilization Act are required in order to put certain limits on the quantity of goods which may be accepted on which deficiency payments may be made?

Hon. D. S. Harkness (Minister of Agriculture): No, Mr. Speaker.

OLD AGE SECURITY

REPORT OF DR. CLARK—REQUEST FOR STATEMENT AS TO GOVERNMENT POLICY

On the orders of the day:

Mr. W. H. McMillan (Welland): Mr. Speaker, I would like to direct a question to the Minister of National Health and Welfare. In view of the great urgency to have Dr. Clark's report made available, can the minister say if any action has been initiated on the basis of that report?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, Dr. Clark's report has been available for some weeks, and the department is now in the process of giving it very close study.

Hon. Paul Martin (Essex East): Is there any possibility that the government will bring forward legislation this session based on that report?

Mr. Monteith (Perth): I do not anticipate any.

Mr. Martin (Essex East): Another promise not carried out.

CANADIAN BROADCASTING CORPORATION

PROTESTS RESPECTING PROGRAM ON FRENCH NETWORK

On the orders of the day:

Mr. Louis Fortin (Montmagny-L'Islet): In the absence of the Minister of National Revenue I should like to direct a question to the acting minister.

On May 7 the hon. member for Berthier-Maskinonge-Delanaudiere asked the minister certain questions pertaining to a television program which appeared on the French network of the Canadian Broadcasting Corporation on May 3. My question is, can the minister tell the house whether the inquiry promised by the president of the C.B.C., Mr. Ouimet, has been conducted, and if so, what disciplinary action if any has been taken against those who were responsible for the production of that program?

Hon. Donald M. Fleming (Minister of Finance): I shall be glad to bring this question to the attention of the Minister of National Revenue on his return.

INCOME TAX ACT

Hon. Donald M. Fleming (Minister of Finance) moved the third reading of Bill No. C-48, to amend the Income Tax Act.

Mr. M. W. Martin (Timmins): Mr. Speaker, members of the C.C.F. group are far from satisfied with this bill at the present time. We feel that it is bound to hamper the successful operation of the Hospital Insurance and Diagnostic Services Act. We feel also that the minister has not given satisfactory answers to questions which were addressed to him at previous stages of the debate on this bill.

This is a matter which we consider to be of urgent importance. We all realize that for 40 years there has been procrastination as far as health insurance in this country is concerned. We have had 40 years of Liberal and—yes—Tory promises on this subject. We all realize, also, that this is no new idea which has suddenly dawned upon the world. Germany, to give only one illustration, has had health insurance for the last 90 years. We all realize, further, that it took two elections within the short period of nine months in order to bring to a termination

the 40-year gestation period of this legislation and, of course, we all saw last year the birth of this sickly child, the Hospital Insurance and Diagnostic Services Act.

This was a child which should have been given every encouragement. It was a child which needed every encouragement if it was ever to grow up strong and healthy. This bill certainly provides no such encouragement. On the contrary, it tends to sentence this hospital insurance scheme to years of sickness and possibly even to death from malnutrition. We realize that the insurance companies have fought this legislation ever since it was first suggested, and we feel that certain of the amendments in this bill might very well have been written by some of these insurance companies. We feel they lean very heavily in their favour.

We feel that the bill penalizes those provinces which were progressive enough to take part in the hospitalization scheme. We feel that it penalizes the people who live in those provinces. In short, we feel that it is unfair and discriminatory; and, holding this view, I move, seconded by the hon. member for Burnaby-Coquitlam (Mr. Regier):

That Bill No. C-48 be not now read the third time but that the said bill be referred back to the committee of the whole for the purpose of reconsidering clause 8 thereof.

Mr. Fleming (Eglinton): Mr. Speaker, may I speak for a moment on a point of order. It is of course competent for a member to move on third reading that a bill be referred back for the purpose of amending a clause, but according to my understanding the proposed amendment to the clause indicated must form part of the motion. This particular amendment does not have that effect at all. It simply says in general terms that the bill should be referred back for the purpose of reconsidering clause 8 thereof.

Mr. Speaker: I will give some consideration to that point while the debate on third reading is proceeding.

Mr. Erhart Regier (Burnaby-Coquitlam): Before I make the remarks I wish to make on this subject I should like to call your attention, Mr. Speaker, to section 418 of Beauchesne's fourth edition, where it is stated:

The question for the third reading is put immediately after the report from the committee of the whole. All amendments which may be moved on a second reading of a bill may be moved on the third reading with the restriction that they cannot deal with any matter which is not contained in the bill.

I believe the motion submitted by the hon. member for Timmins (Mr. Martin) has followed the prescribed form.

[Mr. Martin (Timmins).]

I was pleased to hear the hon. member for Timmins make this motion, because I feel the house has not given sufficient consideration to the discriminatory effect of clause 8. As the hon. member for Timmins indicated, our new national hospital insurance venture ought to be nursed along rather than have obstacles thrown into its path which will hinder its normal growth and acceptance by more and more of our Canadian people. I regret very much that a large number of our people—I believe some 30 or 40 per cent—are not yet in a province whose government has decided to make an agreement with the federal government under which its citizens would have the blessings of a national insurance plan.

I feel that this clause 8 as it now stands is a slap in the face to the progressively-minded people of Canada. It certainly offers no inducement or encouragement to other provinces of Canada to enter the plan at this time. One of the attractions of the plan in days gone by was that if there was illness in a family some compensation was obtained, in that payments made on a family's behalf were deductible for income tax purposes. I feel that the people of Saskatchewan, the people of Alberta, the people of Ontario and the people of one or two other provinces are not going to look with much favour upon clause 8. I believe they will form the opinion that this is one more instance of the Conservatives taking one view when they were in opposition and quite a different view and course of action once they are in office and faced with the responsibility of government.

Hon. Paul Martin (Essex East): Mr. Speaker, I just want to say briefly that this amendment should surely appeal to the Minister of Finance, particularly in view of the position he took when these matters were discussed when we were on the other side and had the happy responsibility of presenting to this house the Hospital Insurance and Diagnostic Services Act.

This measure has now been accepted by practically all the provinces of Canada. There are still two to signify their intention of participating. It is hoped that the government is taking steps to persuade the province of Quebec, the second largest province of Canada, to enter into this worthwhile scheme.

As the hon. member for Kenora-Rainy River said when speaking at the resolution stage, it is regrettable that the government, particularly at this initial period, should jeopardize the happy circumstances in which this great hospital insurance plan has been inaugurated by a measure of this sort. The minister has not given sufficient justification for this course, which I believe at this stage in the early

operation of the hospital insurance plan, which our party had a lot to do with in terms of bringing it about, is receiving the discouraging attention which the minister by this particular clause in the bill accords.

Mr. Speaker: I think the point the minister made was that the amendment which the committee of the whole was to consider ought to be specified.

Mr. Fleming (Eglinton): Yes, Mr. Speaker. The amendment that may be made must be an amendment that could be made in committee. That is the purpose of reference back. There is no amendment to the bill proposed in the amendment now introduced. It simply proposes that the bill be referred back to the committee of the whole for the purpose of reconsidering clause 8. It proposes no amendment to clause 8 at all.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I would refer the house to *Hansard* of April 10, 1957, at page 3381, when a similar amendment to another bill was moved in these words:

> That Bill 320 be not now read the third time, but that the said bill be referred back to the committee of the whole for the purpose of reconsidering clause 2(e) thereof.

That was the amendment that was considered, debated and allowed by the house. This had to do with the definition of the word "hospital" in the Hospital Insurance and Diagnostic Services Act. I might say that the amendment was moved by one of the outstanding authorities on parliamentary procedure in the house, the hon. member for Eglinton, the present Minister of Finance. I believe the hon. gentleman was very much in order at that time, and I might add that in bringing this amendment before the house today we were very careful to follow the appropriate precedents.

Mr. Speaker: I have some doubts about the amendment on the very grounds the minister raised, because the committee of the whole house has dealt with this bill and has no authority to deal with it again unless the house directs it to do so. This amendment does direct it to deal with it again but gives the committee no specific power. It just asks the committee to reconsider clause 8. However, in the face of the precedent cited I think I should accept the amendment, though I want to indicate that I do have some misgivings about it.

Mr. Argue: I should like to say a few words on the subject itself. We feel that this provision discriminates very greatly against the person who is unfortunate enough to be confined to hospital. If we had in Canada a complete system of health insurance that covered all medical expenses, then I could see some substantial argument on behalf of the minister's change in this bill. But even if that were the case, when a breadwinner was confined to hospital he would sustain a substantial loss of income. In other words this kind of tax exemption in such circumstances would have some considerable merit.

Even in provinces that have the hospital insurance act in operation it means in ordinary circumstances that when a person goes to hospital, while the major portion of the hospital account is paid under the act there are special costs which would not be met. Very often a person must obtain a semi-private or private room and is required to pay additional costs. The other important factor is that medical expenses are not covered. I know from personal experience that when one is confronted with heavy medical and hospital costs there are substantial amounts outside the act that must be paid by the individual even in a province where the hospital insurance act is in effect.

Mr. Fleming (Eglinton): This does not preclude a claim being made for those medical expenses.

Mr. Argue: I appreciate that. What the minister's change means is that when an individual who has had heavy medical and hospital expenses files his income tax return he will receive either a smaller rebate or none at all because of the reduced exemption. For people who have medical expenses totalling hundreds of dollars it is of some assistance to have their burden of income tax somewhat reduced, as has been the case in the past; but we feel that this move is an attempt by the government to bring its budget into better balance by increasing the taxes in this way, against the people who are unfortunate enough to have to incur very substantial medical expenses.

We think the provision in the act is wrong and will create hardship for the people who now have to pay heavy medical expenses. In view of this government's repeated promises to reduce taxes it is completely baffling to us that the government should move to increase its revenue by this means, thus working a hardship on people who are unfortunate enough to be confined to hospital and who have to pay out of their own pockets heavy medical expenses.

For that reason we are pleased to have been able to move this amendment, which we feel should commend itself to hon. members of the house.

Mr. Fleming (Eglinton): Mr. Speaker, this amendment and the reasons advanced for it by members of the C.C.F. who have spoken

this afternoon require only very brief comment. One would have thought that if the matter loomed in their view in proportions of such importance as they have attempted to assign to it this afternoon they would have had something to say about it in committee of the whole last night but only one member of the C.C.F. had anything to say about clause 8 in the committee last evening, and that hon. gentleman made only two brief interventions which were replied to.

Mr. Argue: Do you want a filibuster?

Mr. Fleming (Eglinton): So what was not very important last night, not even sufficiently important last night to call for comment by more than one member, not sufficiently important to call for amendment last night, not sufficiently important to call for an adverse vote last night, suddenly this afternoon acquires an importance in the eyes of hon. members of the C.C.F. that they would have the house believe it assumed in their eyes hitherto, although it certainly has not appeared that way.

It was said by the hon. member who introduced this amendment that they had not had explanations of this matter. Mr. Speaker, they have had explanations now on I think four occasions, explanations at some length; therefore, the statement that there has not been explanation is just not a true one. They may not agree with it but they have not said so up until now. The first of those explanations of this bill, Mr. Speaker, was given in the course of the budget speech. It will be found in *Hansard* of April 9 at page 2421. It is there set forth very clearly. In *Hansard* of May 4 it will be found again, and in *Hansard* of yesterday, and if I am not mistaken in one other place as well. Therefore, the statement of the hon. member who introduced this amendment this afternoon, Mr. Speaker, simply does not fit the facts.

If we had not introduced the amendment that is contained in clause 9 of this bill we would have been inviting a situation to continue which would have contemplated a veritable hodgepodge in Canada. It was necessary to introduce some uniform and equitable rule. As I pointed out on previous occasions, the only way in which this situation could be dealt with equitably is in the manner proposed in clause 8, because there is no uniform way in which the provincial contribution to hospital insurance is covered in the different provinces of Canada. There are two provinces which have not yet become parties to any agreement in pursuance of the terms of the Hospital Insurance and Diagnostic Services Act. In other provinces you have a great variety of ways in which the provincial share of the cost of the hospital insurance scheme is provided. In some provinces it is by means of an individual contribution; in other provinces it is by means of a sales tax. In the light of this variety of conditions in different provinces, Mr. Speaker, it was necessary to find an equitable solution, and the one we have proposed is the only solution which offers equitable treatment to all parts of Canada.

We heard such a heart-rending expression from C.C.F. members this afternoon, Mr. Speaker. Their hearts were not rent last night; their hearts were not rent on this subject on previous occasions but this afternoon, somehow or other, they seem to be taking time in putting on a show of broken hearts.

What is the fact, Mr. Speaker? They say that people who have the misfortune to incur medical expenses are, somehow or other, going to be deprived of their opportunity to claim the right to deduct medical expenses from their taxable income. That is not true, sir. Anybody who has medical expenses, apart from hospital bills to which the federal government contributes in accordance with the provisions of the Hospital Insurance and Diagnostic Services Act, loses nothing of his present right of deduction under the terms of the act. This is the only way in which the present provision in regard to the deduction of medical expenses is affected by the bill now under discussion. What are we doing when they weep over the fate of persons who are losing something under this bill? The fact is, that the federal government is this year offering $160 million for the assistance of just those people, so that persons of the kind for whom the tears were shed, those crocodile tears, this afternoon are not going to have to pay for hospital services of the kind provided under the Hospital Insurance and Diagnostic Services Act.

In order to provide an equitable solution, in the face of this hodgepodge of conditions across Canada, Mr. Speaker, it was necessary in this way to say, and say very simply, that where those bills are paid under the contributions to the Hospital Insurance and Diagnostic Services Act they cannot be claimed twice over in this way; you cannot have the benefit twice over. All that this subtracts from the people of Canada is $3 million this year and $9 million in a full year. Against that we put up $160 million. That is our answer to these nonsensical crocodile tears.

Mr. Argue: What a phony show.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I had not intended to speak until I listened to this hypocritical speech. If the Minister of Finance (Mr. Fleming) would come out honestly and say that he was doing

this to raise some more revenue there might be some sense to it; but it is absolutely ridiculous for the minister to say that it is all right to deduct your hospital bills if you pay a premium to the Metropolitan Life Insurance Company but it is wrong to deduct them if you pay a premium to the Ontario hospital insurance plan. This is plain discrimination in favour of the private insurer as against the public insurer and the minister knows it perfectly well. He has never attempted to reply to that argument although I have made it four times. I think it should be made once again. The government is doing this because it wants to raise a little extra money and for no other reason.

Mr. Fleming (Eglinton): That is utterly untrue.

Mr. Pickersgill: This phony and hypocritical explanation has nothing to do with the withdrawal of the concession.

Mr. H. J. Robichaud (Gloucester): It is not my intention to participate in the show we just had from the Minister of Finance (Mr. Fleming), but I want to make it clear again that I did object to this clause which is being discussed. I objected to it at the resolution stage of the bill and I objected again after second reading when it came before the committee last evening. I wish to repeat that the exclusion of medical expenses for income tax purposes is not a fair deal to the taxpayers of the province of New Brunswick. It will cost us more after July 1, when the hospital insurance plan comes into effect in the province. It is true that the federal government will pay 50 per cent of the total cost of the province. The total cost will amount to approximately $18 million, but only $8,500,000 or $9 million will be paid in full by the premiums of the taxpayers of the province of New Brunswick. I still insist that if the minister wants to be logical, 50 per cent of the medical expenses over and above 3 per cent of the taxable income of the residents of the province of New Brunswick should be deductible for income tax purposes.

Mr. Arnold Peters (Timiskaming): I also did not intend to participate in this debate until the Minister of Finance (Mr. Fleming) got into it. What we have seen today is probably an indication of the way in which the minister hires somebody to harmonize him one step further. We saw him getting theatrical instructions today. I would suggest that it was something like what we saw out in front of the building the other day. Probably he should be standing on that. He speaks of equality. There certainly is equality in so far as private plans are concerned. You get equality on additional payments made to a private scheme, whether it be a pension fund or an amount paid to an insurance company, to the Blue Cross or whatever else there is. There is equality there, but there is inequality for those who make contributions in the regular way to the government.

The minister referred to some of the reasons why we did not object to this last night. I can speak only for myself. I would like to inform the minister that there was a committee meeting last night, which was a very important one, and I had to attend. It is not at all fair to say that we just thought of this today. We have an opportunity now to vote to indicate whether we are in favour of this unequal method of income tax deduction or the equal method. To vote in support of this amendment will indicate much more equality than the minister is giving the taxpayers of Canada.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, before the vote is taken I wish to say a word or two. I recognized this difficulty at the time we were debating the resolution which was proposed on budget night. My point is that subsequent changes giving taxpayers advantages by way of inclusion in their over-all expenses of some other things such as the minister has introduced in this budget are a complete camouflage if he wipes out the basic cost which in most provinces is the cost of hospitalization. I said that last night and I said it on the resolution stage. I was surprised that there was very little support from the C.C.F. group yesterday on this point.

Mr. Argue: That is not true.

Mr. Benidickson: It was not referred to. The point I want to make is that there is no substance to this section in the act henceforth if you remove from entitlement to exemption the natural, normal cost of substance, which is hospitalization. I am going to vote for the amendment.

The house divided on the amendment (Mr. Martin, Timmins) which was negatived on the following division:

YEAS

Messrs:

Argue	Denis
Badanai	Dumas
Batten	Eudes
Benidickson	Fisher
Boulanger	Garland
Bourget	Godin
Bourque	Granger
Brassard (Lapointe)	Hardie
Cardin	Hellyer
Caron	Herridge
Carter	McIlraith
Chevrier	McMillan
Crestohl	McWilliam

Division

Martin (Essex East)
Martin (Timmins)
Meunier
Mitchell
Pearson
Peters
Pickersgill
Racine
Ratelle
Regier
Roberge
Robichaud
Tucker—39.

NAYS

Messrs:

Aitken, Miss
Allard
Allmark
Anderson
Asselin
Balcer
Baldwin
Barrington
Baskin
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Belzile
Best
Bigg
Bourbonnais
Brassard (Chicoutimi)
Brooks
Broome
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Bruchesi
Brunsden
Cadieu
Campbell (Lambton-Kent)
Campbell (Stormont)
Casselman, Mrs.
Cathers
Chambers
Charlton
Churchill
Clancy
Coates
Comtois
Courtemanche
Creaghan
Crouse
Danforth
Diefenbaker
Dinsdale
Dorion
Drouin
Drysdale
Dubois
English
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Fraser
Frechette
Fulton
Grafftey
Green
Grenier
Grills
Gundlock
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hanbidge
Harkness
Hees
Henderson
Hicks
Horner (Acadia)
Horner (Jasper-Edson)
Howe
Jones
Jung
Keays
Kennedy
Kindt
Knowles
Korchinski
Kucherepa
Lafreniere
Lahaye
Lambert
Latour
Legere
Lennard
Letourneau
Macdonald (Kings)
Macdonnell
MacEwan
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
Macquarrie
MacRae
McCleave
McFarlane
McGee
McGregor
McIntosh
McLennan
McPhillips
McQuillan
Mandziuk
Martel
Martini
Matthews
Milligan
Monteith (Perth)
Monteith (Verdun)
Montgomery
Morissette
Morris
Morton
Muir (Lisgar)
Murphy
Nesbitt
Nielsen
Noble
Nugent
O'Hurley
O'Leary
Pallett
Parizeau
Pascoe
Paul
Payne
Pearkes
Phillips
Pigeon
Pratt
Pugh
Rapp
Rea
Regnier
Ricard
Robinson
Rogers
Rompre
Rowe
Rynard
Simpson
Slogan
Small
Smallwood
Smith (Calgary South)
Smith (Lincoln)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Stanton
Starr
Stearns
Stewart
Tassé
Thompson
Thrasher
Tremblay
Villeneuve
Walker
Weichel
White
Winkler
Woolliams
Wratten—166.

[Mr. Benidickson.]

Mr. Speaker: I declare the amendment lost. Is the house ready for the question?

Some hon. Members: Question.

Mr. Speaker: The question is the following: Mr. Fleming (Eglinton), seconded by Mr. Starr, moves that Bill No. C-48, an act to amend the Income Tax Act, be now read a third time and do pass. Is it the pleasure of the house to adopt the motion?

Mr. Argue: On division.

Mr. Speaker: On division.

Motion agreed to on division, bill read the third time and passed.

EXTERNAL AFFAIRS

APPROVAL OF STATE TREATY FOR RE-ESTABLISHMENT OF INDEPENDENT AUSTRIA

Right Hon. J. G. Diefenbaker (Prime Minister) moved:

That it is expedient that the houses of parliament do approve the state treaty for the re-establishment of an independent and democratic Austria signed at Vienna May 15, 1955, and that this house do approve the same.

He said: Mr. Speaker, I intend to restrict myself in speaking on this resolution. It will be remembered that on February 26 the late secretary of state for external affairs, the Hon. Sidney Smith, informed the house of the government's intention to request parliament to adopt this resolution. Hon. members will have had before them the state treaty for the re-establishment of an independent and democratic Austria which was signed at Vienna on May 15, 1955 which terminated the four power occupation of Austria and permitted its re-establishment as a sovereign state. The allied and associated powers recognized that Austria was re-established as a sovereign, independent and democratic state.

The treaty was negotiated by Austria, the United Kingdom, the United States, the Soviet

union and France. At the time of the negotiation other countries were not consulted, but provision was made for the accession of those countries which had participated in the war against nazi Germany. The Austrian government desires, and I think rightly, that as many friendly countries as possible should accede to this treaty and have invited Canada to do so. At the time of the announcement made by the late secretary of state for external affairs, Brazil, Czechoslovakia, Mexico, New Zealand, Poland and Yugoslavia had exercised similar rights of accession.

It is not my purpose to outline in detail the lengthy and difficult negotiations which preceded the signing of the treaty. In the years following the war numerous efforts were made, both by the western occupying powers in direct negotiation with the U.S.S.R., and in the United Nations, to persuade the Soviet union to conclude a peace treaty with Austria, but it was not until 1955 that a change of attitude by the U.S.S.R. became apparent. The treaty was signed by the five foreign ministers on May 15, 1955. Austria thus regained its sovereignty, as I said a moment ago, and in December of the same year became a member of the United Nations. Accession by Canada does not mean an increase in Canada's international obligations. Under section 2 of the treaty there is provision made whereby Canada would undertake to respect the independence and territorial integrity of Austria, but this in no way results in any additional obligations other than those which derive from the membership of Canada and Austria in the United Nations. No complication can arise either from the fact of Austria's neutrality, which was established by legislative action in Austria following the re-establishment of Austrian independence.

Under article 27 (1) of the treaty it is stated that the allied and associated powers intend to return Austrian property and that they will be prepared to conclude agreements with the Austrian government for this purpose. It might be of interest to note that the balance of Austrian assets still vested in the custodian of enemy property as of March 31 of this year was $36,604. These assets will be returned, or are being returned, to the former owners or to their respective heirs or successors at law, so that that particular section does not bring about any additional responsibilities.

The question might be raised as to the reason why there has been a delay. A number of countries have delayed acceding to the treaty pending the settlement of certain financial claims which those countries have against Austria. The satisfactory status of Canadian claims against Austria does not warrant any delay in acceding to the treaty.

I mentioned a moment ago that the Austrian authorities attach considerable importance to Canadian accession, and that desire on the part of Austria has been a major consideration in the decision of the government to take this action. Following the announcement by the late secretary of state for external affairs, the Austrian foreign minister wrote as follows:

> The Austrian government has charged me to express to you its warmest gratitude for your government's action concerning Canada's accession to the Austrian state treaty. My government welcomes this step as a further confirmation of the friendly and most cordial relations between our two countries. I need not assure you that the statement you kindly made on that occasion is highly appreciated throughout my country.

The relations between Canada and Austria are on the basis of friendship and understanding, and this further step will but underline the emphasis on that friendly relationship. I think it is well to recall how Canadians as a whole felt in the fall of 1956 because of the manner in which Austrian authorities gave assistance to Hungarian refugees, a conspicuous demonstration of Austria's adherence to the humanitarian and democratic ideals which are emphasized in the treaty. The Austrian state treaty is the foundation for Austria's existence as a state. Canada has recognized it and has established with Austria a normal diplomatic relationship. The house in this resolution expresses, in the words of the late secretary of state for external affairs, our friendship and sympathy for a country whose achievements we admire.

With these considerations in mind, Mr. Speaker, I hope the house will agree that it is appropriate and fitting for Canada to accede to the Austrian state treaty.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, we on this side are happy to support what the Prime Minister (Mr. Diefenbaker) has just said and to accede to this resolution covering a state treaty for the re-establishment of an independent and democratic Austria. A state treaty of this kind was required because of the fact that a normal peace treaty covering Austria could not in the nature of things be concluded as before the war Austria had no independent existence, since it had been annexed.

The preamble to the state treaty states: "Annexed on March 31, 1938 by Hitlerite Germany and incorporated into the German reich of that date." A special state treaty was therefore required in order to return to the happier situation which existed in Austria before that annexation.

The Prime Minister has mentioned, and I recall them, the reasons why there has been some delay in dealing with this matter. At

the time the treaty was signed in Vienna on May 15, 1955, to enter into force on July 27, 1955, there was no obligation on the part of Canada to accede to it, though provision was made in the treaty for the accession of Canada and other allied and associated powers. If there has been delay in our accession it was due to a variety of reasons which, I think, were legitimate ones.

I recall that some years ago the Austrian government invited Canada to accede—it was in 1956—expressing the hope that we might decide to do so at that time because, they stated, they attached considerable importance to the accession of a country such as Canada, feeling that this might encourage accession by other states and so strengthen the basis of the new state. At that time, however, there were a great many arrangements in the treaty governing assets, reparations and other matters arising out of the war which had not been satisfactorily concluded between the new state and certain other European states which were not at that time accessory to the treaty. These arrangements came under article 27 of the treaty, and it was our view at that time—and, I may say, this was reinforced by conversations we had with some of these other European countries at that time—that accession to the treaty might be delayed until these matters had been cleared up.

Now they have been cleared up, and it is entirely appropriate, I think, that we should accede to this treaty. Austria is, I believe, the first example in history since the second world war of a country, divided as a result of war, which has been reunified on a free and democratic basis. Perhaps it could be put this way: this is the first unfreezing of a situation in the cold war which was brought about by military arrangements concluded during and immediately after the war, which arrangements established boundaries which went, not around countries, but through countries. Another example of this type of division is, of course, Germany, which we have very much in mind at this time. Korea and Viet Nam are other examples. However, Austria has managed to extricate herself and is the only postwar country to have emerged from that unhappy divided position which is a source of danger to peace and security in those countries where that state of affairs still exists. This was the result of quiet, continued and patient diplomacy conducted by the four powers over a good many years in the face of great obstacles which at times appeared to be insurmountable. But success was finally achieved, and Austria became free from both division and occupation.

[Mr. Pearson.]

Of course, as the treaty indicates, there was a price which the Austrian people paid—and paid willingly—for this freedom. They accepted neutralization. They accepted the obligation—and I think this is embodied in the treaty—not to join in any power alliance. They accepted other limitations, including limitations on their right to use certain armaments, and they accepted one very important limitation which brings to mind a similar limitation in the treaty of Versailles after 1919—article 4 embodying a prohibition of anschluss with Germany, a prohibition which was contained in the treaty of Versailles but which, unfortunately was not maintained between the two wars.

This has been an encouraging and, indeed, happy development—a country freed from foreign occupation, from Nazi occupation and from communist occupation; a country which is now united on a free and democratic basis. In this regard it is interesting to recall that before the treaty was signed there was a plebiscite in that part of Austria which had been occupied for many years by the Russian communist forces. In spite of the pressure which must have been brought to bear on the people in that area and in spite of the indoctrination which must have taken place, I think some 94 per cent of the people voted to join the new unified and democratic Austria which is now, as the Prime Minister has said, playing a good part in international affairs and with whom we have the friendliest and most cordial relations.

I am glad the Prime Minister paid tribute to the part played by Austria in the reception of Hungarian refugees a few years ago. The actions of Austria at that time not only illustrated great generosity on the part of a small and not especially rich state, but also courage in the face of pressures both political and economic which must have been hard to bear at that time.

We hope this occasion will establish a new chapter in the friendly relationship between our country and this gallant and historic little state in the middle of Europe.

Mr. H. W. Herridge (Kootenay West): On behalf of this group I am very happy to endorse the remarks made by the Prime Minister with respect to this resolution for the approval of the treaty re-establishing an independent and democratic Austria.

This most interesting country has a colourful history. For centuries, during the period of the empire, it had power without authority or stability, and existed in a situation where compromise without agreement was a constant state of affairs. For 650 years under the Hapsburg dynasty the roots of these people were largely related to the Danubian basin.

That whole state of affairs was altered during the first world war, and among the changes introduced was the establishing of a more democratic form of government. Then, in 1938, shall I say at pistol point, German dominance was complete. There could be no question about it because of the might of the German armies. At the same time, Germany had established a psychological dominance for some years previous to 1938.

This very interesting country was a cultural centre in Europe for many years. Possibly the summit of that culture was reached in music. I never think of Austria without thinking of Viennese waltzes as they were played at very stately and formal dances which I witnessed as a boy when people liked to listen to good music and were not content to be satisfied with a collection of cow bells and kettle drums for the exercise of the waltz and other dances. Austria is a country which has enjoyed a great reputation with respect to medicine and which has, in addition, made a great contribution to world culture through its architecture.

It is one of the leading countries in Europe in terms of the signing of secret treaties in its past history. This is a treaty openly arrived at by the methods evolved in recent years and as a result of the painstaking effort of persons within and without Austria. It was a country known for its stately courts and dignified culture confined largely to a few at the top and supported by a very virile and capable peasantry who always have had strong democratic instincts. It is a country, as I said before, known for its music and, though I am no judge of this question, a country, according to history, known for its beautiful women.

It is interesting to me as a socialist and to all other hon. members of this group to know that the socialist movement of Austria has made a great contribution to the advance of democracy and toward bringing about the state of affairs that exists in Austria today. When the socialist party was first established I suppose it was what we would call very right wing in its outlook. It strongly supported the monarchy of the day. A reading of the record indicates that it had some very fruitful times and performed some very fruitful acts on behalf of those people.

When it comes to the question of the period of the second world war we realize that it was the socialist movement in Austria supported by those with strong nationalist loyalties that built the underground which effectively over a period of years did much to destroy the strength of the German forces within that country.

As a socialist I am proud to realize that it was a socialist who was the first chancellor in 1919, Dr. Karl Renner. In 1945 Dr. Karl Renner was again elected as chancellor of Austria and remained in that position until he died in 1950.

Austria occupies a unique position in history because although it was overrun by German forces and controlled by nazism for a period of years, in spirit Canada was never at war with Austria because of the circumstances.

The parliament of Canada is approving this treaty on behalf of the Canadian people. I am sure this approval receives the hearty endorsement of the Canadian people. In recent years Austria has been a member of the United Nations. I had the opportunity to be an observer with the Canadian delegation for a month in 1956, during and after the period when the Suez question was uppermost in everyone's mind and later the Hungarian question. Anyone having an opportunity to witness those debates and talk personally with some of the representatives would realize that the representatives of that country which is small physically but great in spirit were making a good contribution to that organization and, shall I say, a special contribution owing to the particular circumstances under which they live.

This group supports the confirmation of this treaty. These fortunate people are not burdened with the heavy cost of armament as are many other nations of the world. This is because of the obligations of this treaty and the circumstances under which they live. Before concluding I must say that this group wishes there were more central European countries who had the opportunity to live under the same circumstances without having imposed on them the heavy burdens caused by armaments, particularly in the central zone of Europe, not only because we wish these people to be free of such unhealthy costs but because we believe such an arrangement would add to the solution of our international questions and hasten the time when we will enter the era of peace which we all hope for in the future.

The members of this group extend their best wishes and all expressions of good will to the Austrian people for success in their support of freedom and democratic principles within and without their country. We trust that their happiest, most fruitful and glorious days are yet to come.

Motion agreed to.

Veterans' Land Act

VETERANS' LAND ACT

AMENDMENTS TO PROVIDE FURTHER ASSISTANCE FOR HOME CONSTRUCTION, TO FARMERS AND FISHERMEN, ETC.

Hon. A. J. Brooks (Minister of Veterans Affairs) moved the second reading of Bill No. C-50, to amend the Veterans' Land Act.

He said: Mr. Speaker, the principle of this bill was clearly discussed yesterday when the resolution was before the house. I do not intend to discuss it at any great length today except to again state that it is a very important bill as far as our veterans are concerned.

As I pointed out yesterday, some of the main features are increasing the amount of loans to veterans, the extending of the time in which a veteran may repay his loan and the enlargement of the scope of the loan to include not only land but equipment, stock and machinery. It also increases the amount of loans to fishermen and veterans who have small holdings. I would move that this bill be now read the second time and be referred to the standing committee on veterans affairs.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, our support for the principle of this bill was voiced yesterday when we were discussing the resolution. There is no reason why I should say anything to delay its submission to a committee but perhaps I may be permitted to pay my tribute to the purposes behind this bill. I hope they will be accomplished by the bill.

While I am on my feet I should also pay tribute to the administration of the Veterans' Land Act in the past. It is one of the happiest examples of constructive administration we have experienced in postwar years. Those who are responsible for it are deserving of our thanks and our tribute. I merely say, without further words, we shall be glad to support the second reading of this bill.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, our support for this bill was expressed at the resolution stage yesterday. In view of the fact that the bill is to go before a committee, where it will be thoroughly discussed and explained, there is no necessity for further debate at this stage.

Motion agreed to, bill read the second time and referred to the standing committee on veterans affairs.

BRETTON WOODS AGREEMENTS ACT

AMENDMENT INCREASING AMOUNTS PAYABLE TO INTERNATIONAL FUND AND BANK

Hon. A. J. Brooks (for the Minister of Finance) moved that the house go into committee to consider the following resolution:

[Mr. Herridge.]

That it is expedient to introduce a measure to amend the Bretton Woods Agreements Act to provide for the payment, out of the consolidated revenue fund, to the international monetary fund and the International Bank for Reconstruction and Development of sums not exceeding in the whole an amount equivalent to the subscriptions thereto required from Canada, that is to say, thirteen hundred million United States dollars, and to authorize the necessary borrowing therefor in the manner provided by the said act.

Motion agreed to, and the house went into committee, Mr. Rea in the chair.

Mr. McMillan: Mr. Chairman, will there be a statement from the minister on this resolution?

Mr. Diefenbaker: Mr. Chairman, there will be, but things have moved so unaccustomedly rapidly that the minister is still in his office. I am not criticizing this speed.

Mr. Pickersgill: Perhaps the hon. member for St. John's West will explain the resolution.

Mr. McMillan: We will await the minister.

Mr. Fleming (Eglinton): Mr. Chairman, may I express my apology to you and to the committee for delaying the proceedings of the committee. I have been in a session dealing with some other legislation; I will recover my breath in a moment.

Hon. members will recall that last July in this house the Prime Minister spoke in favour of expanding the resources of the international monetary fund and the International Bank for Reconstruction and Development. I will use for purposes of brevity the designation "I.M.F." for international monetary fund and "I.B.R.D." for the International Bank for Reconstruction and Development. He emphasized that an increase in I.M.F. quotas would expand substantially the liquid assets supporting world trade and that an increase in the international bank's subscriptions would give less developed countries greater prospects of the financial aid needed for developing and diversifying their economies.

The government, therefore, welcomed the proposal by President Eisenhower in August that consideration should be given to an increase in the resources of those two organizations. At the annual meeting of the bank and fund in New Delhi last autumn the United States secretary of the treasury, Mr. Anderson, proposed that specific recommendations for increases in national contributions be prepared promptly for consideration by governments. As the representative of Canada, I strongly supported these proposals.

In response to these resolutions, the executive boards of the two institutions

investigated this problem and recommended a general increase of 50 per cent in the I.M.F. quotas, and of 100 per cent in the subscriptions to the bank. In addition, they recommended special increases exceeding those percentages for certain countries, including Canada. In my capacity as the governor for Canada I voted in favour of submitting these proposals for consideration by member governments. The recommendations received virtually unanimous support, and governments are now proceeding to obtain the legislative authority for the proposed increases in their national contributions. The United Kingdom has already passed the necessary legislation. The United States and a number of other countries are now in process of doing so.

With the permission of the committee, Mr. Chairman, I should like now to insert a table showing the present and future national contributions to the I.M.F. and the I.B.R.D. I request that this be printed at this point in the report of my remarks.

The Deputy Chairman: Will the committee give unanimous consent to the minister having this table printed in *Hansard*?

(*Editor's note*: *The table above referred to follows.*)

PRESENT AND PROPOSED NATIONAL CONTRIBUTIONS TO THE IMF AND THE IBRD

Country	IMF		IBRD	
	Present quotas	Proposed quotas(1)	Present subscriptions	Proposed subscriptions(1)
	(Millions of U.S. Dollars)			
Afghanistan	10	15	10	20
Argentina (2)	150	280	150	373.3
Australia	200	300	200	400
Austria	50	75	50	100
Belgium	225	337.5	225	450
Bolivia	10	15	7	14
Brazil (2)	150	280	150	373.3
Burma	15	22.5	15	30
Canada (2)	300	550	325	750
Ceylon (2)	15	45	15	60
Chile	50	75	35	70
China (Taiwan)	550	825	600	1,200
Colombia	50	75	35	70
Costa Rica	5	7.5	2	4
Cuba (2)	50	100	35	93.3
Denmark (2)	68	130	68	173.3
Dominican Republic	10	15	4	8
Ecuador	10	15	6.4	12.8
El Salvador	7.5	11.25	1	2
Ethiopia	6	9	3	6
Finland	38	57	38	76
France	525	787.5	525	1,050
Germany (Fed. Rep.) (2)	330	787.5	330	1,050
Ghana (2)	15	35	15	46.7
Greece	40	60	25	50
Guatamala	5	7.5	2	4
Haiti	7.5	11.25	7.5	15
Honduras	7.5	11.25	1	2
Iceland	1	1.5	1	2
India	400	600	400	800
Indonesia	110	165	110	220
Iran (2)	35	70	33.6	90
Iraq	8	12	6	12
Ireland	30	45	30	60
Israel (2)	7.5	25	7.5	33.3
Italy	180	270	180	360
Japan (2)	250	500	250	666
Jordan	3	4.5	3	6

Bretton Woods Agreements Act

PRESENT AND PROPOSED NATIONAL CONTRIBUTIONS TO THE IMF AND THE IBRD—*Concluded*

Country	IMF		IBRD	
	Present quotas	Proposed quotas(1)	Present subscriptions	Proposed subscriptions(1)
	(Millions of U.S. Dollars)			
Korea (Republic of)	12.5	18.75	12.5	25
Lebanon	4.5	6.75	4.5	9
Libya	5	7.5	5	10
Luxembourg	10	15	10	20
Malaya	25	37.5	25	50
Mexico (2)	90	180	65	173.3
Morocco	35	52.5	35	70
Netherlands	275	412.5	275	550
Nicaragua	7.5	11.25	3	6
Norway (2)	50	100	50	133.3
Pakistan	100	150	100	200
Panama	0.5	0.75	0.2	0.4
Paraguay	7.5	11.25	3	6
Peru	25	37.5	17.5	35
Philippines	50	75	50	100
Saudi Arabia (2)	10	55	10	73.3
Spain	100	150	100	200
Sudan	10	15	10	20
Sweden	100	150	100	200
Thailand (2)	12.5	45	12.5	60
Tunisia	12	18	12	24
Turkey (2)	43	86	43	115
Union of South Africa	100	150	100	200
United Arab Republic	66.5	99.75	59.8	119.6
United Kingdom	1,300	1,950	1,300	2,600
United States	2,750	4,125	3,175	6,350
Uruguay	15	22.5	10.5	21
Venezuela (2)	15	150	10.5	140
Viet Nam	12.5	18.25	12.5	25
Yugoslavia	60	90	40	80

NOTES: (1) The table does not reflect the increases which countries having quotas in the IMF of less than $20 million may request in addition to the general 50 per cent increase in quotas. The 19 countries who have this option may also request corresponding increases in their subscriptions to the IBRD.

(2) The table includes, for these 17 countries, the special additional increases approved by the Boards of Governors of the IMF and the IBRD.

Mr. Fleming (Eglinton): The bill to follow the present resolution, if it is approved, seeks authority to amend section 5 and subsection (1) of section 6 of the Bretton Woods Agreements Act, 1945, to enable Canada to accept the proposed increase in our subscriptions to both organizations by raising the present statutory ceiling.

Members of the committee are, I am sure, aware of the important achievements of these two international institutions. The international monetary fund was set up to provide member countries with facilities for short term foreign currency loans required to meet temporary balance of payments difficulties. Its main purpose is the expansion of international trade through the promotion of exchange stability, the elimination of exchange restrictions and the establishment of a multilateral system of current payments.

[The Deputy Chairman.]

The international bank has, by direct loans and by arranging for investment from other public and private sources, contributed to the long term economic growth of many countries, particularly those in greatest need of development capital. It has also provided a pool of competent technical personnel to assist countries in working out sound development programs.

This government has consistently supported these two world agencies in their efforts to strengthen the economies of the free nations of the world. Canada has been able to play an active role in the day to day management of the fund and bank since our quotas carry sufficient voting power to elect an executive director in both organizations. Mr. Louis Rasminsky, the very distinguished and, I may say, the very highly regarded deputy governor of the Bank of Canada, is and

has for some years been the Canadian executive director for both the international bank and the international monetary fund.

Drawings of $15 million have been made from the international monetary fund in Canadian currency. In the case of the international bank authorization has been given to lend, without restriction, the 18 per cent of the Canadian subscription usable only with our concurrence. In addition, the bank has been able to place in the Canadian money market three bond issues totalling $50 million. Total disbursements in Canadian funds on international bank loans now amount to about $110 million. These outlays have, of course, assisted Canadian business in that they have enabled countries receiving loans from the fund and bank to finance purchases in Canada.

In the view of the Canadian government the successful functioning of these organizations is vital to Canada's economic and political interests. From a commercial point of view Canada, as a nation dependent for its economic welfare on the balanced growth of international trade, is as interested as any other country in the continued success of these agencies. The international monetary fund, by providing a second line of foreign exchange reserves, has contributed to a higher level of international trade than would otherwise have been possible. Member countries have, with the help of the international monetary fund, been able to overcome temporary payment difficulties without sharply reducing the level of their imports. Through the process of annual consultations the international monetary fund has been able to encourage countries to reduce substantially the maze of exchange and trade restrictions inherited from the war and the period of reconstruction. The international bank has also played its part in the development of trade through its program of loans and technical advice to underdeveloped countries. These activities contribute to a rising level of economic activity in these countries and in this way enable them to play an increasing role in the expansion of world trade.

While the bank and the fund are, of course, world institutions, the benefits derived by the commonwealth have been particularly impressive. The importance which commonwealth countries attach to the bank and fund was clearly reflected in the unanimous endorsation given at the Montreal conference last September to an expanded role for these two organizations. Since the inception of the fund until the end of February, 1959 member countries have obtained loans of foreign currency to a total amount of $3,238 million. Of this total $1,258 million has been made available to commonwealth countries. Of the total loans authorized by the international bank from 1946 until February of this year, amounting to $4,238 million, an amount of $1,386 million has been provided to members of the commonwealth.

Our interests in these institutions go beyond economic considerations. The I.M.F. and the I.B.R.D. have made a marked contribution toward the attainment of our central objective of world peace and security. By helping to stabilize the economies of the free nations of the world, by promoting a balanced expansion of world trade, and by channeling vast quantities of financial aid without political strings, the fund and bank have helped to remove potential sources of economic dislocation, social unrest and political instability in those countries which constitute the more exposed bastions of the free world.

For all these reasons it is important that the resources of these two institutions should be adequate for the continuation of their work. This is not the case at present. The original fund quotas were calculated in 1944 at the Bretton Woods conference in the light of conditions prevailing at that time. Since then there has been an enormous increase in the volume and value of international trade. Moreover, the circumstances of the past few years have led to very heavy commitments on the existing resources of the fund. As a consequence the uncommitted resources available to the I.M.F. are insufficient to meet potential future demands.

A similar situation exists with respect to the I.B.R.D. The main source of funds for the bank's lending activities is the sale of debentures to private investors. It is primarily the guarantee provided by the 80 per cent uncalled subscriptions of the United States, Canada and other economically strong member countries which enables the ready sale of international bank debentures in the private sector of the world economy. With total outstanding loans of $3,763 million at March 31, 1959, and current lending in excess of $700 million per year, the time may soon be approaching when additional guarantee would be necessary to ensure the marketability of international bank bonds.

I mentioned earlier that Canada, along with Germany, Japan and several other countries, will be increasing its quotas by more than the general percentage. The government considers that the particularly rapid economic growth of Canada in recent years is ample reason for a special increase in the Canadian subscription in the two agencies over and above the general increase. This special increase will enable Canada to continue to

play a role in the work of the bank and fund in keeping with our growing economic stature in the world.

In specific terms, it is proposed that Canada's quota in the international monetary fund be increased from $300 million to $550 million. This increase would involve outlays to the fund of gold to the value of $62.5 million and non-interest-bearing government notes in an amount of $187.5 million. For the international bank the proposal is to increase our subscription to $750 million compared with the existing figure of $325 million.

Mr. Martin (Essex East): What is the United States increase?

Mr. Fleming (Eglinton): The United States increase is set out in the table which I have placed on the record. The United States subscription to the bank will be raised from $3,175 million to $6,350 million; in other words, it will be doubled. This increase on the part of Canada from $325 million to $750 million in its subscription to the international bank would call for payments of $1 million in United States dollars and $9 million in non-interest-bearing government notes, usable only with Canadian concurrence. The remaining $415 million will be in the form of a guarantee only. To clarify the financial implications of the increases in our contributions I wish now, with the permission of the committee, to submit a table showing these implications in detail.

The Chairman: Is it the pleasure of the house to agree to the table being included in *Hansard*?

Some hon. Members: Agreed.

(Editor's note: The table above referred to follows).

Financial Implications of Canada's Increased Contribution to the I.M.F. and the I.B.R.D.

	Canada's quota and subscription	Payment in gold or U.S. $	Payment in Canadian currency or non-interest-bearing notes	Guarantee
		(Millions of U.S. dollars)		
I.M.F.				
Present quota	300.0	75.0	225.0	
Proposed increase	250.0	62.5	187.5	
I.B.R.D.				
Present subscription	325.0	6.5	58.5	260.0
Proposed increase	425.0	1.0	9.0	415.0
	1300.0	145.0	480.0	675.0

Mr. Fleming (Eglinton): The payments in gold and U.S. dollars in respect of the fund and the bank will be made from existing holdings in the exchange stabilization fund. No other cash payments will be required. The increases in Canada's quota in the fund and in our subscription to the bank will appear as loans and investments in the public accounts and accordingly do not affect the level of the net national debt.

The amendment that I am proposing involves not only an appropriate increase in the ceiling on funds to be provided for our subscriptions to these two international institutions but also a change in the form of the ceiling. This is really a technical matter but a word of explanation may perhaps be helpful. As hon. members will see from the first table which I have submitted, all subscriptions are, under the Bretton agreements, denominated in terms of United States dollars. In other words, the United States dollar is the yardstick used. Therefore the amendment which I am proposing expresses the ceiling on Canadian funds to be appropriated in terms of United States dollars. The actual sum is $1,300 million United States dollars. In this we are following the practice of the United Kingdom and other countries.

When the original act was passed by parliament the ceiling was expressed in Canadian dollars. The sum named, $700 million Canadian, was higher than the amount actually required at that time. The excess provided, shall we say, a cushion against the possibility of a fall in the exchange value of the Canadian dollar. Parliament at that time, in effect, made provision for a possible depreciation of 12 per cent in the value of the Canadian dollar in relation to the United States dollar. The size of any such "cushion" must be rather arbitrary, particularly when taking into account the fact that our dollar, which was then fixed in value in terms of the United States dollar, is now free to fluctuate on the market. Accordingly, under the new circumstances, it seems expedient to follow the terms of the agreements themselves

and make provision for our subscriptions in terms of United States dollars. By doing so we make automatic provision for any possible movement in the exchange rate.

Mr. Chairman, I have been asked certain questions concerning the international finance corporation and I think perhaps it might be of assistance to hon. members if I say a brief word on that subject at this time. The international finance corporation is an affiliate of the international bank for reconstruction and development with membership open only to governments which are members of the bank. Its objective is to further economic development by encouraging the growth of productive private enterprise in its member countries, particularly in the less developed areas. It seeks to accomplish this end by:

(1) Investing in productive private enterprises, in association with private investors and without government guarantee of repayment, in cases where sufficient private capital is not available on reasonable terms.

Mr. Pearson: Might I ask the minister a question there?

Mr. Fleming (Eglinton): Yes.

Mr. Pearson: May I ask whether this international finance corporation about which he is now speaking has any relationship to the proposed international development association?

Mr. Fleming (Eglinton): No.

Mr. Pearson: They are quite separate from each other?

Mr. Fleming (Eglinton): Yes. There is no relation between them. To continue:

(2) Serving as a clearing house to bring together investment opportunities, private capital—both foreign and domestic—and experienced management; and

(3) Helping to stimulate the productive investment of private capital both domestic and foreign.

The corporation has an authorized capital of U.S. $100 million. Of that total $93.7 million had been subscribed by March 31, 1959. Fifty-seven countries are members. The corporation began operations in July, 1956 and has so far made nine effective operational investments totalling $9.2 million. Commitments have been made in connection with five other projects. These investments were for the manufacture of rubber products, automotive parts, motor vehicles, cement, steel products and cotton textiles, also for flour milling and steel forging. The projects were located in member countries in Latin America, Asia and Australia. Because of the fact that the organization has a very short history and has been able to make relatively few investments, it has been able to rely entirely upon its subscribed capital for the necessary funds. It has, however, the authority to borrow funds by the sale of its own bonds or obligations.

At this point, Mr. Chairman, perhaps a brief review of Canadian legislation in relation to the international finance corporation might be of interest to hon. members. Authority for Canadian participation in the two main Bretton Woods organizations—the international monetary fund and the international bank for reconstruction and development—was, of course, given by the Bretton Woods Agreements Act of 1945. Special legislation was necessary in their case because of the undertakings regarding national monetary and exchange policy involved in the acceptance of membership in these two organizations. No such undertakings were required in connection with the international finance corporation and it was, therefore, evidently decided by the government of that day that the simpler procedure of an item in the estimates would be sufficient to authorize Canadian participation in the international finance corporation. I am informed that before making this decision the then minister of finance, my predecessor, was assured by the Department of Justice that such procedure would be sound legally. Accordingly an item was inserted in the estimates for the fiscal year 1955-56. This item, No. 789, was discussed in the estimates committee on July 5, 1955.

Although the Canadian ambassador to Washington, under authority from council, signed the articles of agreement of the international finance corporation on October 25, 1955, sufficient signatures to bring the corporation into existences were not deposited until the summer of 1956. The authority for payment of the Canadian subscription having lapsed on March 31, 1956, parliament was once again asked to provide in the estimates for the purchase by Canada of shares in the corporation. This was done by means of item 731 in the supplementary estimates for the fiscal year 1956-57. This item, if I may remind hon. members of it, read as follows:

731. To authorize the purchase of 3,600 shares of stock of the international finance corporation being Canada's subscription as a member thereof for the amount of $3,600,000 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of May, 1956 (Revote).

This item was passed on August 14, 1956.

To my knowledge there has been no discussion in parliament of the international finance corporation, although a section on the corporation has been included in the last three annual reports to parliament required under the Bretton Woods Agreements Act.

I may say to the committee, Mr. Chairman, that my predecessor Mr. Harris was, while minister of finance, the Canadian governor on the board of governors of the international finance corporation and that I succeeded him as Canadian representative on that board of directors in the summer of 1957. The three reports to parliament to which I have referred were tabled in the house by myself on October 28, 1957; June 23, 1958; and April 20, 1959, respectively.

Mr. McMillan: I was greatly interested to hear the Minister of Finance give us this survey today. I might say that we all know that the international bank and the international monetary fund were established under the Bretton Woods agreements in 1945. Considerable debate took place in this house at that time; it was carried on for a good part of December of that year. All the parties in the house at the present time supported these agreements. In fact the hon. member for Greenwood, the former financial critic of the opposition—now Minister without Portfolio—spoke highly in favour of these agreements as did the leader of the C.C.F. party at that time. As the minister has said, membership in the international monetary fund is a prerequisite for membership in the international bank. Many of the same governors, executors and directors control both of these funds as well as the international finance corporation. I heard the minister this afternoon refer to the international finance corporation and I do not think he gave the status of that fund. Perhaps he might do so later.

Mr. Fleming (Eglinton): The status of what?

Mr. McMillan: The status of that particular fund, whether they are making money, how much they are making and so forth.

Mr. Fleming (Eglinton): I gave the figures on their operation.

Mr. McMillan: I was always under the impression that the bank was established primarily to give assistance to the more underprivileged and underdeveloped countries. I think this was true more in the earlier years than it is today. In those earlier years this was done by sending experts to these countries to help them with their development. They sent in technical assistance and they also lent money under supervision to implement the development programs in those countries. I notice that in the last three or four years there is more of a tendency to lend money to member countries, advancing them money in their development for productive purposes, thereby promoting the long range growth of international trade and the improvement of the standard of living in those countries.

The bank, of course, tries to promote foreign investment by guarantees and participation in loans, and when private capital is not available at a reasonable rate they lend money from their own resources, whether it is borrowed or provided by the bank itself. I realize that bank loans to member governments, government agencies, to authorities or private membership in the territories of member governments have to be guaranteed on a government level, but that is not true, as I think the Minister of Finance said in connection with the finance corporation. They do not require government guarantees. Loans are made for productive purposes, must have good prospects for repayment, and these loans are not competitive with private investment money when it is readily available. I notice loans are made for agricultural development, transport facilities, such as roads and railways, and also for communications and power development. But as I said earlier, in the last three or four years I notice that money is being loaned to member countries for industrial development.

I might say here that our party is very much in favour of supporting these agreements. I could not help but notice, in passing—I do not utter this by way of criticism—that I think we are probably doing our share in backing loans to countries in order to build them up industrially to compete directly against us in trade. Some of these countries, and I have one in mind, borrowed a considerable amount of money from the bank and they have a low wage scale and are very competitive in our markets. In fact, we have had delegations here in Ottawa because certain products from one particular country were more than competitive with our own in our own markets. I would like to make the observation that I am not saying it is a fact that this particular country or any other country has built up industry with money from the international bank to which we contribute, and produced products which undersell our own in our own markets. This is one aspect of these comparatively cheap loans, however, that I would like the minister to comment upon.

As the minister has said, the authorized capital of the bank is $10 billion, of which $9.5 billion is already subscribed. The capital subscription of each member is divided into three parts; the 2 per cent, the 18 per cent and the 80 per cent parts. I am not going into that at this particular time. The capital structure is designed to provide the bank with lendable capital up to 20 per cent of its subscribed capital, but I do not think, probably because of the restrictions under the

18 per cent subscription, that much over three-quarters of the members have given permission to use this part of their subscription, and I do not suppose that the bank has available much over 15 per cent of the useable subscription from each country.

As the minister said, the business has gone up by leaps and bounds and I think if we add together what they have loaned it would amount to close to $4¼ billion. The bank has to depend upon borrowed money and bond issues for most of its lending money, and since most of the bonds are sold in the United States the average bond buyer—and most of the bond buyers come from the United States—looks to see how much of these particular bonds are guaranteed by their own government. I take it then that for this reason in particular, and also to obtain greater amounts from member countries, a decision has been reached to recommend a 100 per cent increase in the capital structure. As the minister has said, our increase in the funds of the bank goes up from $325 million to $650 million, and because of the special increase of $100 million it goes up to $750 million, which means we have to put up in connection with this particular fund $1 million in gold from the exchange fund plus $9 million in the form of non-interest-bearing government notes plus the rest in guarantees.

I would like to ask the minister how this particular increase is arrived at and why Canada, more than some of the other countries, has to put up a special increase. I think the minister can probably tell us something about that.

Mr. Fleming (Eglinton): May I say at this point that Canada does not have to, but for the reasons I gave we thought Canada should choose to.

Mr. McMillan: Yes, I appreciate that. If I used the words "had to" or "has to", then I used the wrong words. But I would like to ask on what basis that was arrived at. I realize that Canada is a guarantor of these funds, and I would like to know if Canada will ever share in the profits of the bank. I notice that the bank has something between $40 million and $50 million a year profit. I realize that Canada benefits indirectly because of the increased standard of living obtained in countries making use of borrowed funds, and these people in turn might in time, and will in time, increase trade with us. I also realize that by making the facilities of the bank available to these countries we are helping to combat the spread of communism.

The international finance corporation was set up, according to the minister, in 1956, and I think he said it had an authorized capital of $93.7 million, to which Canada subscribes under special articles of agreement. I think the minister said that it had investments in Asia, in Latin America and in Australia. I did not see how the quotas of this particular fund were made up, and I would like to ask the minister to comment upon that.

The international monetary fund, on the other hand, is subscribed by an association of nations to promote international monetary co-operation and to expand world trade by controlling and trying to promote exchange stability. This fund has done well, and I note that the executive directors by resolution recommended to the board of governors that this fund should be increased through an increase in quotas. This, plus the increase in special quotas, will bring Canada's share up to $550 million from $300 million. This would involve a further sum from Canada of $62.5 million in gold or U.S. dollars, plus further guarantees.

According to a dispatch from Washington in February 1959, the president asked congress for $1.375 billion in gold or cash to help these funds. In the United States it is evidently treated as a budgetary item, but not so here in Canada. In connection with having no option of putting up United States money, I would just like to say a word about how closely these funds might be related to to exchange rates and so forth. We know that at the present time there is a flight from the United States dollar and many economists think the United States must in the very near future either raise the price of gold or impose much higher tariffs to cut down imports.

We know they are not likely to do the latter, and having in mind the amount of gold required by statute to support the United States currency and meet other obligations, I see the possibility of the price of gold being raised. I am certainly not criticizing the Minister of Finance or the department or the Bank of Canada, but I cannot say I am not somewhat alarmed that Canada is carrying so much in United States shorter note securities on hand instead of gold. If the price of gold were raised overnight we would stand to lose hundreds of millions of dollars through holding United States short term securities instead of gold. I do not know how close the liaison is between our Department of Finance here in Canada and the United States treasury, but certainly something of the nature I have suggested would happen if the United States decided suddenly to raise the price of gold.

I do not know how much we are holding in United States currency in these particular

funds or other funds. I do notice, in connection with this fund, that other members of the commonwealth borrow from it, particularly Australia. I do not know what percentage has to be paid; I have read through most of the booklets and they do not say how much. However, I did see one reference suggesting that they were paying between 5 per cent and 5½ per cent. The question arises: could Canada borrow from this fund for her developments in the northland? According to some of these reports which I read, a number of those countries abroad are underprivileged because they have to pay high interest rates. If that is the case, we are an underprivileged country because we certainly have to pay high interest rates. I understand that some of these countries, as of last year, were getting money as cheaply as 5½ per cent, and I doubt whether we could borrow much money to develop our great north country at that rate here in Canada.

One can always argue in favour of supporting such a fund as this, but it seems to me to be an anomaly inasmuch as we are guaranteeing loans to other countries at rates of interest lower than those at which we ourselves could borrow, either at home or abroad.

I should like to ask the minister one or two questions. First, how does Canada subscribe to the international finance corporation? The minister told us today we have so many shares in it, but I should like to know what proportion this is of the total number of shares held and how this corporation is doing financially. Second, in connection with these two funds, I should like to ask the minister whether the reserves are held in gold or in United States currency, and how much of these funds are put up wholly in Canadian currency.

Mr. Regier: It is a number of months now since the Prime Minister announced the intention of the government with regard to the question now before the committee, and the members of our group were very pleased indeed that the Prime Minister in this instance and also in a number of other instances involving arrangements of this kind is supplying a little leadership along lines we have advocated over a number of years.

As hon. members will recall, we have from time to time advocated that we carry out the recommendation of the United Nations that the more privileged nations of the world should be prepared to spend up to 1 per cent of their annual gross national product for the purpose of assisting the "have not" nations in order that they may arrive at a state of industrial and other development which will enable them to look after themselves. We have noticed that since the Prime Minister and the Minister of Finance have held office they have raised the contribution made by this government under the Colombo plan. I believe they have also raised the contribution of the government to the various agencies operating under the auspices of the United Nations. They are now asking the agreement of this committee to amendments to the Bretton Woods Agreements Act whereby we shall in a fairly large measure take another move in the direction of supplying aid to areas of the world which have not been as blessed as we have.

We certainly intend to support the amendments for which the minister is asking. At the same time, we are pleased to note that the international finance corporation is not a part of the Bretton Woods agreements, and that endorsement of the amendment of this legislation does not automatically put our group on record as having endorsed either the intent or the activities of the international finance corporation. I think the minister made that point very clear, namely that he has only used the occasion of his report on the Bretton Woods Agreements Act to supply a report on the international finance corporation.

With regard to the latter, we find it difficult to understand exactly how the international finance corporation was first established. I listened with some care to the explanation the minister gave us half an hour ago, but I hope he may find an opportunity to deal with this question in somewhat more detail. Canada belongs to this organization. Canada is a shareholder in it, yet the only legislation which we have—if it is legislation at all—is an item in the estimates. This matter of legislating by way of inserting an item in the estimates has been the subject of considerable controversy in this house on a number of occasions and I should like to recall to the minister that on January 6, 1955 the hon. member for Algoma East, now Leader of the Opposition, had this to say as reported in *Hansard* on page 546 when speaking on the North Atlantic treaty. He was replying to the then hon. member for Saskatoon.

> The hon. member for Saskatoon must know what this practice is, namely that the government takes the responsibility for signing an agreement, then brings that agreement to parliament for approval before ratification. Ratification is not given—this is now constitutional practice—without such approval.

It seems to us that this parliament has never been asked to ratify this agreement signed by our government to become a member of the international finance corporation. I am only making this point now because this may be the only opportunity we shall have to raise this matter. How can the government have made the expenditure of money in

the absence of any legislative authority under an agreement which was never ratified by the Canadian House of Commons? I recall again in this connection the words of the former minister for external affairs when he said:

Ratification is not given—this is now constitutional practice—without such approval.

By that he meant approval by this House of Commons. So we have here an agreement which has involved the expenditure of money but which has never been ratified by the House of Commons. As I indicated earlier this is not a part of the Bretton Woods Agreements Act.

One reason for my wanting to participate in this debate is that there is a fairly substantial political movement existing in Canada—although as indicated by the hon. member for Welland some moments ago it is no longer represented in this house—which operates the governments of two of our ten Canadian provinces. This movement in my opinion has misled the Canadian people to no small degree with respect to the purport, intent and operations of the Bretton Woods Agreements Act. Hon. members of that party on many occasions and most frequently in little meeting places where there are not likely to be in attendance those who know very much about the act have charged that in 1945 when this act was first ratified by this parliament the Conservative, Liberal and C.C.F. parties enslaved the people of Canada to dark and sinister influences which they allege are in existence in the world today. In some of their literature this influence is referred to as the illuminati.

I know that I should not be taking up the time of the committee with this but for the sake of the record—and there are readers of *Hansard* in Alberta and British Columbia—I should like to read the purposes of the international monetary fund as I understand them. They are as follows:

The purposes of this organization are to promote international monetary co-operation—

They would have us believe it seeks to promote international monetary dictatorship. I continue:

—to facilitate the expansion and balanced growth of international trade, to promote exchange stability, to assist in the establishment of a multilateral system of payments in respect of current transactions between members and to shorten the duration and lessen the degree of disequilibrium in the international balances of payments of members.

I think it was absolutely essential after the war for those nations that emerged with a sound monetary system to join hands with each other in order to enable the other parts of the world to carry on and rebuild their economies and continue to purchase those things that we had for sale on the export market. If some move in this direction had not been taken the recovery of those countries would have been much slower if indeed it could have been undertaken at all. The possibility is that revolutions might have been more widespread had the western nations and notably Canada and the United States not taken this step at that time. It is also possible that our markets would have been less than they were at the time.

On behalf of this group I endorse all the efforts the nations make to establish organizations designed specifically to enhance world trade and to assure economic stability in all areas of the world where our help can be effective. I wish to express the wish that the criterion concerning whether or not a loan shall be granted or aid given shall be purely based on economic considerations and that political considerations will play a lesser role than they obviously have played on a number of occasions in years gone by.

I am sure that if political consideration had not blocked aid in regard to the Aswan dam in Egypt we would have avoided the crisis that developed there at the time. The reason I mention that now is that yesterday a serious political move was made by Nasser and the problem of the Aswan dam may again be dumped into our laps before we have reached a decision concerning how to deal with the situation.

The United States has supplied approximately one-third of the money that has been placed in the international monetary fund and I believe its contribution would be higher in terms of percentage in respect to the international bank. I believe that Canada has agreed to raise its percentage share. This fact ought to have some little effect on our being able to persuade the United States not to misuse these funds for political purposes.

From our own point of view as well as from the point of view of others I believe we should do these things because they are right and not because they help supply us with markets. If it is right to do this we should be prepared to do it under any appropriate circumstances. Canada's contributions through the Colombo plan, United Nations agencies, the international monetary fund and the international bank are effective contributions to the cause of world stability, world prosperity and world peace and are perhaps more significant in these terms than are expenditures on armaments.

The issue that is becoming increasingly apparent today is this. The rich are getting richer faster than the poor are getting less poor.

Mr. Nesbitt: Right back to Karl Marx.

Mr. Regier: The area of division is wider today than it has ever been before in history. Although we may have relative peace and although modern technology and automation are rapidly advancing standards of living in the western world we must be mindful of the fact that we are not necessarily advancing toward world peace. We in this group would like to see the day come when the Canadian government would adopt the United Nations recommendation and our over-all contribution would be 1 per cent of our annual gross national product. Merely for the sake of the record may I say that this year our contribution would have been in excess of $300 million. That sum expended in this way would in our opinion be more effective than a similar sum expended through the Department of National Defence.

Mr. Pearson: Mr. Chairman, I should like to say just a word or two about this resolution which deals with a matter of very great importance even though the immediate impact on the treasury may not be considerable.

I have been listening with interest to the remarks of the last speaker and I hope that when the minister winds up this discussion he will remove any anxiety in the hon. member's mind that any irregular procedures were followed in our membership in the international monetary corporation or that we in any way violated what I think is an important convention of our constitution—if not a law—that no treaty that imposes any obligation on the Canadian people should be ratified without having been approved by the House of Commons. I do not think—the minister will correct me if I am wrong—that that principle is violated in any way in our activities and association with and membership in this international financial corporation.

We support, as my colleague the hon. member for Welland, has said, this amendment to the Bretton Woods Agreements Act. We support it because it will I think, make stronger, two international institutions which have played a useful part in the world since the Bretton Woods agreement. They have done something, though of course not enough, to reduce the gap which my hon. friend has talked about between the developed and the underdeveloped nations, between the peoples in those nations and which I agree, though, is perhaps increasing rather than decreasing.

We used to have many discussions on this subject in the House of Commons and the minister, I know, will be relieved on this occasion to know that we will be saved a great many hours of long debate on the iniquities of international finance because of the absence from the House of Commons of some gentlemen representing another political party who are not here at the moment, especially one gentleman who would be good for at least three 40-minute speeches on this particular subject.

However, as I have said, I think the step which is being taken now is a useful one. Indeed, perhaps in the present circumstances, as the minister pointed out, it is a necessary step. This increase in the strengthening of those two international organizations is required not only by the increased value of international trade, which the minister mentioned, but also by the increase in price levels.

I have no complaints of any kind to make on Canada's increasing participation in these international organizations. I think in the past we have played a very good part in the bank and the fund, not only in the contributions we have made to them but in the intelligent and devoted direction that has been given to their affairs by the Canadian representatives, and I am not thinking only and perhaps not even primarily of ministerial representation.

The Canadian increase, as the minister has stated, is higher than that of the general percentage applied to certain other countries. I am not in a position, Mr. Chairman, at this time, any more than my hon. friend from Welland was, as he indicated, to come to any conclusion whether we have been fairly and equitably treated in this percentage increase or not. I feel pretty certain that the minister and his officials can look after our interest very effectively in that regard. I am also aware of the fact that we are one of the strong economic countries of the world and perhaps, on the principle of the graduated income tax, we may at times be expected to give a little more than our per capita percentage. I do not complain about that.

These agencies have been useful, as the minister pointed out, and I hope they will be even more useful, not always directly but certainly in an indirect way, in the expansion of international trade, which is so essential for the developing prosperity and indeed the economic stability of our own country.

As the minister pointed out, this expansion of trade which was discussed at the commonwealth conference in Montreal last year was also discussed in a broader, and perhaps even more imposing way at the meeting which followed in India when the representatives of the bank and the fund were present. The international monetary fund, I think, has been successful over the years in stabilizing currencies, strengthening exchange rates and helping countries out of temporary exchange difficulties. That, I take it, has been its main purpose and on the

whole I think it has succeeded in achieving that purpose. The international bank has been of value in international economic assistance. If there has been criticism of the bank on that score it has usually been directed to the fact that the bank has been very cautious, conservative, if I may use the word, in its approach to lending policies. Perhaps I should not complain about this too much, in view of the type of international organization it is and the provisions governing it. Yet perhaps it has been, from the point of view of international economic assistance, guided too much by hard commercial considerations in the loans that it has been able to make.

In recent years the bank has moved into other activities which are financial in character but have had some indirect political importance. One has been mentioned, namely the relationship of the bank to the Aswan dam financing and the activities of the bank —I think I am correct in saying this, although I have not been following these matters in detail recently—in the relations between India and Pakistan in the allocation of border waters, where the governor of the bank played a very helpful and constructive part. This international institution can do things as a financial institution which have important economic effects; but it will only be able to establish itself in that field if it maintains and retains its reputation as a genuine international undertaking not under the pressure or domination of any one country.

I am sure the minister knows the danger here in the case of an international organization which gets so very much of its support from the United States government which has acted with great generosity in this and in other matters but which has at the same time, because of the magnitude of its own contribution and the necessity of raising that contribution from its own legislature, exercised a good deal of influence and pressure on the organization in question. At times and not only in connection with this organization this has been a helpful development in terms of the help given but it has also affected the activity of the organization itself. The minister probably cannot say—I am sure he cannot say, any more than I could if I were the minister—but I have the feeling, based upon experience, that the Canadian representation on the board of these organizations has been very helpful in taking what steps could be taken by friendly persuasion to avoid that kind of difficulty.

There is one thing that worries me, namely that in this field of international economic assistance there is now almost a proliferation of international agencies. Perhaps the time will come when there will be a certain amount of confusion and overlapping amongst these agencies. They deal in a broad way with the same problem. Their approach may be by different methods. There is the United Nations expanded program of technical assistance; there is the United Nations international development fund; there is the Colombo plan, which in a more limited way is in the same field and doing very fine work. There are the two agencies we are talking about now, namely the bank and the fund. We now have this international financial corporation and there is a proposal now for an agency which I mentioned this afternoon in the house, and which the minister said in reply was not in existence. I think he said there had been no decisions taken by the Canadian government in respect of it and that no formal proposals had been advanced. This agency is the international development association, a new agency, presumably a billion dollar international development association, which, according to a report in the New York *Times* of May 19 from its Washington financial correspondent will be ready for approval in principle by the world's finance ministers in September, presumably at the annual meeting of the bank and the fund.

This report says that support must be secured for this organization, the purposes of which I am not too clear about, particularly from the hard currency nations of western Europe and Canada and Japan, and that the United States has been successful in its overtures to these countries. The article also goes on to say that the new agency would be an affiliate—that brings it right within the ambit of this resolution—of the international bank for reconstruction and development. Presumably it would be empowered as an affiliate to make what I might call loans that would be softer in character than those which the bank normally makes, and perhaps this may be a very desirable and useful development.

The article goes on to say that according to present expectations of United States officials the basic outlines of the plan would be approved by the world's finance ministers when they meet in September for the annual meeting of the international bank and international monetary fund, that the charter, if all goes well, should be ready for presentation to the next session of congress, and that in respect of this proposed organization or institution or association, whatever you wish to call it, all members, not only the United States and other hard currency countries, will have to make contributions in gold or in dollars.

When the minister replies perhaps he might have a word to say with respect to whether this is a serious development and what would be the attitude of the government toward it in principle. In any event, if it takes place it will mean the addition of another economic and financial aid institution to the number I have already mentioned. Perhaps the time will be coming pretty soon when we should have a look at all of these institutions and see if we cannot pull them together in some way which will prevent overlapping and possible confusion. But I do wish to repeat what I said a few moments ago, that it is of first importance to make these agencies genuinely international if they are going to play the part in this field that they should play and for that purpose they should be kept in as close relationship to the United Nations as possible.

I know the difficulties in that and I know there are times when this work can perhaps be done more effectively by, if I may call them such, regional organizations like the Colombo plan, but if we are going to remove these activities from any taint of political suspicion or pressure the more international we can make them the better and the best way normally, though not always, is to bring them into as close association with the United Nations as can be done.

There is one other matter that I think is of some interest. It will be noted that in all the agencies I have mentioned, including the ones referred to in this resolution, neither the Soviet union nor any communist satellite of the Soviet union plays any part in this great international work of extending economic assistance which is going on in the world today. The Soviet union, which talks so much and so often at international meetings about its desire to help underdeveloped and "enslaved" nations and all the rest of it, that country which boasts about its economic and financial strength, is playing no part in this particular international activity. Perhaps it is just as well to remind ourselves of that fact now when a country like Canada, without the resources of the Soviet union, this great superstate, is being asked and has agreed, I presume and hope, to make additional contributions to these two agencies.

Mr. Fleming (Eglinton): Mr. Chairman, I thank hon. members who have spoken in this debate for the support they have indicated will be given to the measure on behalf of the parties for whom they have spoken. I shall be brief, Mr. Chairman, confining myself to answering questions which have been asked or endeavouring to supply information for which members have expressed a wish.

[Mr. Pearson.]

The Leader of the Opposition spoke about the necessity of preserving the international character of these institutions, the international monetary fund and the international bank for reconstruction and development. In that regard I think the best evidence I can cite is the fact that at the meeting at New Delhi last October, at which I had the honour to represent Canada, 68 countries were represented at that very important international meeting and more countries are continuing to join these two international bodies all the time. In the year and three-quarters that I have had the honour to represent Canada on the board of governors of both of these institutions there have been a number of additions to their membership.

Next, Mr. Chairman, may I comment on the question asked by the hon. member for Welland as to the basis upon which Canada's increased subscription to both of these institutions was arrived at. The basic increase, as I have indicated, was a 50 per cent general increase in the subscriptions to the international monetary fund and a 100 per cent increase in the subscriptions to the international bank. In addition, an opportunity was sought by a number of countries to increase their subscriptions to one or both institutions. This was sought by certain countries because of the fact that in their case they considered that the original subscriptions had been much too small in relation to their growing importance in the world, particularly in world trade, and in every case it was a matter of individual choice and individual application on the part of the country concerned. There was no coercion put upon any country to increase its subscription beyond the basic percentage of increase.

Mr. Benidickson: That would be done by the directors later. Is that so?

Mr. Fleming (Eglinton): First of all, it went through the hands of the executive directors and then came to a vote on the part of the governors. I have emphasized the fact that there was no coercion and that it was a matter of free choice on the part of each one of the countries which sought an increase in excess of the general rate of increase. In all, 17 countries obtained permission to subscribe on a larger basis than the general increase.

As one would expect, perhaps the most notable increase has been in the case of the Federal Republic of Germany. Having regard to the increasing importance of West Germany in the economy and trade of the world, it is not surprising that her subscription to the international monetary fund is being increased from $330 million to $787.5

million and her subscription to the international bank is being increased from $330 million to $1,050 million. Her subscription to the international bank is being more than trebled at her request and with the approval of the governors of the bank.

Similarly, Japan has obtained permission to make a substantial increase. The increase in her subscription to the international monetary fund is from $250 million to $500 million and her subscription to the international bank is being increased from $250 million to $666 million. I could give other figures. The countries which are taking increases in subscriptions in excess of the general percentage are Argentina, Brazil, Canada, Ceylon, Cuba, Denmark, the Federal Republic of Germany, Ghana, Iran, Israel, Japan, Mexico, Norway, Saudi Arabia, Thailand, Turkey and Venezuela. In the case of Canada we have proposed and received permission to subscribe for $100 million in excess of the basic increase of subscriptions in the case of each of the institutions. It was regarded on the part of Canada, and now with the concurrence of the governors of both institutions, that this is a reasonable increase having regard to the growing importance of Canada in the economy of the world.

The next question on the part of the hon. member for Welland was this: Would Canada share in the profits of the bank? The answer, of course, is yes; if the profits should be distributed, Canada would, of course, receive her appropriate *pro rata* share.

The next observation by the hon. member for Welland was that Canada is holding in the exchange reserve fund too much in United States dollars and not enough in gold. Mr. Chairman, there has not been any great change in this respect now for some time. It is also worth observing that the portion of the fund that is held in United States obligations is not entirely held in United States dollars. We hold part of that fund in United States treasury bills which can be quickly turned into United States dollars if the need should ever arise, and on which we can earn some interest whereas our gold holdings, of course, are not productive of any interest return.

The hon. member held out the prospect of an increase in the price of gold. I may say that we have been talking to the United States administration about this matter for the last two years and we have not yet found any indication that there is any such intention on the part of the United States administration.

Mr. Benidickson: At New Delhi what did the United States representative say on this point?

Mr. Fleming (Eglinton): Nothing was said in the open meeting at New Delhi on that subject.

The next question I was asked was about the basis of our subscription to the international finance corporation. I think the hon. member for Welland will find, if he reads *Hansard*, that in my remarks I dealt with that subject rather fully. Canada has subscribed for 3,600 shares of the capital stock of international finance corporation. That is out of a total of 93,277 shares at September 1, 1958. In other words, Canada holds 3.86 per cent of the total subscribed capital stock of this corporation. He asked about the balance sheet. I have before me the balance sheet for the fiscal year ended June 30, 1958. I will give the figures. The total income to the corporation was $3,507,721. Expenses were $1,149,445. Net income, accordingly, was $2,358,276. The net income in the previous fiscal year was $1,675,382. It is worth noting that most of the income to date is from investment of unused capital in United States government obligations owing to the fact that investments in projects are very recent.

I think that hon. members will find the answers to most of the other questions that they have asked in the remarks I made and in the tables which have been made a part of *Hansard*.

I now come to the point that was raised by the hon. member for Burnaby-Coquitlam. He raised questions as to the authority for Canada to subscribe for stock in the international finance corporation. If the hon. member will examine the remarks I made, when they are recorded in *Hansard*, I think he will see that there can be no doubt whatever as to the regularity of the step taken in this respect. In the form of an estimate in two successive fiscal years parliament authorized the purchase by the government of 3,600 shares of the capital stock of the international finance corporation. That subscription, of course, required parliamentary sanction. If the hon. member will look at my remarks he will see there that I dealt with the difference between the situation when an act of parliament was required to permit Canada to become a party to the Bretton Woods agreements and accordingly a member of the international bank and the international monetary fund, and the changed situation with respect to Canada's joining the international finance corporation.

Finally, Mr. Chairman, as to the international development association concerning

which the Leader of the Opposition asked several questions, may I say that this has no relationship to the international finance corporation, as I pointed out this afternoon in reply to his question in this regard on the orders of the day. This particular proposal is one which originated in Washington last year and was known as the Monroney plan because it was first put forward by Senator Monroney. It was designed to assist the less developed countries or the soft currency countries by means of loans. It was a feature of the plan that repayment, when the loan is obtained in hard currency originally, should not necessarily be exacted in hard currency but that provision might be made for repayment of the loan in soft currencies.

This proposal did not take a definite form at any stage in 1958. There had been some indication that this proposal might be placed in reasonably definite form before the meeting at New Delhi, but it was not placed before that meeting in any concrete form and the matter has not been publicly discussed since then. In the press today there was an indication that perhaps matters had moved further now at Washington, and that the United States administration may be proposing to place before the international bank a concrete proposal in this respect, with the thought that this new institution would be an organization related to the international bank. I think the house will agree that we should see the proposal in reasonably definite form before undertaking to make any statement as to our position on it.

The Chairman: Shall the resolution carry?

Mr. Regier: We still have a number of questions that we should like to ask. May I call it six o'clock?

The Chairman: Order. It being six o'clock, shall I rise, report progress and ask leave to sit again at the next sitting of the house?

Mr. Fleming (Eglinton): Mr. Chairman, I wonder if I might put this suggestion to the hon. member for Burnaby-Coquitlam. If the resolution could pass, the bill could be introduced and hon. members could see it. The bill is quite short. It is only two clauses in length. As to whatever questions the hon. member wishes to ask about the fund and the bank, if he will give me his questions I will endeavour to supply the information when the matter is before the house on second reading or in committee following second reading. However, the bill is extremely short and simply follows the terms of the resolution now before the committee.

Mr. Regier: In all fairness, Mr. Chairman, I ought to explain to the minister that some of our questions have to do with the attitude of the government in reference to the price of gold. The minister also made reference to that matter. The other has to do with the international finance corporation. That is not going to be a part of the bill. Therefore we shall be excluded from getting anywhere on that matter.

Mr. Fleming (Eglinton): I may say that anything that is relevant to the resolution would be relevant to the bill because of the fact that the bill does this one thing that is contemplated by the resolution and nothing further. If the hon. member wishes to ask questions at that time on the international finance corporation, I will be prepared to try to answer them. While the proposed increases in the subscription to the international bank and the international monetary fund do not directly relate to the international finance corporation, nevertheless it is an institution which is related to the international bank; and I am sure it would not be the wish of the committee to draw too sharp a line differentiating them.

Mr. Regier: I am pleased that the minister has assured us that he will not be on his feet on points of order as readily as he has been in the past. I shall therefore accede to his suggestion.

The Chairman: Shall the resolution carry?

Some hon. Members: Agreed.

Resolution reported and concurred in.

Mr. Fleming (Eglinton) thereupon moved for leave to introduce Bill No. C-52, to amend the Bretton Woods Agreements Act.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Green: Mr. Speaker, tomorrow we shall take the estimates of the Department of Labour and then commence the estimates of the Department of Public Works.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

TRANS-CANADA HIGHWAY—FEDERAL PAYMENTS TO PROVINCES

Question No. 390—**Mr. Denis:**

Questions

1. Each year to date since the inception of the Trans-Canada Highway Act, what amount has the federal government paid to each province of Canada, including the province of Quebec, under the Trans-Canada Highway Act?

2. What further amounts to date, if any, have been agreed on to be paid to each province, including the province of Quebec, in connection with the trans-Canada highway?

3. What mileage has been constructed in each province to date, including the province of Quebec?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Payments made by Canada under the Trans-Canada Highway Act and agreement:

Province	Fiscal Year 1950-51	Fiscal Year 1951-52	Fiscal Year 1952-53
Newfoundland	$ 957,843.79	$ 1,002,522.00	$ 623,334.46
Prince Edward Island	134,135.43	400,015.44	428,816.09
Nova Scotia	—	—	—
New Brunswick	—	1,109,876.95	649,482.30
Quebec	—	—	—
Ontario	2,749,328.63	5,023,506.78	4,103,752.94
Manitoba	273,958.99	839,701.96	963,258.26
Saskatchewan	392,169.26	905,267.38	1,701,244.69
Alberta	193,055.70	895,981.49	2,774,951.45
British Columbia	2,504,392.39	2,614,769.30	2,707,705.25
Totals	$ 7,204,884.19	$12,791,641.30	$13,952,545.44

Province	Fiscal Year 1953-54	Fiscal Year 1954-55	Fiscal Year 1955-56
Newfoundland	$ 877,203.43	$ 2,017,828.92	$ 2,239,544.24
Prince Edward Island	111,505.26	23,142.88	528,295.77
Nova Scotia	—	75,699.97	234,203.63
New Brunswick	283,730.37	510,470.31	1,285,675.94
Quebec	—	—	—
Ontario	2,486,859.69	6,274,487.50	3,365,958.81
Manitoba	1,500,706.88	2,077,013.60	1,381,795.52
Saskatchewan	2,056,487.65	1,996,621.96	2,001,083.94
Alberta	2,732,116.80	1,806,477.94	1,626,626.04
British Columbia	3,330,388.16	3,352,239.02	3,437,370.22
Totals	$13,378,998.24	$18,133,982.10	$16,100,554.11

Province	Fiscal Year 1956-57	Fiscal Year 1957-58	Fiscal Year 1958-59
Newfoundland	$ 1,126,469.58	$ 861,313.26	$ 4,753,051.40
Prince Edward Island	414,104.91	1,232,516.42	535,114.47
Nova Scotia	951,212.88	3,531,597.02	2,473,725.12
New Brunswick	3,281,869.84	3,557,974.73	11,352,822.39
Quebec	—	—	—
Ontario	4,855,053.08	12,381,361.51	15,912,978.01
Manitoba	3,124,305.23	2,729,336.02	1,814,518.14
Saskatchewan	2,652,471.90	3,346,041.71	168,302.64
Alberta	1,945,462.47	5,289,623.17	2,228,574.81
British Columbia	6,455,013.07	16,418,285.58	11,890.871,13
Totals	$24,805,962.96	$49,348,049.42	$51,129,958.11

NOTE: The province of Quebec has not entered into an agreement with the federal government under the Trans-Canada Highway Act.

Questions

2. Based on the estimated cost of completing the trans-Canada highway in each of the nine provinces that have entered into agreements under the Trans-Canada Highway Act, and amendments thereto, the amount of Canada's total contribution to the cost of constructing the highway is limited to $350,000,000. There is no limiting agreement covering the amount that may be paid to any one province. Payments are made as claims are received from each province on account of costs incurred in constructing the highway as provided for in the trans-Canada highway agreements.

3.

Province	Grading completed	Paving completed
Newfoundland	277	35
Prince Edward Island	71	70
Nova Scotia	108	26
New Brunswick	148	94
Quebec	—	—
Ontario	719	535
Manitoba	244	289
Saskatchewan	406	406
Alberta	278	276
British Columbia	434	292
Totals	2,685	2,023

P.E.I. VOCATIONAL SCHOOL GRANTS

Question No. 391—**Mr. Macquarrie:**

1. Has the government made any contribution towards the construction of a new wing to the Prince Edward Island vocational school at Charlottetown?

2. If so, what is the total amount of such grant or grants?

3. What is the total amount of construction grants made to said school in the years 1945 to 1958?

4. What amounts have been contributed to the technical and vocational programs of Prince Edward Island, in each of the years from 1946 to 1958?

Answer by: **Hon. Michael Starr (Minister of Labour):**

1. The Department of Labour has made contributions toward the construction of a new wing to the Prince Edward Island vocational school at Charlottetown.

2. $165,094.

3. $155,399.

4.

1945-46	$ 10,000
1946-47	85,300.
1947-48	10,000.
1948-49	32,092.
1949-50	19,249.
1950-51	45,000.
1951-52	32,393.
1952-53	25,500.
1953-54	119,559.
1954-55	25,500.
1955-56	25,500.
1956-57	25,500.
1957-58	53,312.
1958-59	99,924.

CANADIAN NURSES' ASSOCIATION—REPRESENTATIONS FOR ASSISTANCE

Question No. 411—**Mr. Martin (Essex East):**

1. Has the government received representations from the Canadian Nurses' Association or any other body requesting continued financial assistance for students who wish to enter the nursing profession and for graduate nurses who wish to continue their studies in order to qualify for senior nursing positions?

2. If so, what answer has the government given to such representations?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

1. Yes. Representation has been received from the Canadian Nurses' Association.

2. This matter was placed on the agenda of the meeting of the dominion council of health which met on April 22 to 24 last. Representatives of the Canadian Nurses' Association were invited to attend this meeting and presented their views to the council. It was also suggested that arrangements be made for representatives of the Canadian Nurses' Association to meet with the technical advisory Group concerned with hospital insurance.

In relation to student nurses the position is as follows. Under the Hospital Insurance and Diagnostic Services Act the federal government shares in the operating costs of listed hospitals, including the costs of training student nurses, when such costs are approved by the provincial authorities.

With respect to graduate nurses who wish to continue their studies in order to qualify for senior nursing positions, assistance is available at provincial request under the national health grants program.

END OF VOLUME III